

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Commerce and Tourism

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BILL: CS/SB 1172

INTRODUCER: Commerce and Tourism Committee and Senator Jones

SUBJECT: Preferences for Veterans and Military Spouses

DATE: March 17, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Renner	McKay	CM	Fav/CS
2.			FT	
3.			AP	

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1172 creates the Florida Veterans and Military Spouse Business Development Act, to attract and support businesses owned by veterans and military spouses through financial and operational incentives. The bill defines a veteran-owned or military spouse-owned business as one that is at least 51 percent owned, controlled, or managed by one or more veterans or military spouses.

The bill amends s. 295.187, F.S., which entitles a veteran business enterprise to vendor preference, to provide that both veteran-owned businesses and those owned by military spouses are eligible for vendor contracting preferences.

The bill requires the Department of State (DOS) to waive all fees for new businesses established by veterans or military spouses and existing veteran or military spouse-owned businesses that move to Florida between July 1, 2025, and December 31, 2030.

The bill provides the following tax exemptions for eligible veteran and military spouse-owned businesses:

- A 5-year exemption from the state corporate income tax.
- A one-time sales tax exemption on equipment and supplies directly related to its business operations.
- For businesses relocating to Florida, tax exemptions apply for 5 years after the certification date.

The bill directs the Florida Department of Veterans Affairs (FDVA) and the Department of Commerce to establish the Veteran and Military Spouse Entrepreneurship Program to assist veterans and military spouses in securing funding and providing educational resources and consulting services.

The FDVA must submit an annual report to the Governor and the Legislature detailing economic metrics and demographic information regarding businesses owned by veterans and military spouses. The report must include the number of such businesses established in the state and those that have relocated to the state.

The bill requires that the state and its political subdivisions give preference in appointment and retention in positions of employment to the spouses of wartime veterans, veterans, members of any reserve component of the U.S. Armed Forces or the Florida National Guard, and certain active duty servicemembers.

The bill authorizes private employers to adopt employment policies that give preference in hiring to current members of any reserve component of the U.S. Armed Forces or the National Guard and their spouses, and the spouses of active duty servicemembers serving in the U.S. Armed Forces.

The Revenue Estimating Conference has not reviewed the bill.

The bill takes effect upon becoming law.

## **II. Present Situation:**

### **Veterans' Employment Preference**

The state and its political subdivisions<sup>1</sup> must give employment preference in hiring and retention to the following:<sup>2</sup>

- A disabled veteran who has served on active duty in any branch of the U.S. Armed Forces,<sup>3</sup> who has a compensable service-connected disability, and who is receiving compensation, disability retirement benefits, or a military pension.
- The spouse of a veteran<sup>4</sup> who:
  - Has a total and permanent service-connected disability and who, because of this disability, does not qualify for employment; or
  - Is missing in action, captured in the line of duty by a hostile force, or forcibly detained or interned in the line of duty by a foreign government or power.

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<sup>1</sup> Political subdivision includes counties, cities, towns, villages, special tax school districts, special road and bridge districts, bridge districts, and all other districts in the state. Section 1.01(8), F.S.

<sup>2</sup> Section 295.07(1)(a)-(g), F.S.

<sup>3</sup> 10 USC §101(a) defines the term "Armed Forces" as the Army, Navy, Air Force, Marine Corps, Space Force, and the Coast Guard.

<sup>4</sup> See s. 1.01(14), F.S.

- A veteran of any war who has served at least one day during that wartime period or who has been awarded a campaign or expeditionary medal. Active duty for training may not be allowed for eligibility under this provision.
- The unremarried widow or widower of a veteran who died of a service-connected disability.
- The mother, father, legal guardian, or unremarried widow or widower of a member of the Armed Forces who died in the line of duty under combat-related conditions, as verified by the U.S. Department of Defense.
- A veteran as defined in s. 1.01(14), F.S.
- A current member of any reserve component of the U.S. Armed Forces or the Florida National Guard.

A private employer is authorized to adopt employment policies that give preference in hiring to:<sup>5</sup>

- Honorably discharged veterans.
- The spouse of a veteran with a service-connected disability.
- The unremarried widow or widower of a veteran who died of a service-connected disability.
- The unremarried widow or widower of a member of the U.S. Armed Forces who died in the line of duty under combat-related conditions.

