

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 dividends 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; providing construction; defining the term
17 "United States"; creating s. 220.1363, F.S.; defining
18 the 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
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, 220.192, 220.193, and
37 220.51, F.S.; conforming provisions to changes made by
38 the act; amending s. 220.64, F.S.; providing
39 applicability of water's edge group provisions to the
40 franchise tax; conforming provisions to changes made
41 by the act; amending ss. 288.1254 and 376.30781, F.S.;
42 conforming provisions to changes made by the act;
43 specifying, beginning on a specified date,
44 requirements for corporate tax return filings for
45 certain taxpayers; requiring that recaptured funds be
46 appropriated for a certain purpose; providing an
47 effective date.

48
49 WHEREAS, the Legislature finds that the separate accounting
50 system used to measure the income of multistate and

51 multinational corporations for tax purposes often places Florida
 52 corporations at a competitive disadvantage and, moreover, that
 53 corporate business is increasingly conducted through groups of
 54 commonly owned corporations, and

55 WHEREAS, the Legislature intends to more accurately measure
 56 the business activities of corporations by adopting a combined
 57 system of income tax reporting, NOW, THEREFORE,

58
 59 Be It Enacted by the Legislature of the State of Florida:

60
 61 Section 1. Paragraph (z) of subsection (1) of section
 62 220.03, Florida Statutes, is amended, and paragraphs (gg), (hh),
 63 and (ii) are added to that subsection, to read:

64 220.03 Definitions.—

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

69 (z) "Taxpayer" means any corporation subject to the tax
 70 imposed by this code, and includes all corporations that are
 71 members of a water's edge group ~~for which a consolidated return~~
 72 ~~is filed under s. 220.131.~~ However, the term "taxpayer" does not
 73 include a corporation having no individuals, (including
 74 individuals employed by an affiliate,) receiving compensation in
 75 this state as defined in s. 220.15 when the only property owned

76 or leased by the said corporation, ~~(including an affiliate,)~~ in
77 this state is located at the premises of a printer with which it
78 has contracted for printing, if such property consists of the
79 final printed product, property which becomes a part of the
80 final printed product, or property from which the printed
81 product is produced.

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

84 1. It is identified by the Organization for Economic Co-
85 operation and Development as a tax haven or as having harmful
86 tax practices or a preferential tax regime.

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

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

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

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

101 local economy.

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

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

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

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

119 Section 2. Section 220.13, Florida Statutes, is amended to
120 read:

121 220.13 "Adjusted federal income" defined.—

122 (1) The term "adjusted federal income" means an amount
123 equal to the taxpayer's taxable income as defined in subsection

124 (2), or such taxable income of a water's edge group ~~more than~~
125 ~~one taxpayer~~ as provided in s. 220.1363 ~~s. 220.131~~, for the

126 taxable year, adjusted as follows:

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

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

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

143 2. The amount of interest which is excluded from taxable
144 income under s. 103(a) of the Internal Revenue Code or any other
145 federal law, less the associated expenses disallowed in the
146 computation of taxable income under s. 265 of the Internal
147 Revenue Code or any other law, excluding 60 percent of any
148 amounts included in alternative minimum taxable income, as
149 defined in s. 55(b)(2) of the Internal Revenue Code, if the
150 taxpayer pays tax under s. 220.11(3).

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

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

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

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

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

171 8. In the case of a nonprofit corporation which holds a
172 pari-mutuel permit and which is exempt from federal income tax
173 as a farmers' cooperative, an amount equal to the excess of the
174 gross income attributable to the pari-mutuel operations over the
175 attributable expenses for the taxable year.

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

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

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

187 12. The amount taken as a credit for the taxable year
 188 under s. 220.193.

189 13. Any portion of a qualified investment, as defined in
 190 s. 288.9913, which is claimed as a deduction by the taxpayer and
 191 taken as a credit against income tax pursuant to s. 288.9916.

192 14. The costs to acquire a tax credit pursuant to s.
 193 288.1254(5) that are deducted from or otherwise reduce federal
 194 taxable income for the taxable year.

