COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	__	(Y/N)
ADOPTED AS AMENDED	__	(Y/N)
ADOPTED W/O OBJECTION	__	(Y/N)
FAILED TO ADOPT	__	(Y/N)
WITHDRAWN	__	(Y/N)
OTHER	____	

Committee/Subcommittee hearing bill: Appropriations Committee
Representative Smith offered the following:

Amendment (with title amendment)

Between lines 224 and 225, insert:

Section 5. Paragraph (b) of Subsection (1) of Section 220.13, Florida Statutes, is amended to read:

220.13 "Adjusted federal income" defined.—

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

(b) Subtractions.—

1. There shall be subtracted from such taxable income:

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

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

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

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

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

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

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

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

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

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

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

5. There shall be subtracted any amount of taxes of foreign countries allowable as credits for taxable years beginning on or after September 1, 1985, under s. 901 of the Internal Revenue Code to any corporation which derived less than 20 percent of its gross income or loss for its taxable year ended in 1984 from sources within the United States, as described in s. 861(a)(2)(A) of the Internal Revenue Code, not including credits allowed under ss. 902 and 960 of the Internal

Revenue Code, withholding taxes on dividends within the meaning of sub-subparagraph 2.a., and withholding taxes on royalties, interest, technical service fees, and capital gains.

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

7~~6~~. Notwithstanding any other provision of this code, except with respect to amounts subtracted pursuant to subparagraphs 1. and 3., any increment of any apportionment factor which is directly related to an increment of gross receipts or income which is deducted, subtracted, or otherwise excluded in determining adjusted federal income shall be excluded from both the numerator and denominator of such apportionment factor. Further, all valuations made for apportionment factor purposes shall be made on a basis consistent with the taxpayer’s method of accounting for federal income tax purposes.

Section 6. 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 the state that is awarded a prime contract.

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

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

2. Has 250 or fewer employees;

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

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

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

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

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

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

(a) Is subject to chapter 220;

(b) Is awarded qualified defense work; and

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

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

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

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

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

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

(b) The department may certify, per each Florida prime contractor applicant per calendar year, up to $250 million in aggregate qualified subcontract awards, up to $10 million in reduced taxable income, and up to $550,000 in reduced taxes.

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

(d) For a multiyear qualified subcontract award:

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

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

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

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

Remove line 14 and insert:

available for such purpose; creating s. 288.1046, F.S.; providing definitions; providing that certain prime contractors may apply to the Department of Economic Opportunity to certify that such contractors may reduce their computation of adjusted federal income by a certain amount when awarded a prime contract; providing requirements to apply for a reduction in computation of income; providing that a prime contractor must apply separately for each qualified subcontract award; providing for required documentation; providing guidelines for the department to certify an award; providing rulemaking authority; amending ss. 295.065,