

By Senator Rodriguez

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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.; revising the definition of the term
4 "taxpayer"; defining terms; amending s. 220.13, F.S.;
5 revising the definition of the term "adjusted federal
6 income" to prohibit specified deductions, to limit
7 certain carryovers, and to require subtractions of
8 certain amounts paid and received within a water's
9 edge group for the purpose of determining subtractions
10 from taxable income; conforming provisions to changes
11 made by the act; repealing s. 220.131, F.S., relating
12 to the adjusted federal income of affiliated groups;
13 creating s. 220.136, F.S.; specifying circumstances
14 under which a corporation is presumed to be, deemed to
15 be, or deemed not to be a member of a water's edge
16 group; defining the term "United States"; providing
17 construction; creating s. 220.1363, F.S.; defining the
18 term "water's edge reporting method"; specifying
19 requirements for, limitations on, and prohibitions in
20 calculating and reporting income in a water's edge
21 group return; requiring all members of a water's edge
22 group to use the water's edge reporting method;
23 defining the term "sale"; specifying requirements for
24 designating the filing member and the taxable year of
25 the water's edge group; specifying income reporting
26 requirements for certain members of the water's edge
27 group; requiring that a water's edge group return
28 include a specified computational schedule and
29 domestic disclosure spreadsheet; authorizing the

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30 Department of Revenue to adopt rules; providing
31 legislative intent regarding the adoption of rules;
32 amending s. 220.14, F.S.; revising the calculation for
33 prorating a certain corporate income tax exemption to
34 reflect leap years; conforming a provision to changes
35 made by the act; amending ss. 220.15, 220.183,
36 220.1845, 220.1875, 220.191, 220.193, and 220.27,
37 F.S.; conforming provisions to changes made by the
38 act; creating s. 220.28, F.S.; specifying, for certain
39 taxpayers and for taxable years beginning on a
40 specified date, requirements in filing corporate tax
41 returns; amending s. 220.51, F.S.; conforming
42 provisions to changes made by the act; amending s.
43 220.64, F.S.; providing applicability of water's edge
44 group provisions to the franchise tax; conforming
45 provisions to changes made by the act; amending ss.
46 288.1254 and 376.30781, F.S.; conforming provisions to
47 changes made by the act; requiring that funds
48 recaptured pursuant to this act be appropriated for a
49 certain purpose; providing an effective date.

50
51 WHEREAS, the Legislature finds that the separate accounting
52 system used to measure the income of multistate and
53 multinational corporations for tax purposes often places Florida
54 corporations at a competitive disadvantage and, moreover, that
55 corporate business is increasingly conducted through groups of
56 commonly owned corporations, and

57 WHEREAS, the Legislature intends to more accurately measure
58 the business activities of corporations by adopting a combined

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59 system of income tax reporting, NOW, THEREFORE,

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

62

63 Section 1. Paragraph (z) of subsection (1) of section
64 220.03, Florida Statutes, is amended, and paragraphs (gg), (hh),
65 and (ii) are added to that subsection, to read:

66 220.03 Definitions.—

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

71 (z) "Taxpayer" means any corporation subject to the tax
72 imposed by this code, and includes all corporations that are
73 members of a water's edge group for which a consolidated return
74 is filed under s. 220.131. However, the term "taxpayer" does not
75 include a corporation having no individuals, ~~(including~~
76 ~~individuals employed by an affiliate,~~) receiving compensation in
77 this state as defined in s. 220.15 when the only property owned
78 or leased by the said corporation, ~~(including an affiliate,~~) in
79 this state is located at the premises of a printer with which it
80 has contracted for printing, if such property consists of the
81 final printed product, property which becomes a part of the
82 final printed product, or property from which the printed
83 product is produced.

84 (gg) "Tax haven" means a jurisdiction to which any of the
85 following apply for a particular taxable year:

86 1. It is identified by the Organization for Economic Co-
87 operation and Development as a tax haven or as having harmful

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88 tax practices or a preferential tax regime.

89 2. It is a jurisdiction that does not impose any, or
90 imposes only a nominal, effective tax on relevant income.

91 3. It has laws or practices that prevent the effective
92 exchange of information for tax purposes with other governments
93 regarding taxpayers who are subject to, or who are benefiting
94 from, the tax regime.

95 4. It lacks transparency. For purposes of this
96 subparagraph, a tax regime lacks transparency if the details of
97 legislative, legal, or administrative requirements are not open
98 to public scrutiny and apparent or are not consistently applied
99 among similarly situated taxpayers.

100 5. It facilitates the establishment of foreign-owned
101 entities without the need for a local substantive presence or
102 prohibits the entities from having any commercial impact on the
103 local economy.

104 6. It explicitly or implicitly excludes the jurisdiction's
105 resident taxpayers from taking advantage of the tax regime's
106 benefits or prohibits enterprises that benefit from the regime
107 from operating in the jurisdiction's domestic market.

108 7. It has created a tax regime that is favorable for tax
109 avoidance based on an overall assessment of relevant factors,
110 including whether the jurisdiction has a significant untaxed
111 offshore financial or other services sector relative to its
112 overall economy.

113 (hh) "Tax regime" means a set or system of rules, laws,
114 regulations, or practices by which taxes are imposed on any
115 person, corporation, or entity or on any income, property,
116 incident, indicia, or activity pursuant to government authority.

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117 (ii) "Water's edge group" means a group of corporations
118 related through common ownership whose business activities are
119 integrated with, are dependent upon, or contribute to a flow of
120 value among members of the group.

121 Section 2. Section 220.13, Florida Statutes, is amended to
122 read:

123 220.13 "Adjusted federal income" defined.—

124 (1) The term "adjusted federal income" means an amount
125 equal to the taxpayer's taxable income as defined in subsection
126 (2), or such taxable income of a water's edge group ~~more than~~
127 ~~one taxpayer~~ as provided in s. 220.1363 ~~s. 220.131~~, for the
128 taxable year, adjusted as follows:

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

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

135 b. Notwithstanding sub-subparagraph a., if a credit taken
136 under s. 220.1875 is added to taxable income in a previous
137 taxable year under subparagraph 11. and is taken as a deduction
138 for federal tax purposes in the current taxable year, the amount
139 of the deduction allowed shall not be added to taxable income in
140 the current year. The exception in this sub-subparagraph is
141 intended to ensure that the credit under s. 220.1875 is added in
142 the applicable taxable year and does not result in a duplicate
143 addition in a subsequent year.