195 15. The amount taken as a credit for the taxable year
 196 pursuant to s. 220.194.

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

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

203 (b) *Subtractions.*—

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

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

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

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

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

219

220 However, a net operating loss and a capital loss shall never be
 221 carried back as a deduction to a prior taxable year, but all
 222 deductions attributable to such losses shall be deemed net
 223 operating loss carryovers and capital loss carryovers,
 224 respectively, and treated in the same manner, to the same
 225 extent, and for the same time periods as are prescribed for such

226 carryovers in ss. 172 and 1212, respectively, of the Internal
227 Revenue Code. A deduction is not allowed for net operating
228 losses, net capital losses, or excess contribution deductions
229 under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404 for a member
230 of a water's edge group which is not a United States member.
231 Carryovers of net operating losses, net capital losses, or
232 excess contribution deductions under 26 U.S.C. ss. 170(d)(2),
233 172, 1212, and 404 may be subtracted only by the member of the
234 water's edge group which generates a carryover.

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

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

240 b. All amounts included in taxable income under s. 78, s.
241 951, or s. 951A of the Internal Revenue Code.

242
243 However, any amount subtracted under this subparagraph is
244 allowed only to the extent such amount is not deductible in
245 determining federal taxable income. As to any amount subtracted
246 under this subparagraph, there shall be added to such taxable
247 income all expenses deducted on the taxpayer's return for the
248 taxable year which are attributable, directly or indirectly, to
249 such subtracted amount. Further, no amount shall be subtracted
250 with respect to dividends paid or deemed paid by a Domestic

251 International Sales Corporation.

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

256 ~~4.3.~~ In computing "adjusted federal income" for taxable
257 years beginning after December 31, 1976, there shall be allowed
258 as a deduction the amount of wages and salaries paid or incurred
259 within this state for the taxable year for which no deduction is
260 allowed pursuant to s. 280C(a) of the Internal Revenue Code
261 (relating to credit for employment of certain new employees).

262 ~~5.4.~~ There shall be subtracted from such taxable income
263 any amount of nonbusiness income included therein.

264 ~~6.5.~~ There shall be subtracted any amount of taxes of
265 foreign countries allowable as credits for taxable years
266 beginning on or after September 1, 1985, under s. 901 of the
267 Internal Revenue Code to any corporation which derived less than
268 20 percent of its gross income or loss for its taxable year
269 ended in 1984 from sources within the United States, as
270 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
271 including credits allowed under ss. 902 and 960 of the Internal
272 Revenue Code, withholding taxes on dividends within the meaning
273 of sub-subparagraph 2.a., and withholding taxes on royalties,
274 interest, technical service fees, and capital gains.

275 ~~7.6.~~ Notwithstanding any other provision of this code,

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

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

287 | 1. In the case of any disposition made after October 19,
288 | 1980, the income from an installment sale shall be taken into
289 | account for the purposes of this code in the same manner that
290 | such income is taken into account for federal income tax
291 | purposes.

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

297 | (d) *Nonallowable deductions.*—A deduction for net operating
298 | losses, net capital losses, or excess contributions deductions
299 | under ss. 170(d)(2), 172, 1212, and 404 of the Internal Revenue
300 | Code which has been allowed in a prior taxable year for Florida

301 tax purposes shall not be allowed for Florida tax purposes,
302 notwithstanding the fact that such deduction has not been fully
303 utilized for federal tax purposes.

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

314 1. There shall be added to such taxable income an amount
315 equal to 100 percent of any amount deducted for federal income
316 tax purposes as bonus depreciation for the taxable year pursuant
317 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
318 amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No.
319 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No.
320 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No.
321 113-295, s. 143 of Division Q of Pub. L. No. 114-113, and s.
322 13201 of Pub. L. No. 115-97, for property placed in service
323 after December 31, 2007, and before January 1, 2027. For the
324 taxable year and for each of the 6 subsequent taxable years,
325 there shall be subtracted from such taxable income an amount

326 equal to one-seventh of the amount by which taxable income was
327 increased pursuant to this subparagraph, notwithstanding any
328 sale or other disposition of the property that is the subject of
329 the adjustments and regardless of whether such property remains
330 in service in the hands of the taxpayer.

