

Amendment No.

CHAMBER ACTION

Senate

House

.

1 Representative Eskamani offered the following:

2
3 **Amendment (with title amendment)**

4 Between lines 31 and 32, insert:

5 Section 2. Paragraph (z) of subsection (1) of section
6 220.03, Florida Statutes, is amended, and paragraphs (gg), (hh),
7 and (ii) are added to that subsection, to read:

8 220.03 Definitions.—

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

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13 (z) "Taxpayer" means any corporation subject to the tax
14 imposed by this code, and includes all corporations that are
15 members of a water's edge group for which a consolidated return
16 is filed under s. 220.131. However, the term "taxpayer" does not
17 include a corporation having no individuals, ~~(including~~
18 ~~individuals employed by an affiliate,~~) receiving compensation in
19 this state as defined in s. 220.15 when the only property owned
20 or leased by the said corporation, ~~(including an affiliate,~~) in
21 this state is located at the premises of a printer with which it
22 has contracted for printing, if such property consists of the
23 final printed product, property which becomes a part of the
24 final printed product, or property from which the printed
25 product is produced.

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

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

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

33 3. It has laws or practices that prevent the effective
34 exchange of information with other governments for tax purposes,
35 regarding taxpayers who are subject to, or are benefiting from,
36 the tax regime.

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37 4. It lacks transparency. For purposes of this
38 subparagraph, a tax regime lacks transparency if the details of
39 legislative, legal, or administrative requirements are not open
40 to public scrutiny and apparent or are not consistently applied
41 among similarly situated taxpayers.

42 5. It facilitates the establishment of foreign-owned
43 entities without the need for a local substantive presence or
44 prohibits the entities from having any commercial impact on the
45 local economy.

46 6. It explicitly or implicitly excludes the jurisdiction's
47 resident taxpayers from taking advantage of the tax regime's
48 benefits or prohibits enterprises that benefit from the regime
49 from operating in the jurisdiction's domestic market.

50 7. It has created a tax regime that is favorable for tax
51 avoidance based on an overall assessment of relevant factors,
52 including whether the jurisdiction has a significant untaxed
53 offshore financial or other services sector relative to its
54 overall economy.

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

59 (ii) "Water's edge group" means a group of corporations
60 related through common ownership whose business activities are

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61 integrated with, dependent upon, or contribute to a flow of
62 value among members of the group.

63 Section 3. Section 220.13, Florida Statutes, as amended by
64 CS/HB 7071, 2022 Regular Session, is amended to read:

65 220.13 "Adjusted federal income" defined.—

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

68 (2), or such taxable income of a water's edge group ~~more than~~
69 ~~one taxpayer~~ as provided in s. 220.1363 ~~s. 220.131~~, for the
70 taxable year, adjusted as follows:

71 (a) Additions.—There shall be added to such taxable
72 income:

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

78 b. Notwithstanding sub-subparagraph a., if a credit taken
79 under s. 220.1875, s. 220.1876, or s. 220.1877 is added to
80 taxable income in a previous taxable year under subparagraph 11.
81 and is taken as a deduction for federal tax purposes in the
82 current taxable year, the amount of the deduction allowed shall
83 not be added to taxable income in the current year. The
84 exception in this sub-subparagraph is intended to ensure that
85 the credit under s. 220.1875, s. 220.1876, or s. 220.1877 is

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86 added in the applicable taxable year and does not result in a
87 duplicate addition in a subsequent year.

88 2. The amount of interest which is excluded from taxable
89 income under s. 103(a) of the Internal Revenue Code or any other
90 federal law, less the associated expenses disallowed in the
91 computation of taxable income under s. 265 of the Internal
92 Revenue Code or any other law, excluding 60 percent of any
93 amounts included in alternative minimum taxable income, as
94 defined in s. 55(b)(2) of the Internal Revenue Code, if the
95 taxpayer pays tax under s. 220.11(3).

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

100 4. That portion of the wages or salaries paid or incurred
101 for the taxable year which is equal to the amount of the credit
102 allowable for the taxable year under s. 220.181. This
103 subparagraph shall expire on the date specified in s. 290.016
104 for the expiration of the Florida Enterprise Zone Act.

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

110 6. The amount taken as a credit under s. 220.195 which is

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111 deductible from gross income in the computation of taxable
112 income for the taxable year.

113 7. That portion of assessments to fund a guaranty
114 association incurred for the taxable year which is equal to the
115 amount of the credit allowable for the taxable year.

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

121 9. The amount taken as a credit for the taxable year under
122 s. 220.1895.

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

126 11. Any amount taken as a credit for the taxable year
127 under s. 220.1875, s. 220.1876, or s. 220.1877. The addition in
128 this subparagraph is intended to ensure that the same amount is
129 not allowed for the tax purposes of this state as both a
130 deduction from income and a credit against the tax. This
131 addition is not intended to result in adding the same expense
132 back to income more than once.