144 2. The amount of interest which is excluded from taxable
145 income under s. 103(a) of the Internal Revenue Code or any other

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146 federal law, less the associated expenses disallowed in the
147 computation of taxable income under s. 265 of the Internal
148 Revenue Code or any other law, excluding 60 percent of any
149 amounts included in alternative minimum taxable income, as
150 defined in s. 55(b)(2) of the Internal Revenue Code, if the
151 taxpayer pays tax under s. 220.11(3).

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

156 4. That portion of the wages or salaries paid or incurred
157 for the taxable year which is equal to the amount of the credit
158 allowable for the taxable year under s. 220.181. This
159 subparagraph shall expire on the date specified in s. 290.016
160 for the expiration of the Florida Enterprise Zone Act.

161 5. That portion of the ad valorem school taxes paid or
162 incurred for the taxable year which is equal to the amount of
163 the credit allowable for the taxable year under s. 220.182. This
164 subparagraph shall expire on the date specified in s. 290.016
165 for the expiration of the Florida Enterprise Zone Act.

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

169 7. That portion of assessments to fund a guaranty
170 association incurred for the taxable year which is equal to the
171 amount of the credit allowable for the taxable year.

172 8. In the case of a nonprofit corporation which holds a
173 pari-mutuel permit and which is exempt from federal income tax
174 as a farmers' cooperative, an amount equal to the excess of the

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175 gross income attributable to the pari-mutuel operations over the
176 attributable expenses for the taxable year.

177 9. The amount taken as a credit for the taxable year under
178 s. 220.1895.

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

182 11. The amount taken as a credit for the taxable year under
183 s. 220.1875. The addition in this subparagraph is intended to
184 ensure that the same amount is not allowed for the tax purposes
185 of this state as both a deduction from income and a credit
186 against the tax. This addition is not intended to result in
187 adding the same expense back to income more than once.

188 12. The amount taken as a credit for the taxable year under
189 s. 220.192.

190 13. The amount taken as a credit for the taxable year under
191 s. 220.193.

192 14. Any portion of a qualified investment, as defined in s.
193 288.9913, which is claimed as a deduction by the taxpayer and
194 taken as a credit against income tax pursuant to s. 288.9916.

195 15. The costs to acquire a tax credit pursuant to s.
196 288.1254(5) that are deducted from or otherwise reduce federal
197 taxable income for the taxable year.

198 16. The amount taken as a credit for the taxable year
199 pursuant to s. 220.194.

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

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

206 (b) *Subtractions.*—

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

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

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

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

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

222

223 However, a net operating loss and a capital loss shall never be
224 carried back as a deduction to a prior taxable year, but all
225 deductions attributable to such losses shall be deemed net
226 operating loss carryovers and capital loss carryovers,
227 respectively, and treated in the same manner, to the same
228 extent, and for the same time periods as are prescribed for such
229 carryovers in ss. 172 and 1212, respectively, of the Internal
230 Revenue Code. A deduction is not allowed for net operating
231 losses, net capital losses, or excess contribution deductions
232 under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404 for a member

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233 of a water's edge group which is not a United States member.
234 Carryovers of net operating losses, net capital losses, or
235 excess contribution deductions under 26 U.S.C. ss. 170(d)(2),
236 172, 1212, and 404 may be subtracted only by the member of the
237 water's edge group which generates a carryover.

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

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

243 b. All amounts included in taxable income under s. 78, s.
244 951, or s. 951A of the Internal Revenue Code.

245
246 However, any amount subtracted under this subparagraph is
247 allowed only to the extent such amount is not deductible in
248 determining federal taxable income. As to any amount subtracted
249 under this subparagraph, there shall be added to such taxable
250 income all expenses deducted on the taxpayer's return for the
251 taxable year which are attributable, directly or indirectly, to
252 such subtracted amount. Further, no amount shall be subtracted
253 with respect to dividends paid or deemed paid by a Domestic
254 International Sales Corporation.

255 3. Amounts received by a member of a water's edge group as
256 dividends paid by another member of the water's edge group must
257 be subtracted from the taxable income to the extent that the
258 dividends are included in the taxable income.

259 ~~4.3.~~ In computing "adjusted federal income" for taxable
260 years beginning after December 31, 1976, there shall be allowed
261 as a deduction the amount of wages and salaries paid or incurred

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

265 5.4. There shall be subtracted from such taxable income any
266 amount of nonbusiness income included therein.

267 6.5. There shall be subtracted any amount of taxes of
268 foreign countries allowable as credits for taxable years
269 beginning on or after September 1, 1985, under s. 901 of the
270 Internal Revenue Code to any corporation which derived less than
271 20 percent of its gross income or loss for its taxable year
272 ended in 1984 from sources within the United States, as
273 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
274 including credits allowed under ss. 902 and 960 of the Internal
275 Revenue Code, withholding taxes on dividends within the meaning
276 of sub-subparagraph 2.a., and withholding taxes on royalties,
277 interest, technical service fees, and capital gains.

278 7.6. Notwithstanding any other provision of this code,
279 except with respect to amounts subtracted pursuant to
280 subparagraphs 1. and 4. 3., any increment of any apportionment
281 factor which is directly related to an increment of gross
282 receipts or income which is deducted, subtracted, or otherwise
283 excluded in determining adjusted federal income shall be
284 excluded from both the numerator and denominator of such
285 apportionment factor. Further, all valuations made for
286 apportionment factor purposes shall be made on a basis
287 consistent with the taxpayer's method of accounting for federal
288 income tax purposes.

289 (c) *Installment sales occurring after October 19, 1980.*—

290 1. In the case of any disposition made after October 19,

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291 1980, the income from an installment sale shall be taken into
292 account for the purposes of this code in the same manner that
293 such income is taken into account for federal income tax
294 purposes.

295 2. Any taxpayer who regularly sells or otherwise disposes
296 of personal property on the installment plan and reports the
297 income therefrom on the installment method for federal income
298 tax purposes under s. 453(a) of the Internal Revenue Code shall
299 report such income in the same manner under this code.