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

347 3. There shall be added to such taxable income an amount
348 equal to the amount of deferred income not included in such
349 taxable income pursuant to s. 108(i)(1) of the Internal Revenue
350 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There

351 shall be subtracted from such taxable income an amount equal to
352 the amount of deferred income included in such taxable income
353 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,
354 as amended by s. 1231 of Pub. L. No. 111-5.

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

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

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

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

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

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

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

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

398 (f) "Taxable income," in the case of a corporation which
399 is a member of an affiliated group of corporations filing a
400 consolidated income tax return for the taxable year for federal

401 income tax purposes, means taxable income of such corporation
402 for federal income tax purposes as if such corporation had filed
403 a separate federal income tax return for the taxable year and
404 each preceding taxable year for which it was a member of an
405 affiliated group, ~~unless a consolidated return for the taxpayer~~
406 ~~and others is required or elected under s. 220.131;~~

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

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

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

420 (j) "Taxable income," in the case of a limited liability
421 company, other than a limited liability company classified as a
422 partnership for federal income tax purposes, as defined in and
423 organized pursuant to chapter 605 or qualified to do business in
424 this state as a foreign limited liability company or other than
425 a similar limited liability company classified as a partnership

426 for federal income tax purposes and created as an artificial
427 entity pursuant to the statutes of the United States or any
428 other state, territory, possession, or jurisdiction, if such
429 limited liability company or similar entity is taxable as a
430 corporation for federal income tax purposes, means taxable
431 income determined as if such limited liability company were
432 required to file or had filed a federal corporate income tax
433 return under the Internal Revenue Code;

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

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

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

452 Section 4. Section 220.136, Florida Statutes, is created

453 to read:

454 220.136 Determination of the members of a water's edge
455 group.—

456 (1) A corporation having 50 percent or more of its
457 outstanding voting stock directly or indirectly owned or
458 controlled by a water's edge group is presumed to be a member of
459 the water's edge group. A corporation having less than 50
460 percent of its outstanding voting stock directly or indirectly
461 owned or controlled by a water's edge group is a member of the
462 water's edge group if the business activities of the corporation
463 show that the corporation is a member of the water's edge group.
464 All of the income of a corporation that is a member of a water's
465 edge group is presumed to be unitary. For purposes of this
466 subsection, the attribution rules of 26 U.S.C. s. 318 must be
467 used to determine whether voting stock is indirectly owned.

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

476 that is not a member of a water's edge group from this chapter.

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

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

484 Section 5. Section 220.1363, Florida Statutes, is created
485 to read:

486 220.1363 Water's edge groups; special requirements.-

487 (1) For purposes of this section, the term "water's edge
488 reporting method" is a method to determine the taxable business
489 profits of a group of entities conducting a unitary business.
490 Under this method, the net income of the entities must be added
491 together, along with the additions and subtractions under s.
492 220.13, and apportioned to this state as a single taxpayer under
493 ss. 220.15 and 220.151. However, each special industry member
494 included in a water's edge group return, which would otherwise
495 be permitted to use a special method of apportionment under s.
496 220.151, shall convert its single-factor apportionment to a
497 three-factor apportionment of property, payroll, and sales. The
498 special industry member shall calculate the denominator of its
499 property, payroll, and sales factors in the same manner as those
500 denominators are calculated by members that are not special

501 industry members. The numerator of its sales, property, and
502 payroll factors is the product of the denominator of each factor
503 multiplied by the premiums or revenue-miles-factor ratio
504 otherwise applicable under s. 220.151.

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

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

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

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

517 (d) For sales of intangibles, including, but not limited
518 to, accounts receivable, notes, bonds, and stock, which are made
519 to entities outside the group, only the net proceeds are
520 included in the numerator and denominator of the sales factor.