133 12. The amount taken as a credit for the taxable year
134 under s. 220.193.

135 13. Any portion of a qualified investment, as defined in

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136 s. 288.9913, which is claimed as a deduction by the taxpayer and
137 taken as a credit against income tax pursuant to s. 288.9916.

138 14. The costs to acquire a tax credit pursuant to s.
139 288.1254(5) that are deducted from or otherwise reduce federal
140 taxable income for the taxable year.

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

143 16. The amount taken as a credit for the taxable year
144 under s. 220.196. The addition in this subparagraph is intended
145 to ensure that the same amount is not allowed for the tax
146 purposes of this state as both a deduction from income and a
147 credit against the tax. The addition is not intended to result
148 in adding the same expense back to income more than once.

149 17. The amount taken as a credit for the taxable year
150 pursuant to s. 220.198.

151 18. The amount taken as a credit for the taxable year
152 pursuant to s. 220.1915.

153 (b) Subtractions.—

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

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

160 b. The net capital loss allowable for federal income tax

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161 purposes under s. 1212 of the Internal Revenue Code for the
162 taxable year,

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

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

169
170 However, a net operating loss and a capital loss shall never be
171 carried back as a deduction to a prior taxable year, but all
172 deductions attributable to such losses shall be deemed net
173 operating loss carryovers and capital loss carryovers,
174 respectively, and treated in the same manner, to the same
175 extent, and for the same time periods as are prescribed for such
176 carryovers in ss. 172 and 1212, respectively, of the Internal
177 Revenue Code. A deduction is not allowed for net operating
178 losses, net capital losses, or excess contribution deductions
179 under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404 for a member
180 of a water's edge group which is not a United States member.
181 Carryovers of net operating losses, net capital losses, or
182 excess contribution deductions under 26 U.S.C. ss. 170(d)(2),
183 172, 1212, and 404 may be subtracted only by the member of the
184 water's edge group which generates a carryover.

185 2. There shall be subtracted from such taxable income any

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186 amount to the extent included therein the following:

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

190 b. All amounts included in taxable income under s. 78, s.
191 951, or s. 951A of the Internal Revenue Code.

192
193 However, any amount subtracted under this subparagraph is
194 allowed only to the extent such amount is not deductible in
195 determining federal taxable income. As to any amount subtracted
196 under this subparagraph, there shall be added to such taxable
197 income all expenses deducted on the taxpayer's return for the
198 taxable year which are attributable, directly or indirectly, to
199 such subtracted amount. Further, no amount shall be subtracted
200 with respect to dividends paid or deemed paid by a Domestic
201 International Sales Corporation.

202 3. Amounts received by a member of a water's edge group as
203 dividends paid by another member of the water's edge group must
204 be subtracted from the taxable income to the extent that the
205 dividends are included in the taxable income.

206 4.3. In computing "adjusted federal income" for taxable
207 years beginning after December 31, 1976, there shall be allowed
208 as a deduction the amount of wages and salaries paid or incurred
209 within this state for the taxable year for which no deduction is
210 allowed pursuant to s. 280C(a) of the Internal Revenue Code

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211 (relating to credit for employment of certain new employees).

212 ~~5.4.~~ There shall be subtracted from such taxable income
213 any amount of nonbusiness income included therein.

214 ~~6.5.~~ There shall be subtracted any amount of taxes of
215 foreign countries allowable as credits for taxable years
216 beginning on or after September 1, 1985, under s. 901 of the
217 Internal Revenue Code to any corporation which derived less than
218 20 percent of its gross income or loss for its taxable year
219 ended in 1984 from sources within the United States, as
220 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
221 including credits allowed under ss. 902 and 960 of the Internal
222 Revenue Code, withholding taxes on dividends within the meaning
223 of sub-subparagraph 2.a., and withholding taxes on royalties,
224 interest, technical service fees, and capital gains.

225 ~~7.6.~~ Notwithstanding any other provision of this code,
226 except with respect to amounts subtracted pursuant to
227 subparagraphs 1. and ~~4. 3.~~, any increment of any apportionment
228 factor which is directly related to an increment of gross
229 receipts or income which is deducted, subtracted, or otherwise
230 excluded in determining adjusted federal income shall be
231 excluded from both the numerator and denominator of such
232 apportionment factor. Further, all valuations made for
233 apportionment factor purposes shall be made on a basis
234 consistent with the taxpayer's method of accounting for federal
235 income tax purposes.

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

237 1. In the case of any disposition made after October 19,
238 1980, the income from an installment sale shall be taken into
239 account for the purposes of this code in the same manner that
240 such income is taken into account for federal income tax
241 purposes.