300 (d) *Nonallowable deductions.*—A deduction for net operating
301 losses, net capital losses, or excess contributions deductions
302 under ss. 170(d)(2), 172, 1212, and 404 of the Internal Revenue
303 Code which has been allowed in a prior taxable year for Florida
304 tax purposes shall not be allowed for Florida tax purposes,
305 notwithstanding the fact that such deduction has not been fully
306 utilized for federal tax purposes.

307 (e) *Adjustments related to federal acts.*—Taxpayers shall be
308 required to make the adjustments prescribed in this paragraph
309 for Florida tax purposes with respect to certain tax benefits
310 received pursuant to the Economic Stimulus Act of 2008, the
311 American Recovery and Reinvestment Act of 2009, the Small
312 Business Jobs Act of 2010, the Tax Relief, Unemployment
313 Insurance Reauthorization, and Job Creation Act of 2010, the
314 American Taxpayer Relief Act of 2012, the Tax Increase
315 Prevention Act of 2014, the Consolidated Appropriations Act,
316 2016, and the Tax Cuts and Jobs Act of 2017.

317 1. There shall be added to such taxable income an amount
318 equal to 100 percent of any amount deducted for federal income
319 tax purposes as bonus depreciation for the taxable year pursuant

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320 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
321 amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No.
322 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No.
323 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No.
324 113-295, s. 143 of Division Q of Pub. L. No. 114-113, and s.
325 13201 of Pub. L. No. 115-97, for property placed in service
326 after December 31, 2007, and before January 1, 2027. For the
327 taxable year and for each of the 6 subsequent taxable years,
328 there shall be subtracted from such taxable income an amount
329 equal to one-seventh of the amount by which taxable income was
330 increased pursuant to this subparagraph, notwithstanding any
331 sale or other disposition of the property that is the subject of
332 the adjustments and regardless of whether such property remains
333 in service in the hands of the taxpayer.

334 2. There shall be added to such taxable income an amount
335 equal to 100 percent of any amount in excess of \$128,000
336 deducted for federal income tax purposes for the taxable year
337 pursuant to s. 179 of the Internal Revenue Code of 1986, as
338 amended by s. 102 of Pub. L. No. 110-185, s. 1202 of Pub. L. No.
339 111-5, s. 2021 of Pub. L. No. 111-240, s. 402 of Pub. L. No.
340 111-312, s. 315 of Pub. L. No. 112-240, and s. 127 of Pub. L.
341 No. 113-295, for taxable years beginning after December 31,
342 2007, and before January 1, 2015. For the taxable year and for
343 each of the 6 subsequent taxable years, there shall be
344 subtracted from such taxable income one-seventh of the amount by
345 which taxable income was increased pursuant to this
346 subparagraph, notwithstanding any sale or other disposition of
347 the property that is the subject of the adjustments and
348 regardless of whether such property remains in service in the

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349 hands of the taxpayer.

350 3. There shall be added to such taxable income an amount
351 equal to the amount of deferred income not included in such
352 taxable income pursuant to s. 108(i)(1) of the Internal Revenue
353 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There
354 shall be subtracted from such taxable income an amount equal to
355 the amount of deferred income included in such taxable income
356 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,
357 as amended by s. 1231 of Pub. L. No. 111-5.

358 4. Subtractions available under this paragraph may be
359 transferred to the surviving or acquiring entity following a
360 merger or acquisition and used in the same manner and with the
361 same limitations as specified by this paragraph.

362 5. The additions and subtractions specified in this
363 paragraph are intended to adjust taxable income for Florida tax
364 purposes, and, notwithstanding any other provision of this code,
365 such additions and subtractions shall be permitted to change a
366 taxpayer's net operating loss for Florida tax purposes.

367 (2) For purposes of this section, a taxpayer's taxable
368 income for the taxable year means taxable income as defined in
369 s. 63 of the Internal Revenue Code and properly reportable for
370 federal income tax purposes for the taxable year, but subject to
371 the limitations set forth in paragraph (1)(b) with respect to
372 the deductions provided by ss. 172 (relating to net operating
373 losses), 170(d)(2) (relating to excess charitable
374 contributions), 404(a)(1)(D) (relating to excess pension trust
375 contributions), 404(a)(3)(A) and (B) (to the extent relating to
376 excess stock bonus and profit-sharing trust contributions), and
377 1212 (relating to capital losses) of the Internal Revenue Code,

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378 except that, subject to the same limitations, the term:

379 (a) "Taxable income," in the case of a life insurance
380 company subject to the tax imposed by s. 801 of the Internal
381 Revenue Code, means life insurance company taxable income;
382 however, for purposes of this code, the total of any amounts
383 subject to tax under s. 815(a)(2) of the Internal Revenue Code
384 pursuant to s. 801(c) of the Internal Revenue Code shall not
385 exceed, cumulatively, the total of any amounts determined under
386 s. 815(c)(2) of the Internal Revenue Code of 1954, as amended,
387 from January 1, 1972, to December 31, 1983;

388 (b) "Taxable income," in the case of an insurance company
389 subject to the tax imposed by s. 831(b) of the Internal Revenue
390 Code, means taxable investment income;

391 (c) "Taxable income," in the case of an insurance company
392 subject to the tax imposed by s. 831(a) of the Internal Revenue
393 Code, means insurance company taxable income;

394 (d) "Taxable income," in the case of a regulated investment
395 company subject to the tax imposed by s. 852 of the Internal
396 Revenue Code, means investment company taxable income;

397 (e) "Taxable income," in the case of a real estate
398 investment trust subject to the tax imposed by s. 857 of the
399 Internal Revenue Code, means the income subject to tax, computed
400 as provided in s. 857 of the Internal Revenue Code;

401 (f) "Taxable income," in the case of a corporation which is
402 a member of an affiliated group of corporations filing a
403 consolidated income tax return for the taxable year for federal
404 income tax purposes, means taxable income of such corporation
405 for federal income tax purposes as if such corporation had filed
406 a separate federal income tax return for the taxable year and

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407 each preceding taxable year for which it was a member of an
408 affiliated group, ~~unless a consolidated return for the taxpayer~~
409 ~~and others is required or elected under s. 220.131;~~

