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576-03419-18

Proposed Committee Substitute by the Committee on Appropriations
(Appropriations Subcommittee on Finance and Tax)

A bill to be entitled

An act relating to the corporate income tax; amending s. 220.03, F.S.; adopting the 2018 version of the Internal Revenue Code; amending s. 220.13, F.S.; revising the definition of the term "adjusted federal income" relating to adjustments related to federal acts; providing legislative findings; requiring the Department of Revenue to establish a workgroup for certain purposes; specifying the composition of the workgroup; requiring the workgroup to consult with the Revenue Estimating Conference and seek and consider comments from the private sector; requiring the workgroup to submit a specified report to the Governor and Legislature by a specified date; requiring the workgroup to submit status reports to appropriate legislative committees on specified dates; providing retroactive operation; providing an effective date.

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

Section 1. Paragraph (n) of subsection (1) and paragraph (c) of subsection (2) of section 220.03, Florida Statutes, are amended to read:

220.03 Definitions.—

(1) SPECIFIC TERMS.—When used in this code, and when not otherwise distinctly expressed or manifestly incompatible with the intent thereof, the following terms shall have the following



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28 meanings:

29 (n) "Internal Revenue Code" means the United States
30 Internal Revenue Code of 1986, as amended and in effect on
31 January 1, 2018 ~~2017~~, except as provided in subsection (3).

32 (2) DEFINITIONAL RULES.—When used in this code and neither
33 otherwise distinctly expressed nor manifestly incompatible with
34 the intent thereof:

35 (c) Any term used in this code has the same meaning as when
36 used in a comparable context in the Internal Revenue Code and
37 other statutes of the United States relating to federal income
38 taxes, as such code and statutes are in effect on January 1,
39 2018 ~~2017~~. However, if subsection (3) is implemented, the
40 meaning of a term shall be taken at the time the term is applied
41 under this code.

42 Section 2. Paragraph (e) of subsection (1) of section
43 220.13, Florida Statutes, is amended to read:

44 220.13 "Adjusted federal income" defined.—

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

50 (e) *Adjustments related to federal acts.*—Taxpayers shall be
51 required to make the adjustments prescribed in this paragraph
52 for Florida tax purposes with respect to certain tax benefits
53 received pursuant to the Economic Stimulus Act of 2008, the
54 American Recovery and Reinvestment Act of 2009, the Small
55 Business Jobs Act of 2010, the Tax Relief, Unemployment
56 Insurance Reauthorization, and Job Creation Act of 2010, the



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57 American Taxpayer Relief Act of 2012, the Tax Increase
58 Prevention Act of 2014, ~~and~~ the Consolidated Appropriations Act,
59 2016, and the Tax Cuts and Jobs Act of 2017.

60 1. There shall be added to such taxable income an amount
61 equal to 100 percent of any amount deducted for federal income
62 tax purposes as bonus depreciation for the taxable year pursuant
63 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
64 amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No.
65 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No.
66 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No.
67 113-295, ~~and~~ s. 143 of Division Q of Pub. L. No. 114-113, and s.
68 13201 of Pub. L. No. 115-97, for property placed in service
69 after December 31, 2007, and before January 1, 2027 ~~2021~~. For
70 the taxable year and for each of the 6 subsequent taxable years,
71 there shall be subtracted from such taxable income an amount
72 equal to one-seventh of the amount by which taxable income was
73 increased pursuant to this subparagraph, notwithstanding any
74 sale or other disposition of the property that is the subject of
75 the adjustments and regardless of whether such property remains
76 in service in the hands of the taxpayer.

77 2. There shall be added to such taxable income an amount
78 equal to 100 percent of any amount in excess of \$128,000
79 deducted for federal income tax purposes for the taxable year
80 pursuant to s. 179 of the Internal Revenue Code of 1986, as
81 amended by s. 102 of Pub. L. No. 110-185, s. 1202 of Pub. L. No.
82 111-5, s. 2021 of Pub. L. No. 111-240, s. 402 of Pub. L. No.
83 111-312, s. 315 of Pub. L. No. 112-240, and s. 127 of Pub. L.
84 No. 113-295, for taxable years beginning after December 31,
85 2007, and before January 1, 2015. For the taxable year and for



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86 each of the 6 subsequent taxable years, there shall be
87 subtracted from such taxable income one-seventh of the amount by
88 which taxable income was increased pursuant to this
89 subparagraph, notwithstanding any sale or other disposition of
90 the property that is the subject of the adjustments and
91 regardless of whether such property remains in service in the
92 hands of the taxpayer.

93 3. There shall be added to such taxable income an amount
94 equal to the amount of deferred income not included in such
95 taxable income pursuant to s. 108(i)(1) of the Internal Revenue
96 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There
97 shall be subtracted from such taxable income an amount equal to
98 the amount of deferred income included in such taxable income
99 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,
100 as amended by s. 1231 of Pub. L. No. 111-5.

101 4. Subtractions available under this paragraph may be
102 transferred to the surviving or acquiring entity following a
103 merger or acquisition and used in the same manner and with the
104 same limitations as specified by this paragraph.

105 5. The additions and subtractions specified in this
106 paragraph are intended to adjust taxable income for Florida tax
107 purposes, and, notwithstanding any other provision of this code,
108 such additions and subtractions shall be permitted to change a
109 taxpayer's net operating loss for Florida tax purposes.

110 Section 3. The Legislature recognizes that the Tax Cuts and
111 Jobs Act of 2017 will have significant effects on the state
112 corporate income tax and on corporate taxpayers when it is fully
113 implemented. To better understand these effects, the Legislature
114 finds the following actions are necessary:



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115 (1) The Department of Revenue shall establish a workgroup
116 to examine how the implementation of the Tax Cuts and Jobs Act
117 of 2017 will affect the state corporate income tax.

118 (2) The workgroup must consist of employees of the
119 department who have expertise in state and federal corporate
120 income tax and other employees who may assist the workgroup. In
121 performing its duties, the workgroup shall consult with the
122 Revenue Estimating Conference. The workgroup must seek and
123 consider comments from the private sector.

124 (3) By February 1, 2019, the workgroup shall submit a
125 report to the Governor, the President of the Senate, the Speaker
126 of the House, and the chairs of appropriate legislative
127 committees. At a minimum, the report must address the following:

128 (a) A comprehensive discussion of any issues the workgroup
129 determines will have an effect on the state corporate tax
130 structure and on corporate tax revenues.

131 (b) Options for changes to state tax law which may be
132 needed to integrate state law with federal law.

133 (c) The potential fiscal impact of each option on the state
134 and on taxpayers.

135 (d) Whether the workgroup should be extended.

136 (e) Any other information the workgroup determines will
137 assist the Legislature.

138 (4) The workgroup shall submit status reports to the chairs
139 of appropriate legislative committees on May 15, 2018, July 15,
140 2018, September 15, 2018, and November 15, 2018. At a minimum,
141 the status reports must include a brief description of the
142 workgroup's activities and any guidance issued by the Internal
143 Revenue Service relevant to the workgroup's duties.



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144 Section 4. This act shall take effect upon becoming a law
145 and operate retroactively to January 1, 2018.