

By the Committee on Appropriations; and Senator Stargel

576-03813-18

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1 A bill to be entitled
2 An act relating to the corporate income tax; amending
3 s. 220.03, F.S.; adopting the 2018 version of the
4 Internal Revenue Code; amending s. 220.13, F.S.;
5 revising the definition of the term "adjusted federal
6 income" relating to adjustments related to federal
7 acts; providing legislative findings; requiring the
8 Department of Revenue to establish a workgroup for
9 certain purposes; specifying the composition of the
10 workgroup; requiring the workgroup to consult with the
11 Revenue Estimating Conference and seek and consider
12 comments from the private sector; requiring the
13 workgroup to submit a specified report to the Governor
14 and Legislature by a specified date; requiring the
15 workgroup to submit status reports to appropriate
16 legislative committees on specified dates; providing
17 for retroactive operation; providing an effective
18 date.

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

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

25 220.03 Definitions.—

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

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

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

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

43 Section 2. Paragraph (e) of subsection (1) of section
44 220.13, Florida Statutes, is amended to read:

45 220.13 "Adjusted federal income" defined.—

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

51 (e) *Adjustments related to federal acts.*—Taxpayers shall be
52 required to make the adjustments prescribed in this paragraph
53 for Florida tax purposes with respect to certain tax benefits
54 received pursuant to the Economic Stimulus Act of 2008, the
55 American Recovery and Reinvestment Act of 2009, the Small
56 Business Jobs Act of 2010, the Tax Relief, Unemployment
57 Insurance Reauthorization, and Job Creation Act of 2010, the
58 American Taxpayer Relief Act of 2012, the Tax Increase

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59 Prevention Act of 2014, ~~and~~ the Consolidated Appropriations Act,
60 2016, and the Tax Cuts and Jobs Act of 2017.

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

78 2. There shall be added to such taxable income an amount
79 equal to 100 percent of any amount in excess of \$128,000
80 deducted for federal income tax purposes for the taxable year
81 pursuant to s. 179 of the Internal Revenue Code of 1986, as
82 amended by s. 102 of Pub. L. No. 110-185, s. 1202 of Pub. L. No.
83 111-5, s. 2021 of Pub. L. No. 111-240, s. 402 of Pub. L. No.
84 111-312, s. 315 of Pub. L. No. 112-240, and s. 127 of Pub. L.
85 No. 113-295, for taxable years beginning after December 31,
86 2007, and before January 1, 2015. For the taxable year and for
87 each of the 6 subsequent taxable years, there shall be

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

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

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

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

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

116 (1) The Department of Revenue shall establish a workgroup

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117 to examine how the implementation of the Tax Cuts and Jobs Act
118 of 2017 will affect the state corporate income tax.

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

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

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

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

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

136 (d) Whether the workgroup should be extended.

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

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

145 Section 4. This act shall take effect upon becoming a law

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146 and operate retroactively to January 1, 2018.