410 (g) "Taxable income," in the case of a cooperative
411 corporation or association, means the taxable income of such
412 organization determined in accordance with the provisions of ss.
413 1381-1388 of the Internal Revenue Code;

414 (h) "Taxable income," in the case of an organization which
415 is exempt from the federal income tax by reason of s. 501(a) of
416 the Internal Revenue Code, means its unrelated business taxable
417 income as determined under s. 512 of the Internal Revenue Code;

418 (i) "Taxable income," in the case of a corporation for
419 which there is in effect for the taxable year an election under
420 s. 1362(a) of the Internal Revenue Code, means the amounts
421 subject to tax under s. 1374 or s. 1375 of the Internal Revenue
422 Code for each taxable year;

423 (j) "Taxable income," in the case of a limited liability
424 company, other than a limited liability company classified as a
425 partnership for federal income tax purposes, as defined in and
426 organized pursuant to chapter 605 or qualified to do business in
427 this state as a foreign limited liability company or other than
428 a similar limited liability company classified as a partnership
429 for federal income tax purposes and created as an artificial
430 entity pursuant to the statutes of the United States or any
431 other state, territory, possession, or jurisdiction, if such
432 limited liability company or similar entity is taxable as a
433 corporation for federal income tax purposes, means taxable
434 income determined as if such limited liability company were
435 required to file or had filed a federal corporate income tax

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436 return under the Internal Revenue Code;

437 (k) "Taxable income," in the case of a taxpayer liable for
438 the alternative minimum tax as defined in s. 55 of the Internal
439 Revenue Code, means the alternative minimum taxable income as
440 defined in s. 55(b)(2) of the Internal Revenue Code, less the
441 exemption amount computed under s. 55(d) of the Internal Revenue
442 Code. A taxpayer is not liable for the alternative minimum tax
443 unless the taxpayer's federal tax return, or related federal
444 consolidated tax return, if included in a consolidated return
445 for federal tax purposes, reflect a liability on the return
446 filed for the alternative minimum tax as defined in s. 55(b)(2)
447 of the Internal Revenue Code;

448 (l) "Taxable income," in the case of a taxpayer whose
449 taxable income is not otherwise defined in this subsection,
450 means the sum of amounts to which a tax rate specified in s. 11
451 of the Internal Revenue Code plus the amount to which a tax rate
452 specified in s. 1201(a)(2) of the Internal Revenue Code are
453 applied for federal income tax purposes.

454 Section 3. Section 220.131, Florida Statutes, is repealed.

455 Section 4. Section 220.136, Florida Statutes, is created to
456 read:

457 220.136 Determination of the members of a water's edge
458 group.-

459 (1) A corporation having 50 percent or more of its
460 outstanding voting stock directly or indirectly owned or
461 controlled by a water's edge group is presumed to be a member of
462 the water's edge group. A corporation having less than 50
463 percent of its outstanding voting stock directly or indirectly
464 owned or controlled by a water's edge group is a member of the

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465 water's edge group if the business activities of the corporation
466 show that the corporation is a member of the water's edge group.
467 All of the income of a corporation that is a member of a water's
468 edge group is presumed to be unitary. For purposes of this
469 subsection, the attribution rules of 26 U.S.C. s. 318 must be
470 used to determine whether voting stock is indirectly owned.

471 (2) (a) A corporation that conducts business outside the
472 United States is not a member of a water's edge group if 80
473 percent or more of the corporation's property and payroll, as
474 determined by the apportionment factors described in ss. 220.15
475 and 220.1363, may be assigned to locations outside of the United
476 States. However, such a corporation that is incorporated in a
477 tax haven may be a member of a water's edge group pursuant to
478 subsection (1). This subsection does not exempt a corporation
479 that is not a member of a water's edge group from this chapter.

480 (b) As used in this subsection, the term "United States"
481 means the 50 states, the District of Columbia, and Puerto Rico.

482 (c) The apportionment factors described in ss. 220.1363 and
483 220.15 must be used to determine whether a special industry
484 corporation has engaged in a sufficient amount of activities
485 outside of the United States to exclude it from treatment as a
486 member of a water's edge group.

487 Section 5. Section 220.1363, Florida Statutes, is created
488 to read:

489 220.1363 Water's edge groups; special requirements.—

490 (1) For purposes of this section, the term "water's edge
491 reporting method" is a method to determine the taxable business
492 profits of a group of entities conducting a unitary business.
493 Under this method, the net income of the entities must be added

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494 together, along with the additions and subtractions under s.
495 220.13, and apportioned to this state as a single taxpayer under
496 ss. 220.15 and 220.151. However, each special industry member
497 included in a water's edge group return which would otherwise be
498 permitted to use a special method of apportionment under s.
499 220.151 shall convert its single-factor apportionment to a
500 three-factor apportionment of property, payroll, and sales. The
501 special industry member shall calculate the denominator of its
502 property, payroll, and sales factors in the same manner as those
503 denominators are calculated by members that are not special
504 industry members. The numerator of its sales, property, and
505 payroll factors is the product of the denominator of each factor
506 multiplied by the premiums or revenue-miles-factor ratio
507 otherwise applicable under s. 220.151.

508 (2) All members of a water's edge group must use the
509 water's edge reporting method, under which:

510 (a) Adjusted federal income, for purposes of s. 220.12,
511 means the sum of adjusted federal income of all members of the
512 water's edge group as determined for a concurrent taxable year.

513 (b) The numerators and denominators of the apportionment
514 factors must be calculated for all members of the water's edge
515 group combined.

516 (c) Intercompany sales transactions between members of the
517 water's edge group are not included in the numerator or
518 denominator of the sales factor under ss. 220.15 and 220.151,
519 regardless of whether indicia of a sale exist.

520 (d) For sales of intangibles, including, but not limited
521 to, accounts receivable, notes, bonds, and stock, which are made
522 to entities outside the group, only the net proceeds are

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523 included in the numerator and denominator of the sales factor.

524 (e) Sales that are not allocated or apportioned to any
525 taxing jurisdiction, otherwise known as "nowhere sales," may not
526 be included in the numerator or denominator of the sales factor.