521 (e) The income attributable to the Florida activities of a
522 corporation that is exempt from taxation under the Interstate
523 Income Act of 1959, Pub. L. No. 86-272, is excluded from the
524 apportionment factor numerators in the calculation of corporate
525 income tax, even if another member of the water's edge group has

526 nexus with this state and is subject to tax.

527

528 As used in this subsection, the term "sale" includes, but is not
529 limited to, loans, payments for the use of intangibles,
530 dividends, and management fees.

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

546 (b) If members of a water's edge group have different
547 taxable years, the taxable year of a majority of the members of
548 the water's edge group is the taxable year of the water's edge
549 group. If the taxable years of a majority of the members of a
550 water's edge group do not correspond, the taxable year of the

551 member that must file the return for the water's edge group is
552 the taxable year of the water's edge group.

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

557 a. The precise amount of taxable income received during
558 the months corresponding to the taxable year of the water's edge
559 group, if the precise amount can be readily determined from the
560 member's books and records.

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

572 c. The taxable income of the member during its taxable
573 year that ends within the taxable year of the water's edge
574 group.

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

576 water's edge group whose taxable year does not correspond to the
577 taxable year of the water's edge group may not change as long as
578 the member remains a member of the water's edge group. The
579 apportionment factors for the member must be applied to the
580 income of the member for the taxable year of the water's edge
581 group.

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

584 1. Combines the federal income of all members of the
585 water's edge group;

586 2. Shows all intercompany eliminations;

587 3. Shows Florida additions and subtractions under s.
588 220.13; and

589 4. Shows the calculation of the combined apportionment
590 factors.

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

594 1. The income reported to each state;

595 2. The state tax liability;

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

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

601 (5) The department may adopt rules and forms to administer
 602 this section. The Legislature intends to grant the department
 603 extensive authority to adopt rules and forms describing and
 604 defining principles for determining the existence of a water's
 605 edge business, definitions of common control, methods of
 606 reporting, and related forms, principles, and other definitions.

607 Section 6. Section 220.14, Florida Statutes, is amended to
 608 read:

609 220.14 Exemption.—

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

617 (2) In the case of a taxable year for a period of less
 618 than 12 months, the exemption allowed by this section must ~~shall~~
 619 be prorated on the basis of the number of days in such year to
 620 365 days, or, in a leap year, 366 days.

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

623 (4) Notwithstanding any other provision of this code, not
 624 more than one exemption under this section may be allowed to the
 625 Florida members of a controlled group of corporations, as

626 defined in s. 1563 of the Internal Revenue Code with respect to
627 taxable years ending on or after December 31, 1970, filing
628 separate returns under this code. The exemption described in
629 this section shall be divided equally among such Florida members
630 of the group, unless all of such members consent, at such time
631 and in such manner as the department shall by regulation
632 prescribe, to an apportionment plan providing for an unequal
633 allocation of such exemption.

634 Section 7. Paragraph (c) of subsection (5) of section
635 220.15, Florida Statutes, is amended to read:

636 220.15 Apportionment of adjusted federal income.—

637 (5) The sales factor is a fraction the numerator of which
638 is the total sales of the taxpayer in this state during the
639 taxable year or period and the denominator of which is the total
640 sales of the taxpayer everywhere during the taxable year or
641 period.

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

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

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

650 3. Interest received within this state, other than

651 interest from loans secured by mortgages, deeds of trust, or
652 other liens upon real or tangible personal property located
653 without this state, and dividends received within this state;

654 4. Interest charged to customers at places of business
655 maintained within this state for carrying debit balances of
656 margin accounts, without deduction of any costs incurred in
657 carrying such accounts;

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

664 6. Rents from real or tangible personal property located
665 in this state; or

666 7. Any other gross income, including other interest,
667 resulting from the operation as a financial organization within
668 this state.