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

247 (d) Nonallowable deductions.—A deduction for net operating
248 losses, net capital losses, or excess contributions deductions
249 under ss. 170(d)(2), 172, 1212, and 404 of the Internal Revenue
250 Code which has been allowed in a prior taxable year for Florida
251 tax purposes shall not be allowed for Florida tax purposes,
252 notwithstanding the fact that such deduction has not been fully
253 utilized for federal tax purposes.

254 (e) Adjustments related to federal acts.—Taxpayers shall
255 be required to make the adjustments prescribed in this paragraph
256 for Florida tax purposes with respect to certain tax benefits
257 received pursuant to the Economic Stimulus Act of 2008; the
258 American Recovery and Reinvestment Act of 2009; the Small
259 Business Jobs Act of 2010; the Tax Relief, Unemployment
260 Insurance Reauthorization, and Job Creation Act of 2010; the

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261 American Taxpayer Relief Act of 2012; the Tax Increase
262 Prevention Act of 2014; the Consolidated Appropriations Act,
263 2016; the Tax Cuts and Jobs Act of 2017; and the Coronavirus
264 Aid, Relief, and Economic Security Act of 2020.

265 1.a. There shall be added to such taxable income an amount
266 equal to 100 percent of any amount deducted for federal income
267 tax purposes as bonus depreciation for the taxable year pursuant
268 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
269 amended by s. 103 of Pub. L. No. 110-185; s. 1201 of Pub. L. No.
270 111-5; s. 2022 of Pub. L. No. 111-240; s. 401 of Pub. L. No.
271 111-312; s. 331 of Pub. L. No. 112-240; s. 125 of Pub. L. No.
272 113-295; s. 143 of Division Q of Pub. L. No. 114-113; and s.
273 13201 of Pub. L. No. 115-97, for property placed in service
274 after December 31, 2007, and before January 1, 2027.

275 b. For the taxable year and for each of the 6 subsequent
276 taxable years, there shall be subtracted from such taxable
277 income an amount equal to one-seventh of the amount by which
278 taxable income was increased pursuant to this subparagraph,
279 notwithstanding any sale or other disposition of the property
280 that is the subject of the adjustments and regardless of whether
281 such property remains in service in the hands of the taxpayer.

282 c. The provisions of sub-subparagraph b. do not apply to
283 amounts by which taxable income was increased pursuant to this
284 subparagraph for amounts deducted for federal income tax
285 purposes as bonus depreciation for qualified improvement

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286 property as defined in s. 168(e)(6) of the Internal Revenue Code
287 of 1986, as amended by s. 13204 of Pub. L. No. 115-97.

288 2. There shall be added to such taxable income an amount
289 equal to 100 percent of any amount in excess of \$128,000
290 deducted for federal income tax purposes for the taxable year
291 pursuant to s. 179 of the Internal Revenue Code of 1986, as
292 amended by s. 102 of Pub. L. No. 110-185; s. 1202 of Pub. L. No.
293 111-5; s. 2021 of Pub. L. No. 111-240; s. 402 of Pub. L. No.
294 111-312; s. 315 of Pub. L. No. 112-240; and s. 127 of Pub. L.
295 No. 113-295, for taxable years beginning after December 31,
296 2007, and before January 1, 2015. For the taxable year and for
297 each of the 6 subsequent taxable years, there shall be
298 subtracted from such taxable income one-seventh of the amount by
299 which taxable income was increased pursuant to this
300 subparagraph, notwithstanding any sale or other disposition of
301 the property that is the subject of the adjustments and
302 regardless of whether such property remains in service in the
303 hands of the taxpayer.

304 3. There shall be added to such taxable income an amount
305 equal to the amount of deferred income not included in such
306 taxable income pursuant to s. 108(i)(1) of the Internal Revenue
307 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There
308 shall be subtracted from such taxable income an amount equal to
309 the amount of deferred income included in such taxable income
310 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,

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311 as amended by s. 1231 of Pub. L. No. 111-5.

312 4. For taxable years beginning after December 31, 2018,
313 and before January 1, 2021, there shall be added to such taxable
314 income an amount equal to the excess, if any, of:

315 a. One hundred percent of any amount deducted for federal
316 income tax purposes as business interest expense for the taxable
317 year pursuant to s. 163(j) of the Internal Revenue Code of 1986,
318 as amended by s. 2306 of Pub. L. No. 116-136; over

319 b. One hundred percent of the amount that would be
320 deductible for federal income tax purposes as business interest
321 expense for the taxable year if calculated pursuant to s. 163(j)
322 of the Internal Revenue Code of 1986, as amended by s. 13301 of
323 Pub. L. No. 115-97.