### **Florida Veteran Business Enterprise Opportunity Act**

The Florida Veteran Business Enterprise Opportunity Act<sup>6</sup> exists to rectify the economic disadvantage of service-disabled veterans<sup>7</sup> and to recognize wartime veterans<sup>8</sup> for their sacrifices. The Department of Management Services' (DMS) Office of Supplier Development, in partnership with the FDVA, administers the Veteran Business Enterprises program. The DMS is responsible for working with the FDVA to establish a certification procedure and either granting, denying, or revoking the certification of a veteran business enterprise.<sup>9</sup> Responsibilities of the FDVA include:<sup>10</sup>

- Assisting the DMS in establishing a certification procedure, which must be reviewed biennially and updated as necessary;
- Identifying eligible veteran business enterprises by any electronic means (including email or website) or by any other reasonable means; and
- Encouraging and assisting eligible veteran business enterprises to apply for certification.

The application process for a veteran business enterprise requires a business to register as a vendor on MyFloridaMarketPlace, the state's procurement website, and submit the required

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<sup>5</sup> Section 295.188(2), F.S.

<sup>6</sup> Section 295.187, F.S.

<sup>7</sup> A service-disabled veteran is defined as a veteran who is a permanent Florida resident with a service-connected disability as determined by the U.S. Department of Veterans Affairs or who has been terminated from military service by reason of disability by the U.S. Department of Defense. Section 295.187(3)(b), F.S.

<sup>8</sup> A wartime veteran is a veteran that served in a campaign or expedition for which a campaign badge has been authorized or during a specified period of wartime service. Section 295.187(3)(d), F.S.

<sup>9</sup> Section 295.187(7), F.S.

<sup>10</sup> Section 295.187(6), F.S.

documentation to the Office of Supplier Development.<sup>11</sup> To be certified as a veteran business enterprise, a business enterprise must be an independently owned and operated business that:<sup>12</sup>

- Employs 200 or fewer permanent full-time employees;
- Has a net worth of \$5 million or less;
- Is domiciled in Florida;
- Is at least 51 percent owned by one or more wartime veterans or service-disabled veterans or, for a service-disabled veteran with a permanent and total disability, by the spouse or permanent caregiver of the veteran.

A veteran business enterprise is entitled to vendor preference. Vendor preference requires a state agency to award a procurement or contract to the certified veteran business enterprise when considering two or more bids, proposals, or replies for the procurement of commodities or contractual services, at least one of which is from a certified veteran business enterprise, which are equal to all relevant considerations, including price, quality, and service. However, if a veteran business enterprise entitled to the vendor preference and one or more businesses entitled to this preference or another vendor preference provided by law submit bids, proposals, or replies for procurement of commodities or contractual services that are equal to all relevant considerations, including price, quality, and service, the state agency will award the procurement or contract to the business having the smallest net worth.<sup>13</sup>

### **Veterans Employment and Training Services Program**

The Veterans Employment and Training Services Program, created within the FDVA, assists in connecting servicemembers, veterans, or their spouses with finding employment in targeted industry<sup>14</sup> businesses seeking to hire well-trained workers and with opportunities for entrepreneurship education, training, and resources. The program aims to meet the workforce demands of businesses in Florida by facilitating access to training and education in high-demand fields and the development of veteran-owned small businesses.<sup>15</sup>

Functions of the program include:<sup>16</sup>

- Conducting marketing and recruiting efforts directed at individuals within the target market who reside or have an interest in relocating to Florida and who are seeking employment.
- Assisting individuals in the target market who reside in or relocate to Florida and who are seeking employment with target industry or secondary industry businesses.<sup>17</sup>
- Assisting Florida target industry and secondary industry businesses in recruiting and hiring individuals.

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<sup>11</sup> Department of Management Services, Office of Supplier Development, *Get Certified*, [https://www.dms.myflorida.com/agency\\_administration/office\\_of\\_supplier\\_diversity\\_osd/get\\_certified](https://www.dms.myflorida.com/agency_administration/office_of_supplier_diversity_osd/get_certified) (last visited March 14, 2025).

<sup>12</sup> Section 295.187(3)(c), F.S.

<sup>13</sup> Section 295.187(4), F.S.

<sup>14</sup> *See s. 288.005*, F.S.

<sup>15</sup> Section 292.22(1), F.S.

<sup>16</sup> Section 292.22(4)(a)-(e), F.S.

<sup>17</sup> Secondary industry business is a business that the state has an additional interest in supporting and for which veterans and their spouses may have directly transferable skills. Such businesses are in the fields of health care, agriculture, commercial construction, education, law enforcement, and public service. Section 292.22(2)(a), F.S.

- Creating a grant program to provide funding to assist individuals in the target market in meeting the workforce-skill needs of target industry and secondary industry businesses seeking to hire, promote, or generally improve specialized skills of veterans.
- Contracting with entities to administer an entrepreneur initiative program.

**Corporation Fees**

A Limited Liability Company (LLC) is a type of business entity recognized by and regulated under chapter 605, F.S., the Florida Revised Limited Liability Company Act. Benefits to forming a business as an LLC include a flexible tax structure and a vertical liability shield, which limits the personal liability of the LLC’s members and managers for company obligations.