527 (f) The income attributable to the Florida activities of a
528 corporation that is exempt from taxation under the Interstate
529 Income Act of 1959, Pub. L. No. 86-272, is excluded from the
530 apportionment factor numerators in the calculation of corporate
531 income tax, even if another member of the water's edge group has
532 nexus with this state and is subject to tax.

533
534 As used in this subsection, the term "sale" includes, but is not
535 limited to, loans, payments for the use of intangibles,
536 dividends, and management fees.

537 (3) (a) If a parent corporation is a member of the water's
538 edge group and has nexus with this state, a single water's edge
539 group return must be filed in the name and under the federal
540 employer identification number of the parent corporation. If the
541 water's edge group does not have a parent corporation, if the
542 parent corporation is not a member of the water's edge group, or
543 if the parent corporation does not have nexus with this state,
544 then the members of the water's edge group must choose a member
545 subject to the tax imposed by this chapter to file the return.
546 The members of the water's edge group may not choose another
547 member to file a corporate income tax return in subsequent years
548 unless the filing member does not maintain nexus with this state
549 or does not remain a member of the water's edge group. The
550 return must be signed by an authorized officer of the filing
551 member as the agent for the water's edge group.

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552 (b) If members of a water's edge group have different
553 taxable years, the taxable year of a majority of the members of
554 the water's edge group is the taxable year of the water's edge
555 group. If the taxable years of a majority of the members of a
556 water's edge group do not correspond, the taxable year of the
557 member that must file the return for the water's edge group is
558 the taxable year of the water's edge group.

559 (c)1. A member of a water's edge group having a taxable
560 year that does not correspond to the taxable year of the water's
561 edge group shall determine its income for inclusion on the tax
562 return for the water's edge group. The member shall use:

563 a. The precise amount of taxable income received during the
564 months corresponding to the taxable year of the water's edge
565 group if the precise amount can be readily determined from the
566 member's books and records.

567 b. The taxable income of the member converted to conform to
568 the taxable year of the water's edge group on the basis of the
569 number of months falling within the taxable year of the water's
570 edge group. For example, if the taxable year of the water's edge
571 group is a calendar year and a member operates on a fiscal year
572 ending on April 30, the income of the member must include 8/12
573 of the income from the current taxable year and 4/12 of the
574 income from the preceding taxable year. This method to determine
575 the income of a member may be used only if the return can be
576 timely filed after the end of the taxable year of the water's
577 edge group.

578 c. The taxable income of the member during its taxable year
579 that ends within the taxable year of the water's edge group.

580 2. The method of determining the income of a member of a

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581 water's edge group whose taxable year does not correspond to the
582 taxable year of the water's edge group may not change as long as
583 the member remains a member of the water's edge group. The
584 apportionment factors for the member must be applied to the
585 income of the member for the taxable year of the water's edge
586 group.

587 (4) (a) A water's edge group return must include a
588 computational schedule that:

589 1. Combines the federal income of all members of the
590 water's edge group;

591 2. Shows all intercompany eliminations;

592 3. Shows Florida additions and subtractions under s.
593 220.13; and

594 4. Shows the calculation of the combined apportionment
595 factors.

596 (b) In addition to its return, a water's edge group shall
597 also file a domestic disclosure spreadsheet. The spreadsheet
598 must fully disclose:

599 1. The income reported to each state;

600 2. The state tax liability;

601 3. The method used for apportioning or allocating income to
602 the various states; and

603 4. Other information required by department rule in order
604 to determine the proper amount of tax due to each state and to
605 identify the water's edge group.

606 (5) The department may adopt rules and forms to administer
607 this section. The Legislature intends to grant the department
608 extensive authority to adopt rules and forms describing and
609 defining principles for determining the existence of a water's

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610 edge business, definitions of common control, methods of
611 reporting, and related forms, principles, and other definitions.

612 Section 6. Section 220.14, Florida Statutes, is amended to
613 read:

614 220.14 Exemption.—

615 (1) In computing a taxpayer's liability for tax under this
616 code, there shall be exempt from the tax \$50,000 of net income
617 as defined in s. 220.12 or such lesser amount as will, without
618 increasing the taxpayer's federal income tax liability, provide
619 the state with an amount under this code which is equal to the
620 maximum federal income tax credit which may be available from
621 time to time under federal law.

622 (2) In the case of a taxable year for a period of less than
623 12 months, the exemption allowed by this section must ~~shall~~ be
624 prorated on the basis of the number of days in such year to 365
625 days or, in a leap year, 366 days.

626 (3) Only one exemption shall be allowed to taxpayers filing
627 a water's edge group ~~consolidated~~ return under this code.

628 (4) Notwithstanding any other provision of this code, not
629 more than one exemption under this section may be allowed to the
630 Florida members of a controlled group of corporations, as
631 defined in s. 1563 of the Internal Revenue Code with respect to
632 taxable years ending on or after December 31, 1970, filing
633 separate returns under this code. The exemption described in
634 this section shall be divided equally among such Florida members
635 of the group, unless all of such members consent, at such time
636 and in such manner as the department shall by regulation
637 prescribe, to an apportionment plan providing for an unequal
638 allocation of such exemption.

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639 Section 7. Paragraph (c) of subsection (5) of section
640 220.15, Florida Statutes, is amended to read:

641 220.15 Apportionment of adjusted federal income.—

642 (5) The sales factor is a fraction the numerator of which
643 is the total sales of the taxpayer in this state during the
644 taxable year or period and the denominator of which is the total
645 sales of the taxpayer everywhere during the taxable year or
646 period.

647 (c) Sales of a financial organization, including, but not
648 limited to, banking and savings institutions, investment
649 companies, real estate investment trusts, and brokerage
650 companies, occur in this state if derived from:

651 1. Fees, commissions, or other compensation for financial
652 services rendered within this state;

653 2. Gross profits from trading in stocks, bonds, or other
654 securities managed within this state;

655 3. Interest received within this state, other than interest
656 from loans secured by mortgages, deeds of trust, or other liens
657 upon real or tangible personal property located without this
658 state, and dividends received within this state;

659 4. Interest charged to customers at places of business
660 maintained within this state for carrying debit balances of
661 margin accounts, without deduction of any costs incurred in
662 carrying such accounts;

663 5. Interest, fees, commissions, or other charges or gains
664 from loans secured by mortgages, deeds of trust, or other liens
665 upon real or tangible personal property located in this state or
666 from installment sale agreements originally executed by a
667 taxpayer or the taxpayer's agent to sell real or tangible

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668 personal property located in this state;

669 6. Rents from real or tangible personal property located in
670 this state; or

671 7. Any other gross income, including other interest,
672 resulting from the operation as a financial organization within
673 this state.