324

325 Any expense added back pursuant to this subparagraph shall be
326 treated as a disallowed business expense carryforward from prior
327 years for the year or years following the addition, until such
328 time as the expense has been used.

329 5. With respect to qualified improvement property as
330 defined in s. 168(e)(6) of the Internal Revenue Code of 1986, as
331 amended by s. 13204 of Pub. L. No. 115-97, that was placed in
332 service on or after January 1, 2018:

333 a. There shall be added to such taxable income an amount
334 equal to 100 percent of any amount deducted for federal income
335 tax purposes under s. 167(a) of the Internal Revenue Code of

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336 1986. There shall be subtracted an amount equal to the amount of
337 depreciation that would have been deductible pursuant to s.
338 167(a) of the Internal Revenue Code of 1986 in effect on January
339 1, 2020 and without regard to s. 2307 of Pub. L. No. 116-136,
340 notwithstanding any sale or other disposition of the property
341 that is the subject of the adjustments and regardless of whether
342 such property remains in service in the hands of the taxpayer.

343 b. The department may adopt rules necessary to administer
344 the provisions of this subparagraph, including rules, forms, and
345 guidelines for computing depreciation on qualified improvement
346 property, as defined in s. 168(e)(6) of the Internal Revenue
347 Code of 1986.

348 6. For taxable years beginning after December 31, 2020,
349 and before January 1, 2026, the changes made to the Internal
350 Revenue Code by Pub. L. No. 116-260, Division EE, Title I, s.
351 116 and Title II, s. 210 shall not apply to this chapter.
352 Taxable income under this section shall be calculated as though
353 changes made by those sections were not made to the Internal
354 Revenue Code. The Department of Revenue may adopt rules
355 necessary to administer the provisions of this subparagraph,
356 including rules, forms, and guidelines for treatment of expenses
357 and depreciation related to these changes.

358 7. 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

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361 same limitations as specified by this paragraph.

362 8. 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,
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

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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
395 investment company subject to the tax imposed by s. 852 of the
396 Internal 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
402 is 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
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

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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 4. Section 220.131, Florida Statutes, is repealed.

455 Section 5. Section 220.136, Florida Statutes, is created
456 to 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

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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
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.
475 220.1363 and 220.15, may be assigned to locations outside of the
476 United States. However, such corporations that are incorporated
477 in a tax haven may be a member of a water's edge group pursuant
478 to 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
483 and 220.15 must be used to determine whether a special industry
484 corporation has engaged in a sufficient amount of activities

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485 outside of the United States to exclude it from treatment as a
486 member of a water's edge group.

487 Section 6. 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
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
498 be 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:

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

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

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

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

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

556 (c)1. A member of a water's edge group having a taxable
557 year that does not correspond to the taxable year of the water's

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558 edge group shall determine its income for inclusion on the tax
559 return for the water's edge group. The member shall use:

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

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

575 c. The taxable income of the member during its taxable
576 year that ends within the taxable year of the water's edge
577 group.

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

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583 income of the member for the taxable year of the water's edge
584 group.

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

587 1. Combines the federal income of all members of the
588 water's edge group;

589 2. Shows all intercompany eliminations;

590 3. Shows Florida additions and subtractions under s.
591 220.13; and

592 4. Shows the calculation of the combined apportionment
593 factors.

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

597 1. The income reported to each state;

598 2. The state tax liability;

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

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

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

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608 edge business, definitions of common control, methods of
609 reporting, and related forms, principles, and other definitions.

610 Section 7. Section 220.14, Florida Statutes, is amended to
611 read:

612 220.14 Exemption.—

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

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

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

626 (4) Notwithstanding any other provision of this code, not
627 more than one exemption under this section may be allowed to the
628 Florida members of a controlled group of corporations, as
629 defined in s. 1563 of the Internal Revenue Code with respect to
630 taxable years ending on or after December 31, 1970, filing
631 separate returns under this code. The exemption described in
632 this section shall be divided equally among such Florida members

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633 of the group, unless all of such members consent, at such time
634 and in such manner as the department shall by regulation
635 prescribe, to an apportionment plan providing for an unequal
636 allocation of such exemption.