A for-profit corporation is a type of business entity recognized and regulated under chapter 607, F.S. To organize, a corporation must file articles of incorporation, including specifics such as a corporate name, address, number of shares, and the designation of a registered office and agent.<sup>18</sup>

The DOS is the state’s central location responsible for receiving and maintaining a number of corporate records. Florida law requires certain documents to be filed with the Division of Corporations (division) of the DOS for a business to be organized as a corporation, partnership, LLC, or other business/commercial entity. Business entities can file these documents and check their status through an internet portal maintained by the division.

To help maintain these records, the DOS is statutorily allowed to collect fees. The relevant fees for the bill are as follows:<sup>19</sup>

<u><b>Corporation Fees</b></u>	
<b>New Florida/Foreign Corporation</b>	
Filing Fees	\$35.00
Registered Agent Designation	\$35.00
<b>Annual Reports</b>	
Annual Report of a For Profit Corporation	\$150.00
Annual Report of Not For Profit Corporation	\$61.25
<b>Resignation of Agent</b>	
Resignation of Registered Agent of an Active Corporation	\$87.50
Resignation of Registered Agent of an Administratively Dissolved/Voluntarily Dissolved/Withdrawn Corporation/Inactive Corporation	\$35.00

<u><b>Limited Liability Company Fees</b></u>	
<b>New Florida/Foreign LLC</b>	

<sup>18</sup> Section 607.0202, F.S.

<sup>19</sup> The Florida Department of State, Division of Corporations, *Fees*, available at <https://dos.fl.gov/sunbiz/forms/fees/>, (last visited March 14, 2025).

Filing Fee	\$100.00
Registered Agent Designation Fee	\$25.00
<b>Annual Reports</b>	
Annual Report	\$138.75
<b>Resignation of Agent</b>	
Resignation of Registered Agent for an active LLC	\$85.00
Resignation of Registered Agent for a dissolved/inactive LLC	\$25.00

### Florida Sales and Use Tax

Florida levies a 6 percent tax on the sale or rental of most items of tangible personal property,<sup>20</sup> admissions,<sup>21</sup> transient rentals,<sup>22</sup> and a limited number of services, as well as a 2 percent tax on commercial leases.<sup>23</sup> Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.<sup>24</sup> Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.<sup>25</sup>

Section 212.05, F.S. provides several exemptions from the sales and use tax, many directly related to “business operations.”

### Corporate Income/Franchise Tax

Florida levies a 5.5 percent tax on the taxable income of corporations and financial institutions doing business in Florida.<sup>26</sup> Florida utilizes the taxable income determined for federal income tax purposes as a starting point to determine the total amount of Florida corporate income tax due.<sup>27</sup> This means that a corporation paying taxes in Florida generally receives the same benefits from deductions allowed when determining taxable income for federal tax purposes as it does when determining taxable income for state taxation purposes.

Florida provides various tax benefits for certain corporate activities. These tax benefits take the form of subtractions, which reduce the amount of income that is subject to tax; exemptions, which prohibit taxation on certain levels of income; and tax credits, which reduce a corporation’s tax liability dollar-for-dollar.

### III. Effect of Proposed Changes:

**Section 1** amends s. 295.07, F.S., to require the state and its political subdivisions to give preference in appointment and retention in positions of employment to the spouses of wartime

<sup>20</sup> Section 212.05(1)(a)1.a., F.S.

<sup>21</sup> Section 212.04(1)(b), F.S.

<sup>22</sup> Section 212.03(1)(a), F.S.

<sup>23</sup> Section 212.031, F.S.

<sup>24</sup> Section 212.07(2), F.S.

<sup>25</sup> Section 212.055, F.S.

<sup>26</sup> Section 220.11(2), F.S.

<sup>27</sup> Section 220.12, F.S.

veterans, veterans, members of any reserve component of the U.S. Armed Forces or the Florida National Guard, and certain active duty servicemembers.

**Section 2** amends s. 295.187, F.S., relating to the “Florida Veteran Business Enterprise Opportunity Act,” to define a business owned by a veteran or military spouse and provide that such businesses be considered for vendor contracting preferences.

**Section 3** amends s. 295.188, F.S., to authorize private employers to adopt employment policies that give preference in hiring to current members of any reserve component of the U.S. Armed Forces or the Florida National Guard and their spouses, and the spouses of active duty servicemembers serving in the U.S. Armed Forces.

**Section 4** creates s. 295.189, F.S., the Florida Veterans and Military Spouse Business Development Act to attract and support veteran-owned and military spouse-owned businesses by providing financial and operational incentives.