674

675 ~~In computing the amounts under this paragraph, any amount~~
676 ~~received by a member of an affiliated group (determined under s.~~
677 ~~1504(a) of the Internal Revenue Code, but without reference to~~
678 ~~whether any such corporation is an "includable corporation"~~
679 ~~under s. 1504(b) of the Internal Revenue Code) from another~~
680 ~~member of such group shall be included only to the extent such~~
681 ~~amount exceeds expenses of the recipient directly related~~
682 ~~thereto.~~

683 Section 8. Paragraph (f) of subsection (1) of section
684 220.183, Florida Statutes, is amended to read:

685 220.183 Community contribution tax credit.—

686 (1) AUTHORIZATION TO GRANT COMMUNITY CONTRIBUTION TAX
687 CREDITS; LIMITATIONS ON INDIVIDUAL CREDITS AND PROGRAM
688 SPENDING.—

689 ~~(f) A taxpayer who files a Florida consolidated return as a~~
690 ~~member of an affiliated group pursuant to s. 220.131(1) may be~~
691 ~~allowed the credit on a consolidated return basis.~~

692 Section 9. Paragraphs (b), (c), and (d) of subsection (2)
693 of section 220.1845, Florida Statutes, are amended to read:

694 220.1845 Contaminated site rehabilitation tax credit.—

695 (2) AUTHORIZATION FOR TAX CREDIT; LIMITATIONS.—

696 (b) A tax credit applicant, or multiple tax credit

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697 applicants working jointly to clean up a single site, may not be
698 granted more than \$500,000 per year in tax credits for each site
699 voluntarily rehabilitated. Multiple tax credit applicants shall
700 be granted tax credits in the same proportion as their
701 contribution to payment of cleanup costs. Subject to the same
702 conditions and limitations as provided in this section, a
703 municipality, county, or other tax credit applicant which
704 voluntarily rehabilitates a site may receive not more than
705 \$500,000 per year in tax credits which it can subsequently
706 transfer subject to ~~the provisions in~~ paragraph (f) ~~(g)~~.

707 (c) If the credit granted under this section is not fully
708 used in any one year because of insufficient tax liability on
709 the part of the corporation, the unused amount may be carried
710 forward for up to 5 years. The carryover credit may be used in a
711 subsequent year if the tax imposed by this chapter for that year
712 exceeds the credit for which the corporation is eligible in that
713 year after applying the other credits and unused carryovers in
714 the order provided by s. 220.02(8). If during the 5-year period
715 the credit is transferred, in whole or in part, pursuant to
716 paragraph (f) ~~(g)~~, each transferee has 5 years after the date of
717 transfer to use its credit.

718 ~~(d) A taxpayer that files a consolidated return in this~~
719 ~~state as a member of an affiliated group under s. 220.131(1) may~~
720 ~~be allowed the credit on a consolidated return basis up to the~~
721 ~~amount of tax imposed upon the consolidated group.~~

722 Section 10. Subsection (2) of section 220.1875, Florida
723 Statutes, is amended to read:

724 220.1875 Credit for contributions to eligible nonprofit
725 scholarship-funding organizations.—

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726 ~~(2) A taxpayer who files a Florida consolidated return as a~~
727 ~~member of an affiliated group pursuant to s. 220.131(1) may be~~
728 ~~allowed the credit on a consolidated return basis; however, the~~
729 ~~total credit taken by the affiliated group is subject to the~~
730 ~~limitation established under subsection (1).~~

731 Section 11. Paragraphs (a) and (c) of subsection (3) of
732 section 220.191, Florida Statutes, are amended to read:

733 220.191 Capital investment tax credit.—

734 (3) (a) Notwithstanding subsection (2), an annual credit
735 against the tax imposed by this chapter shall be granted to a
736 qualifying business which establishes a qualifying project
737 pursuant to subparagraph (1)(g)3., in an amount equal to the
738 lesser of \$15 million or 5 percent of the eligible capital costs
739 made in connection with a qualifying project, for a period not
740 to exceed 20 years beginning with the commencement of operations
741 of the project. The tax credit shall be granted against the
742 corporate income tax liability of the qualifying business ~~and as~~
743 ~~further provided in paragraph (c).~~ The total tax credit provided
744 pursuant to this subsection shall be equal to no more than 100
745 percent of the eligible capital costs of the qualifying project.

746 (c) The credit granted under this subsection may be used in
747 whole or in part by the qualifying business ~~or any corporation~~
748 ~~that is either a member of that qualifying business's affiliated~~
749 ~~group of corporations, is a related entity taxable as a~~
750 ~~cooperative under subchapter T of the Internal Revenue Code, or,~~
751 ~~if the qualifying business is an entity taxable as a cooperative~~
752 ~~under subchapter T of the Internal Revenue Code, is related to~~
753 ~~the qualifying business. Any entity related to the qualifying~~
754 ~~business may continue to file as a member of a Florida nexus~~

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755 ~~consolidated group pursuant to a prior election made under s.~~
756 ~~220.131(1), Florida Statutes (1985), even if the parent of the~~
757 ~~group changes due to a direct or indirect acquisition of the~~
758 ~~former common parent of the group. Any credit can be used by any~~
759 ~~of the affiliated companies or related entities referenced in~~
760 ~~this paragraph to the same extent as it could have been used by~~
761 ~~the qualifying business. However, any such use shall not operate~~
762 ~~to increase the amount of the credit or extend the period within~~
763 ~~which the credit must be used.~~

764 Section 12. Paragraphs (c) and (e) of subsection (3) of
765 section 220.193, Florida Statutes, are amended to read:

766 220.193 Florida renewable energy production credit.—

767 (3) An annual credit against the tax imposed by this
768 section shall be allowed to a taxpayer, based on the taxpayer's
769 production and sale of electricity from a new or expanded
770 Florida renewable energy facility. For a new facility, the
771 credit shall be based on the taxpayer's sale of the facility's
772 entire electrical production. For an expanded facility, the
773 credit shall be based on the increases in the facility's
774 electrical production that are achieved after May 1, 2012.