637 Section 8. Paragraph (c) of subsection (5) of section
638 220.15, Florida Statutes, is amended to read:

639 220.15 Apportionment of adjusted federal income.—

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

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

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

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

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

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

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

667 6. Rents from real or tangible personal property located
668 in this state; or

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

672
673 ~~In computing the amounts under this paragraph, any amount~~
674 ~~received by a member of an affiliated group (determined under s.~~
675 ~~1504(a) of the Internal Revenue Code, but without reference to~~
676 ~~whether any such corporation is an "includable corporation"~~
677 ~~under s. 1504(b) of the Internal Revenue Code) from another~~
678 ~~member of such group shall be included only to the extent such~~
679 ~~amount exceeds expenses of the recipient directly related~~
680 ~~thereto.~~

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681 Section 9. Paragraph (f) of subsection (1) of section
682 220.183, Florida Statutes, is amended to read:

683 220.183 Community contribution tax credit.—

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

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

690 Section 10. Paragraphs (e) through (k) of subsection (2)
691 of section 220.1845, Florida Statutes, are redesignated as
692 paragraphs (d) through (j), respectively, and paragraphs (b) and
693 (c) and present paragraph (d) of that subsection are amended to
694 read:

695 220.1845 Contaminated site rehabilitation tax credit.—

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

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

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706 \$500,000 per year in tax credits which it can subsequently
707 transfer subject to ~~the provisions in~~ paragraph (f) ~~(g)~~.

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

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

723 Section 11. Subsection (2) of section 220.1875, Florida
724 Statutes, is amended to read:

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

727 ~~(2) A taxpayer who files a Florida consolidated return as~~
728 ~~a member of an affiliated group pursuant to s. 220.131(1) may be~~
729 ~~allowed the credit on a consolidated return basis; however, the~~

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730 ~~total credit taken by the affiliated group is subject to the~~
731 ~~limitation established under subsection (1).~~

732 Section 12. Subsection (2) of section 220.1876, Florida
733 Statutes, is amended to read:

734 220.1876 Credit for contributions to the New Worlds
735 Reading Initiative.—

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

741 Section 13. Subsection (2) of section 220.1877, Florida
742 Statutes, is amended to read:

743 220.1877 Credit for contributions to eligible charitable
744 organizations.—

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

750 Section 14. Paragraphs (a) and (c) of subsection (3) of
751 section 220.191, Florida Statutes, are amended to read:

752 220.191 Capital investment tax credit.—

753 (3)(a) Notwithstanding subsection (2), an annual credit
754 against the tax imposed by this chapter shall be granted to a

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755 qualifying business which establishes a qualifying project
756 pursuant to subparagraph (1)(g)3., in an amount equal to the
757 lesser of \$15 million or 5 percent of the eligible capital costs
758 made in connection with a qualifying project, for a period not
759 to exceed 20 years beginning with the commencement of operations
760 of the project. The tax credit shall be granted against the
761 corporate income tax liability of the qualifying business ~~and as~~
762 ~~further provided in paragraph (c).~~ The total tax credit provided
763 pursuant to this subsection shall be equal to no more than 100
764 percent of the eligible capital costs of the qualifying project.

765 (c) The credit granted under this subsection may be used
766 in whole or in part by the qualifying business ~~or any~~
767 ~~corporation that is either a member of that qualifying~~
768 ~~business's affiliated group of corporations, is a related entity~~
769 ~~taxable as a cooperative under subchapter T of the Internal~~
770 ~~Revenue Code, or, if the qualifying business is an entity~~
771 ~~taxable as a cooperative under subchapter T of the Internal~~
772 ~~Revenue Code, is related to the qualifying business. Any entity~~
773 ~~related to the qualifying business may continue to file as a~~
774 ~~member of a Florida-nexus consolidated group pursuant to a prior~~
775 ~~election made under s. 220.131(1), Florida Statutes (1985), even~~
776 ~~if the parent of the group changes due to a direct or indirect~~
777 ~~acquisition of the former common parent of the group. Any credit~~
778 ~~can be used by any of the affiliated companies or related~~
779 ~~entities referenced in this paragraph to the same extent as it~~

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780 ~~could have been used by the qualifying business. However, any~~
781 ~~such use shall not operate to increase the amount of the credit~~
782 ~~or extend the period within which the credit must be used.~~

783 Section 15. Subsection (2) of section 220.192, Florida
784 Statutes, is amended to read:

785 220.192 Renewable energy technologies investment tax
786 credit.—

787 (2) TAX CREDIT.—For tax years beginning on or after
788 January 1, 2013, a credit against the tax imposed by this
789 chapter shall be granted in an amount equal to the eligible
790 costs. Credits may be used in tax years beginning January 1,
791 2013, and ending December 31, 2016, after which the credit shall
792 expire. If the credit is not fully used in any one tax year
793 because of insufficient tax liability on the part of the
794 corporation, the unused amount may be carried forward and used
795 in tax years beginning January 1, 2013, and ending December 31,
796 2018, after which the credit carryover expires and may not be
797 used. ~~A taxpayer that files a consolidated return in this state~~
798 ~~as a member of an affiliated group under s. 220.131(1) may be~~
799 ~~allowed the credit on a consolidated return basis up to the~~
800 ~~amount of tax imposed upon the consolidated group.~~ Any eligible
801 cost for which a credit is claimed and which is deducted or
802 otherwise reduces federal taxable income shall be added back in
803 computing adjusted federal income under s. 220.13.