The bill defines a veteran-owned or military spouse-owned business as a business entity that is at least 51 percent owned, controlled, or managed by one or more veterans or military spouses. The bill defines “military spouse” as the spouse of an active duty<sup>28</sup> member of the U.S. Armed Forces<sup>29</sup> or a veteran.

### ***Fee Waivers***

The DOS must waive all fees for a new business established by a veteran or military spouse or an existing veteran-owned or military spouse-owned business that relocates to Florida.

The DOS must establish registration requirements for the fee waivers, which must include:

- For veterans - A DD Form 214 or another acceptable form of identification as specified by the FDVA; or
- For military spouses – verification of a relationship with a spouse on active duty.

The fee waivers apply to such businesses established or certified between July 1, 2025, and December 31, 2030, and must receive expedited processing for certifications.

### ***Tax Exemptions***

Eligible veteran-owned and military spouse-owned business must receive the following tax exemptions:

- A 5-year exemption from the state corporate income tax.
- A one-time sales tax exemption on equipment and supplies directly related to its business operations.
- For businesses relocating to Florida, tax exemptions apply for 5 years after the certification date.

The Department of Revenue must establish procedures for claiming the exemptions.

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<sup>28</sup> See s. 250.01(1), F.S.

<sup>29</sup> See s. 250.01(4), F.S.

### ***Veteran & Military Spouse Entrepreneurship Program***

The bill directs the FDVA, in conjunction with the Department of Commerce, to establish the Veteran and Military Spouse Entrepreneurship Program (program), including an application process and eligibility criteria. The program must include:

- Personalized business mentorship and consulting services;
- Assistance with obtaining startup capital through state and federal funding programs; and
- Educational resources, including workshops on business planning, marketing, and regulatory compliance.

Priority must be given to applications from veteran-owned or military spouse-owned businesses.

### ***Other Provisions***

The bill requires the FDVA, the DOS, and the Department of Revenue to develop rules to administer the Act and to ensure interagency cooperation.

The FDVA must submit an annual report to the Governor and the Legislature and include the following:

- The number of veteran-owned or military spouse-owned businesses that were established in Florida or relocated to Florida;
- Economic metrics such as jobs created by and tax revenue impact of veteran-owned or military spouse-owned businesses; and
- Demographic data for the participating veterans and military spouses.

**Section 5** provides the bill takes effect upon becoming law.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

Article VII, section 18 of the Florida Constitution requires a two-thirds vote of the membership of each house of the Legislature requiring counties and municipalities to spend funds, limit their ability to raise revenue, or reduce the percentage of a state tax shared with them. This bill does not require counties and municipalities to spend funds, limit their ability to raise revenue, or reduce the percentage of a shared state tax. Therefore, the provisions of Article VII, section 18 of the Florida Constitution do not apply.

### **B. Public Records/Open Meetings Issues:**

None.

### **C. Trust Funds Restrictions:**

None.



**D. State Tax or Fee Increases:**

The bill does not create or raise a state tax or fee. Therefore, the requirements of Art. VII, s. 19 of the Florida Constitution do not apply.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The Revenue Estimating Conference has not reviewed the bill. The state would likely collect less in fees and taxes.

**B. Private Sector Impact:**

The bill may have a positive fiscal impact on eligible veteran and military spouse-owned businesses that receive tax exemptions and fee waivers and on spouses who find employment with private employers or with the state.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

Regarding the corporate income/franchise tax, as drafted, the bill does not prohibit or prevent a business owned by a veteran or a military spouse from ceasing operation after 5 years under one legal entity and creating a new legal entity for an additional 5 years.

Regarding the sales and use tax exemption, it is unclear if it means the use of the exemption is limited to a single purchase transaction, a single item, or a time frame. It is also unclear how long the sales tax exemption applies to purchases of equipment and supplies directly related to business operations made by a new Florida business or an existing business that relocates to Florida.<sup>30</sup>

Relating to the annual report required by the FDVA, the bill does not provide a date for which the report is due.

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<sup>30</sup> Department of Revenue analysis for SB 1172. On file with Senate Commerce and Tourism Committee.

**VIII. Statutes Affected:**

This bill substantially amends sections 295.07, 295.187, and 295.188 of the Florida Statutes. This bill creates section 295.189 of the Florida Statutes.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Committee on Commerce and Tourism on March 17, 2025:**

The CS:

- Requires the state and its political subdivisions to give preference in appointment and retention in positions of employment to the spouses of wartime veterans, veterans, members of any reserve component of the U.S. Armed Forces or the Florida National Guard, and certain active duty servicemembers.
- Authorizes private employers to adopt employment policies that give preference in hiring to current members of any reserve component of the U.S. Armed Forces or the Florida National Guard and their spouses, and the spouses of active duty servicemembers serving in the U.S. Armed Forces.

- B. **Amendments:**

None.