775 (c) If the amount of credits applied for each year exceeds
776 the amount authorized in paragraph (f) ~~(g)~~, the Department of
777 Agriculture and Consumer Services shall allocate credits to
778 qualified applicants based on the following priority:

779 1. An applicant who places a new facility in operation
780 after May 1, 2012, shall be allocated credits first, up to a
781 maximum of \$250,000 each, with any remaining credits to be
782 granted pursuant to subparagraph 3., but if the claims for
783 credits under this subparagraph exceed the state fiscal year cap

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784 in paragraph (f) ~~(g)~~, credits shall be allocated pursuant to
785 this subparagraph on a prorated basis based upon each
786 applicant's qualified production and sales as a percentage of
787 total production and sales for all applicants in this category
788 for the fiscal year.

789 2. An applicant who does not qualify under subparagraph 1.
790 but who claims a credit of \$50,000 or less shall be allocated
791 credits next, but if the claims for credits under this
792 subparagraph, combined with credits allocated in subparagraph
793 1., exceed the state fiscal year cap in paragraph (f) ~~(g)~~,
794 credits shall be allocated pursuant to this subparagraph on a
795 prorated basis based upon each applicant's qualified production
796 and sales as a percentage of total qualified production and
797 sales for all applicants in this category for the fiscal year.

798 3. An applicant who does not qualify under subparagraph 1.
799 or subparagraph 2. and an applicant whose credits have not been
800 fully allocated under subparagraph 1. shall be allocated credits
801 next. If there is insufficient capacity within the amount
802 authorized for the state fiscal year in paragraph (f) ~~(g)~~, and
803 after allocations pursuant to subparagraphs 1. and 2., the
804 credits allocated under this subparagraph shall be prorated
805 based upon each applicant's unallocated claims for qualified
806 production and sales as a percentage of total unallocated claims
807 for qualified production and sales of all applicants in this
808 category, up to a maximum of \$1 million per taxpayer per state
809 fiscal year. If, after application of this \$1 million cap, there
810 is excess capacity under the state fiscal year cap in paragraph
811 (f) ~~(g)~~ in any state fiscal year, that remaining capacity shall
812 be used to allocate additional credits with priority given in

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813 the order set forth in this subparagraph and without regard to
814 the \$1 million per taxpayer cap.

815 ~~(c) A taxpayer that files a consolidated return in this~~
816 ~~state as a member of an affiliated group under s. 220.131(1) may~~
817 ~~be allowed the credit on a consolidated return basis up to the~~
818 ~~amount of tax imposed upon the consolidated group.~~

819 Section 13. Paragraph (a) of subsection (1) of section
820 220.27, Florida Statutes, is amended to read:

821 220.27 Additional required information.—

822 (1) (a) Every taxpayer that is required to file a return
823 under s. 220.22(1) for a taxable year beginning during the 2018
824 or 2019 calendar years, must submit to the department the
825 following information for those taxable years using the
826 application form on the department's website:

827 1. The taxpayer's name, federal taxpayer identification
828 number, taxable year beginning date, taxable year ending date,
829 and, for taxable years beginning before January 1, 2021, only,
830 whether a consolidated return for the taxpayer is required or
831 elected under s. 220.131.

832 2. The taxpayer's NAICS code for business activity that
833 generates the greatest proportion of gross receipts of the
834 taxpayer. As used in this paragraph, the term "NAICS" means
835 those classifications contained in the North American Industry
836 Classification System, as published in 2007 by the Office of
837 Management and Budget, Executive Office of the President.

838 3. The taxpayer's taxable income as that term is defined in
839 s. 220.13(2) and the taxpayer's state apportionment fraction
840 pursuant to s. 220.15 for the taxable year.

841 4. The amount of global intangible low-taxed income

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842 included in federal taxable income under s. 951A of the Internal
843 Revenue Code, and the amount of the related deduction under s.
844 250 of the Internal Revenue Code, as it pertains to s. 951A of
845 the Internal Revenue Code.

846 5. The amount of foreign-derived intangible income computed
847 for the federal return for the taxable year and the amount of
848 the related deduction under s. 250 of the Internal Revenue Code,
849 as it pertains to foreign-derived intangible income.

850 6. The amount of business interest expense deducted on the
851 federal return under s. 163 of the Internal Revenue Code,
852 including any carryover; the amount of current year business
853 interest expense, including any carryover, which ~~that~~ was not
854 deducted due to the limitation in s. 163(j) of the Internal
855 Revenue Code; and the amount of business interest expense
856 carried over from previous taxable years.

857 7. The amount of federal net operating loss deduction under
858 s. 172 of the Internal Revenue Code, applied in determining
859 federal taxable income and the amount of federal net operating
860 loss carryover that was not applied due to the limitation in s.
861 172(a)(2) of the Internal Revenue Code.

862 8. The total amount of state net operating loss carryover
863 available after the filing of the return for the taxable year.

864 9. The total amount of the state alternative minimum tax
865 credit carryover available after the filing of the return for
866 the taxable year.

867 Section 14. Section 220.28, Florida Statutes, is created to
868 read:

869 220.28 Water's edge group transitional rules.—

870 (1) For the first taxable year beginning on or after

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871 January 1, 2021, a taxpayer that filed a Florida corporate
872 income tax return in the preceding taxable year and that is a
873 member of a water's edge group shall compute its income together
874 with all members of its water's edge group and file a combined
875 Florida corporate income tax return with all members of its
876 water's edge group.

877 (2) An affiliated group of corporations which filed a
878 Florida consolidated corporate income tax return pursuant to an
879 election provided in former s. 220.131 shall cease filing a
880 Florida consolidated return for taxable years beginning on or
881 after January 1, 2021, and shall file a combined Florida
882 corporate income tax return with all members of its water's edge
883 group.

884 (3) An affiliated group of corporations which filed a
885 Florida consolidated corporate income tax return pursuant to the
886 election in former s. 220.131(1) (1985), which allowed the
887 affiliated group to make an election within 90 days after
888 December 20, 1984, or upon filing the taxpayer's first return
889 after December 20, 1984, whichever was later, shall cease filing
890 a Florida consolidated corporate income tax return using that
891 method for taxable years beginning on or after January 1, 2021,
892 and shall file a combined Florida corporate income tax return
893 with all members of its water's edge group.