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804 Section 16. Paragraphs (f) through (j) of subsection (3)
805 of section 220.193, Florida Statutes, are redesignated as
806 paragraphs (e) through (i), respectively, and paragraph (c) and
807 present paragraph (e) of that subsection are amended to read:

808 220.193 Florida renewable energy production credit.—

809 (3) An annual credit against the tax imposed by this
810 section shall be allowed to a taxpayer, based on the taxpayer's
811 production and sale of electricity from a new or expanded
812 Florida renewable energy facility. For a new facility, the
813 credit shall be based on the taxpayer's sale of the facility's
814 entire electrical production. For an expanded facility, the
815 credit shall be based on the increases in the facility's
816 electrical production that are achieved after May 1, 2012.

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

821 1. An applicant who places a new facility in operation
822 after May 1, 2012, shall be allocated credits first, up to a
823 maximum of \$250,000 each, with any remaining credits to be
824 granted pursuant to subparagraph 3., but if the claims for
825 credits under this subparagraph exceed the state fiscal year cap
826 in paragraph (f) ~~(g)~~, credits shall be allocated pursuant to
827 this subparagraph on a prorated basis based upon each
828 applicant's qualified production and sales as a percentage of

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829 total production and sales for all applicants in this category
830 for the fiscal year.

831 2. An applicant who does not qualify under subparagraph 1.
832 but who claims a credit of \$50,000 or less shall be allocated
833 credits next, but if the claims for credits under this
834 subparagraph, combined with credits allocated in subparagraph
835 1., exceed the state fiscal year cap in paragraph (f) ~~(g)~~,
836 credits shall be allocated pursuant to this subparagraph on a
837 prorated basis based upon each applicant's qualified production
838 and sales as a percentage of total qualified production and
839 sales for all applicants in this category for the fiscal year.

840 3. An applicant who does not qualify under subparagraph 1.
841 or subparagraph 2. and an applicant whose credits have not been
842 fully allocated under subparagraph 1. shall be allocated credits
843 next. If there is insufficient capacity within the amount
844 authorized for the state fiscal year in paragraph (f) ~~(g)~~, and
845 after allocations pursuant to subparagraphs 1. and 2., the
846 credits allocated under this subparagraph shall be prorated
847 based upon each applicant's unallocated claims for qualified
848 production and sales as a percentage of total unallocated claims
849 for qualified production and sales of all applicants in this
850 category, up to a maximum of \$1 million per taxpayer per state
851 fiscal year. If, after application of this \$1 million cap, there
852 is excess capacity under the state fiscal year cap in paragraph
853 (f) ~~(g)~~ in any state fiscal year, that remaining capacity shall

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854 be used to allocate additional credits with priority given in
855 the order set forth in this subparagraph and without regard to
856 the \$1 million per taxpayer cap.

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

861 Section 17. Paragraph (a) of subsection (1) of section
862 220.27, Florida Statutes, is amended to read:

863 220.27 Additional required information.—

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

869 1. The taxpayer's name, federal taxpayer identification
870 number, taxable year beginning date, taxable year ending date,
871 and whether a consolidated return for the taxpayer is required
872 ~~or elected under s. 220.131.~~

873 2. The taxpayer's NAICS code for business activity that
874 generates the greatest proportion of gross receipts of the
875 taxpayer. As used in this paragraph, the term "NAICS" means
876 those classifications contained in the North American Industry
877 Classification System, as published in 2007 by the Office of
878 Management and Budget, Executive Office of the President.

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

882 4. The amount of global intangible low-taxed income
883 included in federal taxable income under s. 951A of the Internal
884 Revenue Code, and the amount of the related deduction under s.
885 250 of the Internal Revenue Code, as it pertains to s. 951A of
886 the Internal Revenue Code.

887 5. The amount of foreign-derived intangible income
888 computed for the federal return for the taxable year and the
889 amount of the related deduction under s. 250 of the Internal
890 Revenue Code, as it pertains to foreign-derived intangible
891 income.

892 6. The amount of business interest expense deducted on the
893 federal return under s. 163 of the Internal Revenue Code,
894 including any carryover; the amount of current year business
895 interest expense, including any carryover, that was not deducted
896 due to the limitation in s. 163(j) of the Internal Revenue Code;
897 and the amount of business interest expense carried over from
898 previous taxable years.

899 7. The amount of federal net operating loss deduction
900 under s. 172 of the Internal Revenue Code, applied in
901 determining federal taxable income and the amount of federal net
902 operating loss carryover that was not applied due to the
903 limitation in s. 172(a)(2) of the Internal Revenue Code.