669
670 ~~In computing the amounts under this paragraph, any amount~~
671 ~~received by a member of an affiliated group (determined under s.~~
672 ~~1504(a) of the Internal Revenue Code, but without reference to~~
673 ~~whether any such corporation is an "includable corporation"~~
674 ~~under s. 1504(b) of the Internal Revenue Code) from another~~
675 ~~member of such group shall be included only to the extent such~~

676 ~~amount exceeds expenses of the recipient directly related~~
 677 ~~thereto.~~

678 Section 8. Paragraph (f) of subsection (1) of section
 679 220.183, Florida Statutes, is amended to read:

680 220.183 Community contribution tax credit.—

681 (1) AUTHORIZATION TO GRANT COMMUNITY CONTRIBUTION TAX
 682 CREDITS; LIMITATIONS ON INDIVIDUAL CREDITS AND PROGRAM
 683 SPENDING.—

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

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

689 220.1845 Contaminated site rehabilitation tax credit.—

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

691 (b) A tax credit applicant, or multiple tax credit
 692 applicants working jointly to clean up a single site, may not be
 693 granted more than \$500,000 per year in tax credits for each site
 694 voluntarily rehabilitated. Multiple tax credit applicants shall
 695 be granted tax credits in the same proportion as their
 696 contribution to payment of cleanup costs. Subject to the same
 697 conditions and limitations as provided in this section, a
 698 municipality, county, or other tax credit applicant which
 699 voluntarily rehabilitates a site may receive not more than
 700 \$500,000 per year in tax credits which it can subsequently

701 transfer subject to ~~the provisions in~~ paragraph (f) ~~(g)~~.

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

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

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

719 220.1875 Credit for contributions to eligible nonprofit
720 scholarship-funding organizations.—

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

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

728 220.191 Capital investment tax credit.—

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

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

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

759 Section 12. Subsection (2) of section 220.192, Florida
760 Statutes, is amended to read:

761 220.192 Renewable energy technologies investment tax
762 credit.—

763 (2) TAX CREDIT.—For tax years beginning on or after
764 January 1, 2013, a credit against the tax imposed by this
765 chapter shall be granted in an amount equal to the eligible
766 costs. Credits may be used in tax years beginning January 1,
767 2013, and ending December 31, 2016, after which the credit shall
768 expire. If the credit is not fully used in any one tax year
769 because of insufficient tax liability on the part of the
770 corporation, the unused amount may be carried forward and used
771 in tax years beginning January 1, 2013, and ending December 31,
772 2018, after which the credit carryover expires and may not be
773 used. ~~A taxpayer that files a consolidated return in this state~~
774 ~~as a member of an affiliated group under s. 220.131(1) may be~~
775 ~~allowed the credit on a consolidated return basis up to the~~

776 ~~amount of tax imposed upon the consolidated group.~~ Any eligible
777 cost for which a credit is claimed and which is deducted or
778 otherwise reduces federal taxable income shall be added back in
779 computing adjusted federal income under s. 220.13.

780 Section 13. Paragraphs (c) and (e) of subsection (3) of
781 section 220.193, Florida Statutes, are amended to read:

782 220.193 Florida renewable energy production credit.—

783 (3) An annual credit against the tax imposed by this
784 section shall be allowed to a taxpayer, based on the taxpayer's
785 production and sale of electricity from a new or expanded
786 Florida renewable energy facility. For a new facility, the
787 credit shall be based on the taxpayer's sale of the facility's
788 entire electrical production. For an expanded facility, the
789 credit shall be based on the increases in the facility's
790 electrical production that are achieved after May 1, 2012.

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

795 1. An applicant who places a new facility in operation
796 after May 1, 2012, shall be allocated credits first, up to a
797 maximum of \$250,000 each, with any remaining credits to be
798 granted pursuant to subparagraph 3., but if the claims for
799 credits under this subparagraph exceed the state fiscal year cap
800 in paragraph (f) ~~(g)~~, credits shall be allocated pursuant to

801 | this subparagraph on a prorated basis based upon each
802 | applicant's qualified production and sales as a percentage of
803 | total production and sales for all applicants in this category
804 | for the fiscal year.