894 (4) A taxpayer that is not a member of a water's edge group
895 remains subject to this chapter and shall file a separate
896 Florida corporate income tax return as previously required.

897 (5) For taxable years beginning on or after January 1,
898 2021, a tax return for a member of a water's edge group must be
899 a combined Florida corporate income tax return that includes tax

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900 information for all members of the water's edge group. The tax
901 return must be filed by a member that has a nexus with this
902 state.

903 Section 15. Section 220.51, Florida Statutes, is amended to
904 read:

905 220.51 Adoption ~~Promulgation~~ of rules and regulations.—In
906 accordance with the Administrative Procedure Act, chapter 120,
907 the department is authorized to make, adopt ~~promulgate~~, and
908 enforce such reasonable rules and regulations, and to prescribe
909 such forms relating to the administration and enforcement of ~~the~~
910 ~~provisions of~~ this code, as it may deem appropriate, including:

911 (1) Rules for initial implementation of this code and for
912 taxpayers' transitional taxable years commencing before and
913 ending after January 1, 1972; and

914 (2) Rules or regulations to clarify whether certain groups,
915 organizations, or associations formed under the laws of this
916 state or any other state, country, or jurisdiction shall be
917 deemed "taxpayers" for the purposes of this code, in accordance
918 with the legislative declarations of intent in s. 220.02; ~~and~~

919 ~~(3) Regulations relating to consolidated reporting for~~
920 ~~affiliated groups of corporations, in order to provide for an~~
921 ~~equitable and just administration of this code with respect to~~
922 ~~multicorporate taxpayers.~~

923 Section 16. Section 220.64, Florida Statutes, is amended to
924 read:

925 220.64 Other provisions applicable to franchise tax.—To the
926 extent that they are not manifestly incompatible with ~~the~~
927 ~~provisions of~~ this part, parts I, III, IV, V, VI, VIII, IX, and
928 X of this code and ss. 220.12, 220.13, 220.136, 220.1363,

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929 220.15, and 220.16 apply to the franchise tax imposed by this
 930 part. Under rules prescribed by the department ~~in s. 220.131~~, a
 931 consolidated return may be filed by any affiliated group of
 932 corporations consisting ~~composed~~ of one or more banks or savings
 933 associations, ~~its or~~ their Florida parent corporations
 934 ~~corporation~~, and any nonbank or nonsavings subsidiaries of such
 935 parent corporations ~~corporation~~.

936 Section 17. Paragraph (f) of subsection (4) and paragraph
 937 (a) of subsection (5) of section 288.1254, Florida Statutes, are
 938 amended to read:

939 288.1254 Entertainment industry financial incentive
 940 program.—

941 (4) TAX CREDIT ELIGIBILITY; TAX CREDIT AWARDS; QUEUES;
 942 ELECTION AND DISTRIBUTION; CARRYFORWARD; CONSOLIDATED RETURNS;
 943 PARTNERSHIP AND NONCORPORATE DISTRIBUTIONS; MERGERS AND
 944 ACQUISITIONS.—

945 ~~(f) Consolidated returns. A certified production company~~
 946 ~~that files a Florida consolidated return as a member of an~~
 947 ~~affiliated group under s. 220.131(1) may be allowed the credit~~
 948 ~~on a consolidated return basis up to the amount of the tax~~
 949 ~~imposed upon the consolidated group under chapter 220.~~

950 (5) TRANSFER OF TAX CREDITS.—

951 (a) *Authorization*.—Upon application to the Office of Film
 952 and Entertainment and approval by the department, a certified
 953 production company, or a partner or member that has received a
 954 distribution under paragraph (4) (f) ~~(4) (g)~~, may elect to
 955 transfer, in whole or in part, any unused credit amount granted
 956 under this section. An election to transfer any unused tax
 957 credit amount under chapter 212 or chapter 220 must be made no

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958 later than 5 years after the date the credit is awarded, after
959 which period the credit expires and may not be used. The
960 department shall notify the Department of Revenue of the
961 election and transfer.

962 Section 18. Subsections (9) and (10) of section 376.30781,
963 Florida Statutes, are amended to read:

964 376.30781 Tax credits for rehabilitation of drycleaning-
965 solvent-contaminated sites and brownfield sites in designated
966 brownfield areas; application process; rulemaking authority;
967 revocation authority.-

968 (9) On or before May 1, the Department of Environmental
969 Protection shall inform each tax credit applicant that is
970 subject to the January 31 annual application deadline of the
971 applicant's eligibility status and the amount of any tax credit
972 due. The department shall provide each eligible tax credit
973 applicant with a tax credit certificate that must be submitted
974 with its tax return to the Department of Revenue to claim the
975 tax credit or be transferred pursuant to s. 220.1845(2)(f) ~~s.~~
976 ~~220.1845(2)(g)~~. The May 1 deadline for annual site
977 rehabilitation tax credit certificate awards shall not apply to
978 any tax credit application for which the department has issued a
979 notice of deficiency pursuant to subsection (8). The department
980 shall respond within 90 days after receiving a response from the
981 tax credit applicant to such a notice of deficiency. Credits may
982 not result in the payment of refunds if total credits exceed the
983 amount of tax owed.

984 (10) For solid waste removal, new health care facility or
985 health care provider, and affordable housing tax credit
986 applications, the Department of Environmental Protection shall

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987 inform the applicant of the department's determination within 90
988 days after the application is deemed complete. Each eligible tax
989 credit applicant shall be informed of the amount of its tax
990 credit and provided with a tax credit certificate that must be
991 submitted with its tax return to the Department of Revenue to
992 claim the tax credit or be transferred pursuant to s.
993 220.1845(2)(f) ~~s. 220.1845(2)(g)~~. Credits may not result in the
994 payment of refunds if total credits exceed the amount of tax
995 owed.

996 Section 19. Funds recaptured pursuant to this act must be
997 appropriated in the General Appropriations Act to the various
998 school districts to reduce the required local effort millage.

999 Section 20. This act shall take effect July 1, 2020.