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

906 9. The total amount of the state alternative minimum tax
907 credit carryover available after the filing of the return for
908 the taxable year.

909 Section 18. Section 220.51, Florida Statutes, is amended
910 to read:

911 220.51 Adoption ~~Promulgation~~ of rules and regulations.—In
912 accordance with the Administrative Procedure Act, chapter 120,
913 the department is authorized to make, adopt ~~promulgate~~, and
914 enforce such reasonable rules and regulations, and to prescribe
915 such forms relating to the administration and enforcement of ~~the~~
916 ~~provisions of~~ this code, as it may deem appropriate, including:

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

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

925 ~~(3) Regulations relating to consolidated reporting for~~
926 ~~affiliated groups of corporations, in order to provide for an~~
927 ~~equitable and just administration of this code with respect to~~
928 ~~multicorporate taxpayers.~~

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929 Section 19. Section 220.64, Florida Statutes, is amended
930 to read:

931 220.64 Other provisions applicable to franchise tax.—To
932 the extent that they are not manifestly incompatible with ~~the~~
933 ~~provisions of~~ this part, parts I, III, IV, V, VI, VIII, IX, and
934 X of this code and ss. 220.12, 220.13, 220.136, 220.1363,
935 220.15, and 220.16 apply to the franchise tax imposed by this
936 part. Under rules prescribed by the department ~~in s. 220.131,~~ a
937 consolidated return may be filed by any affiliated group of
938 corporations composed of one or more banks or savings
939 associations, ~~its or~~ their Florida parent corporations
940 ~~corporation,~~ and any nonbank or nonsavings subsidiaries of such
941 parent corporations ~~corporation.~~

942 Section 20. Paragraph (g) and (h) of subsection (4) of
943 section 288.1254, Florida Statutes, are redesignated as
944 paragraphs (f) and (g), respectively, and present paragraph (f)
945 of subsection (4) and paragraph (a) of subsection (5) are
946 amended to read:

947 288.1254 Entertainment industry financial incentive
948 program.—

949 (4) TAX CREDIT ELIGIBILITY; TAX CREDIT AWARDS; QUEUES;
950 ELECTION AND DISTRIBUTION; CARRYFORWARD; CONSOLIDATED RETURNS;
951 PARTNERSHIP AND NONCORPORATE DISTRIBUTIONS; MERGERS AND
952 ACQUISITIONS.—

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

958 (5) TRANSFER OF TAX CREDITS.—

959 (a) *Authorization.*—Upon application to the Office of Film
960 and Entertainment and approval by the department, a certified
961 production company, or a partner or member that has received a
962 distribution under paragraph (4) (f) ~~(4) (g)~~, may elect to
963 transfer, in whole or in part, any unused credit amount granted
964 under this section. An election to transfer any unused tax
965 credit amount under chapter 212 or chapter 220 must be made no
966 later than 5 years after the date the credit is awarded, after
967 which period the credit expires and may not be used. The
968 department shall notify the Department of Revenue of the
969 election and transfer.

970 Section 21. Subsections (9) and (10) of section 376.30781,
971 Florida Statutes, are amended to read:

972 376.30781 Tax credits for rehabilitation of drycleaning-
973 solvent-contaminated sites and brownfield sites in designated
974 brownfield areas; application process; rulemaking authority;
975 revocation authority.—

976 (9) On or before May 1, the Department of Environmental
977 Protection shall inform each tax credit applicant that is

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978 subject to the January 31 annual application deadline of the
979 applicant's eligibility status and the amount of any tax credit
980 due. The department shall provide each eligible tax credit
981 applicant with a tax credit certificate that must be submitted
982 with its tax return to the Department of Revenue to claim the
983 tax credit or be transferred pursuant to s. 220.1845(2)(f) ~~s.~~
984 ~~220.1845(2)(g)~~. The May 1 deadline for annual site
985 rehabilitation tax credit certificate awards shall not apply to
986 any tax credit application for which the department has issued a
987 notice of deficiency pursuant to subsection (8). The department
988 shall respond within 90 days after receiving a response from the
989 tax credit applicant to such a notice of deficiency. Credits may
990 not result in the payment of refunds if total credits exceed the
991 amount of tax owed.

992 (10) For solid waste removal, new health care facility or
993 health care provider, and affordable housing tax credit
994 applications, the Department of Environmental Protection shall
995 inform the applicant of the department's determination within 90
996 days after the application is deemed complete. Each eligible tax
997 credit applicant shall be informed of the amount of its tax
998 credit and provided with a tax credit certificate that must be
999 submitted with its tax return to the Department of Revenue to
1000 claim the tax credit or be transferred pursuant to s.
1001 220.1845(2)(f) ~~s. 220.1845(2)(g)~~. Credits may not result in the

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1002 payment of refunds if total credits exceed the amount of tax
1003 owed.