805 | 2. An applicant who does not qualify under subparagraph 1.
806 | but who claims a credit of \$50,000 or less shall be allocated
807 | credits next, but if the claims for credits under this
808 | subparagraph, combined with credits allocated in subparagraph
809 | 1., exceed the state fiscal year cap in paragraph (f) ~~(g)~~,
810 | credits shall be allocated pursuant to this subparagraph on a
811 | prorated basis based upon each applicant's qualified production
812 | and sales as a percentage of total qualified production and
813 | sales for all applicants in this category for the fiscal year.

814 | 3. An applicant who does not qualify under subparagraph 1.
815 | or subparagraph 2. and an applicant whose credits have not been
816 | fully allocated under subparagraph 1. shall be allocated credits
817 | next. If there is insufficient capacity within the amount
818 | authorized for the state fiscal year in paragraph (f) ~~(g)~~, and
819 | after allocations pursuant to subparagraphs 1. and 2., the
820 | credits allocated under this subparagraph shall be prorated
821 | based upon each applicant's unallocated claims for qualified
822 | production and sales as a percentage of total unallocated claims
823 | for qualified production and sales of all applicants in this
824 | category, up to a maximum of \$1 million per taxpayer per state
825 | fiscal year. If, after application of this \$1 million cap, there

826 is excess capacity under the state fiscal year cap in paragraph
 827 (f) ~~(g)~~ in any state fiscal year, that remaining capacity shall
 828 be used to allocate additional credits with priority given in
 829 the order set forth in this subparagraph and without regard to
 830 the \$1 million per taxpayer cap.

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

835 Section 14. Section 220.51, Florida Statutes, is amended
 836 to read:

837 220.51 Adoption ~~Promulgation~~ of rules and regulations.—In
 838 accordance with the Administrative Procedure Act, chapter 120,
 839 the department is authorized to make, adopt ~~promulgate~~, and
 840 enforce such reasonable rules and regulations, and to prescribe
 841 such forms relating to the administration and enforcement of ~~the~~
 842 ~~provisions of~~ this code, as it may deem appropriate, including:

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

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

851 ~~(3) Regulations relating to consolidated reporting for~~
 852 ~~affiliated groups of corporations, in order to provide for an~~
 853 ~~equitable and just administration of this code with respect to~~
 854 ~~multicorporate taxpayers.~~

855 Section 15. Section 220.64, Florida Statutes, is amended
 856 to read:

857 220.64 Other provisions applicable to franchise tax.—To
 858 the extent that they are not manifestly incompatible with ~~the~~
 859 ~~provisions of~~ this part, parts I, III, IV, V, VI, VIII, IX, and
 860 X of this code and ss. 220.12, 220.13, 220.136, 220.1363,
 861 220.15, and 220.16 apply to the franchise tax imposed by this
 862 part. Under rules prescribed by the department ~~in s. 220.131,~~ a
 863 consolidated return may be filed by any affiliated group of
 864 corporations composed of one or more banks or savings
 865 associations, ~~its or~~ their Florida parent corporations
 866 ~~corporation,~~ and any nonbank or nonsavings subsidiaries of such
 867 parent corporations ~~corporation.~~

868 Section 16. Paragraph (f) of subsection (4) and paragraph
 869 (a) of subsection (5) of section 288.1254, Florida Statutes, are
 870 amended to read:

871 288.1254 Entertainment industry financial incentive
 872 program.—

873 (4) TAX CREDIT ELIGIBILITY; TAX CREDIT AWARDS; QUEUES;
 874 ELECTION AND DISTRIBUTION; CARRYFORWARD; CONSOLIDATED RETURNS;
 875 PARTNERSHIP AND NONCORPORATE DISTRIBUTIONS; MERGERS AND

876 ACQUISITIONS.—

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

882 (5) TRANSFER OF TAX CREDITS.—

883 (a) *Authorization.*—Upon application to the Office of Film
884 and Entertainment and approval by the department, a certified
885 production company, or a partner or member that has received a
886 distribution under paragraph (4) (f) ~~(4) (g)~~, may elect to
887 transfer, in whole or in part, any unused credit amount granted
888 under this section. An election to transfer any unused tax
889 credit amount under chapter 212 or chapter 220 must be made no
890 later than 5 years after the date the credit is awarded, after
891 which period the credit expires and may not be used. The
892 department shall notify the Department of Revenue of the
893 election and transfer.