1004 Section 22. Transitional rules.-

1005 (1) For the first taxable year beginning on or after
1006 January 1, 2023, a taxpayer that filed a Florida corporate
1007 income tax return in the preceding taxable year and that is a
1008 member of a water's edge group shall compute its income together
1009 with all members of its water's edge group and file a combined
1010 Florida corporate income tax return with all members of its
1011 water's edge group.

1012 (2) An affiliated group of corporations which filed a
1013 Florida consolidated corporate income tax return pursuant to an
1014 election provided in former s. 220.131, Florida Statutes, shall
1015 cease filing a Florida consolidated return for taxable years
1016 beginning on or after January 1, 2023, and shall file a combined
1017 Florida corporate income tax return with all members of its
1018 water's edge group.

1019 (3) An affiliated group of corporations which filed a
1020 Florida consolidated corporate income tax return pursuant to the
1021 election in s. 220.131(1), Florida Statutes (1985), which
1022 allowed the affiliated group to make an election within 90 days
1023 after December 20, 1984, or upon filing the taxpayer's first
1024 return after December 20, 1984, whichever was later, shall cease
1025 filing a Florida consolidated corporate income tax return using
1026 that method for taxable years beginning on or after January 1,

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1027 2023, and shall file a combined Florida corporate income tax
1028 return with all members of its water's edge group.

1029 (4) A taxpayer that is not a member of a water's edge
1030 group remains subject to chapter 220, Florida Statutes, and
1031 shall file a separate Florida corporate income tax return as
1032 previously required.

1033 (5) For taxable years beginning on or after January 1,
1034 2023, a tax return for a member of a water's edge group must be
1035 a combined Florida corporate income tax return that includes tax
1036 information for all members of the water's edge group. The tax
1037 return must be filed by a member that has a nexus with this
1038 state.

1039 Section 23. Any additional revenue received as a result of
1040 the enactment of this act must deposited into the General
1041 Revenue Fund.

1042 -----
1043
1044 **T I T L E A M E N D M E N T**

1045 Remove lines 2-6 and insert:
1046 An act relating to independent special districts and
1047 taxation; amending s. 189.0311, F.S.; dissolving
1048 certain independent special districts; authorizing the
1049 reestablishment of certain independent special
1050 districts; amending s. 220.03, F.S.; revising the
1051 definition of the term "taxpayer"; defining terms;

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1052 amending s. 220.13, F.S.; revising the definition of
1053 the term "adjusted federal income" to prohibit
1054 specified deductions, to limit certain carryovers, and
1055 to require subtractions of certain dividends paid and
1056 received within a water's edge group for the purpose
1057 of determining subtractions from taxable income;
1058 conforming provisions to changes made by the act;
1059 repealing s. 220.131, F.S., relating to the adjusted
1060 federal income of affiliated groups; creating s.
1061 220.136, F.S.; specifying circumstances under which a
1062 corporation is presumed to be, deemed to be, or deemed
1063 not to be a member of a water's edge group; providing
1064 construction; defining the term "United States";
1065 creating s. 220.1363, F.S.; defining the term "water's
1066 edge reporting method"; specifying requirements for,
1067 limitations on, and prohibitions in calculating and
1068 reporting income in a water's edge group return;
1069 requiring all members of a water's edge group to use
1070 the water's edge reporting method; defining the term
1071 "sale"; specifying requirements for designating the
1072 filing member and the taxable year of the water's edge
1073 group; specifying income reporting requirements for
1074 certain members of the water's edge group; requiring
1075 that a water's edge group return include a specified
1076 computational schedule and domestic disclosure

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1077 spreadsheet; authorizing the Department of Revenue to
1078 adopt rules; providing legislative intent regarding
1079 the adoption of rules; amending s. 220.14, F.S.;
1080 revising the calculation for prorating a certain
1081 corporate income tax exemption to reflect leap years;
1082 conforming a provision to changes made by the act;
1083 amending ss. 220.15, 220.183, 220.1845, 220.1875,
1084 220.1876, 220.1877, 220.191, 220.192, 220.193, 220.27,
1085 and 220.51, F.S.; conforming provisions to changes
1086 made by the act; amending s. 220.64, F.S.; providing
1087 applicability of water's edge group provisions to the
1088 franchise tax; conforming provisions to changes made
1089 by the act; amending ss. 288.1254 and 376.30781, F.S.;
1090 conforming provisions to changes made by the act;
1091 specifying, beginning on a specified date,
1092 requirements for corporate income tax return filings
1093 for certain taxpayers; requiring that recaptured funds
1094 be deposited into the General Revenue Fund; providing
1095 an effective date.

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