894 Section 17. Subsections (9) and (10) of section 376.30781,
895 Florida Statutes, are amended to read:

896 376.30781 Tax credits for rehabilitation of drycleaning-
897 solvent-contaminated sites and brownfield sites in designated
898 brownfield areas; application process; rulemaking authority;
899 revocation authority.—

900 (9) On or before May 1, the Department of Environmental

901 Protection shall inform each tax credit applicant that is
 902 subject to the January 31 annual application deadline of the
 903 applicant's eligibility status and the amount of any tax credit
 904 due. The department shall provide each eligible tax credit
 905 applicant with a tax credit certificate that must be submitted
 906 with its tax return to the Department of Revenue to claim the
 907 tax credit or be transferred pursuant to s. 220.1845(2)(f) ~~s.~~
 908 ~~220.1845(2)(g)~~. The May 1 deadline for annual site
 909 rehabilitation tax credit certificate awards shall not apply to
 910 any tax credit application for which the department has issued a
 911 notice of deficiency pursuant to subsection (8). The department
 912 shall respond within 90 days after receiving a response from the
 913 tax credit applicant to such a notice of deficiency. Credits may
 914 not result in the payment of refunds if total credits exceed the
 915 amount of tax owed.

916 (10) For solid waste removal, new health care facility or
 917 health care provider, and affordable housing tax credit
 918 applications, the Department of Environmental Protection shall
 919 inform the applicant of the department's determination within 90
 920 days after the application is deemed complete. Each eligible tax
 921 credit applicant shall be informed of the amount of its tax
 922 credit and provided with a tax credit certificate that must be
 923 submitted with its tax return to the Department of Revenue to
 924 claim the tax credit or be transferred pursuant to s.
 925 220.1845(2)(f) ~~s. 220.1845(2)(g)~~. Credits may not result in the

926 | payment of refunds if total credits exceed the amount of tax
927 | owed.

928 | Section 18. Transitional rules.-

929 | (1) For the first taxable year beginning on or after
930 | January 1, 2022, a taxpayer that filed a Florida corporate
931 | income tax return in the preceding taxable year and that is a
932 | member of a water's edge group shall compute its income together
933 | with all members of its water's edge group and file a combined
934 | Florida corporate income tax return with all members of its
935 | water's edge group.

936 | (2) An affiliated group of corporations which filed a
937 | Florida consolidated corporate income tax return pursuant to an
938 | election provided in former s. 220.131, Florida Statutes, shall
939 | cease filing a Florida consolidated return for taxable years
940 | beginning on or after January 1, 2022, and shall file a combined
941 | Florida corporate income tax return with all members of its
942 | water's edge group.

943 | (3) An affiliated group of corporations which filed a
944 | Florida consolidated corporate income tax return pursuant to the
945 | election in s. 220.131(1), Florida Statutes (1985), which
946 | allowed the affiliated group to make an election within 90 days
947 | after December 20, 1984, or upon filing the taxpayer's first
948 | return after December 20, 1984, whichever was later, shall cease
949 | filing a Florida consolidated corporate income tax return using
950 | that method for taxable years beginning on or after January 1,

951 2022, and shall file a combined Florida corporate income tax
952 return with all members of its water's edge group.

953 (4) A taxpayer that is not a member of a water's edge
954 group remains subject to chapter 220, Florida Statutes, and
955 shall file a separate Florida corporate income tax return as
956 previously required.

957 (5) For taxable years beginning on or after January 1,
958 2022, a tax return for a member of a water's edge group must be
959 a combined Florida corporate income tax return that includes tax
960 information for all members of the water's edge group. The tax
961 return must be filed by a member that has a nexus with this
962 state.

963 Section 19. Any additional revenue received as a result of
964 the enactment of the act must be used to reduce the rate of tax
965 on the commercial rental of real property under s. 212.031.

966 Section 20. This act shall take effect July 1, 2021.