

By Senator Simon

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1 A bill to be entitled
2 An act relating to tax credits for investment in rural
3 communities; creating s. 288.062, F.S.; providing a
4 short title; providing definitions; requiring the
5 Department of Commerce to accept applications for
6 approval as rural funds in a specified manner;
7 requiring that certain information be submitted in an
8 application; requiring the department to approve or
9 deny applications within a specified timeframe;
10 prohibiting the department from approving more than a
11 certain amount of investment authority; requiring the
12 department to deny applications under certain
13 circumstances; authorizing an applicant whose
14 application was denied to provide additional
15 information within a certain timeframe to cure defects
16 in the application; requiring the department to review
17 and reconsider such applications within a certain
18 timeframe; prohibiting the department from reducing
19 the investment authority of an application or denying
20 an application unless certain conditions are met;
21 requiring the department to certify approved
22 applications; providing requirements for certified
23 rural funds; requiring the department to provide a tax
24 credit certificate to certain taxpayers; requiring the
25 department to revoke a rural fund's certification
26 under specified conditions; requiring the department
27 to distribute revoked investment authority among
28 certain rural funds; authorizing rural funds to
29 allocate associated investor contribution authority to

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30 certain taxpayers; granting a credit against state tax
31 liability for specified investors; providing
32 restrictions on the credit; requiring that taxpayers
33 claiming a credit submit a copy of the tax credit
34 certificate with their tax return; requiring the
35 department to revoke a tax credit certificate under
36 certain circumstances; authorizing rural funds to
37 request certain determinations from the department;
38 specifying a timeframe within which rural funds may
39 correct violations to avoid revocation of a tax credit
40 certificate; authorizing the department to distribute
41 reverted investment authority among certain rural
42 funds; authorizing rural funds to submit an exit
43 application; providing a timeframe and procedures for
44 the department to use in handling exit applications;
45 prohibiting the department from revoking a rural
46 fund's tax credit certificate after it exits the
47 program; requiring rural funds to submit an annual
48 report to the department beginning on a date certain;
49 requiring that the annual report include certain
50 information; prohibiting applications from being
51 accepted after a date certain; providing an effective
52 date.

53
54 Be It Enacted by the Legislature of the State of Florida:

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56 Section 1. Section 288.062, Florida Statutes, is created to
57 read:

58 288.062 Florida Rural Jobs Act.-

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59 (1) This section may be cited as the "Florida Rural Jobs
60 Act."

61 (2) As used in this section the term:

62 (a) "Affiliate" means an entity that directly, or
63 indirectly through one or more intermediaries, controls, is
64 controlled by, or is under common control with another entity.
65 For the purposes of this paragraph, an entity is controlled by
66 another entity if the controlling entity holds, directly or
67 indirectly, the majority voting or ownership interest in the
68 controlled entity or has control over the day-to-day operations
69 of the controlled entity.

70 (b) "Credit allowance date" means the date on which the
71 department provides a tax credit certificate under paragraph
72 (8) (b).

73 (c) "Department" means the Department of Commerce.

74 (d) "Eligible business" means a business that, at the time
75 a rural fund initially invests in the business:

- 76 1. Has fewer than 250 employees; and
77 2. Has its principal business operations in this state.

78 (e) "Eligible investment" means any capital or equity
79 investment in an eligible business or any loan to an eligible
80 business with a stated maturity at least 1 year after the date
81 of issuance.

82 (f) "Investment authority" means the amount certified by
83 the department under subsection (7).

84 (g) "Investor contribution" means a cash investment in a
85 rural fund. The cash investment shall purchase an equity
86 interest in the rural fund or purchase at par value or premium a
87 debt instrument that has a maturity date at least 7 years after

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88 the credit allowance date and a repayment schedule that is no
89 greater than level principal amortization over 7 years.

90 (h) "Jobs retained" means the number of full-time high-wage
91 employment positions that existed before the initial eligible
92 investment in an eligible business and for which the eligible
93 business' chief executive officer or similar officer certifies
94 that the employment positions would have been eliminated but for
95 the initial eligible investment.

96 (i) "Principal business operation" means the location or
97 locations at which at least 60 percent of a business's employees
98 work or at which the employees who are paid at least 60 percent
99 of the business's payroll are located. A business that agrees to
100 relocate or hire new employees using the proceeds of an eligible
101 investment to establish its principal business operation in this
102 state is deemed to have its principal business operations in the
103 new location, provided the business satisfies this definition
104 within 180 days after receiving the eligible investment.

105 (j) "Rural fund" means an entity certified by the
106 department under subsection (7).

107 (k) "State tax" means a tax identified in chapter 220, s.
108 624.509, or s. 624.5091.

109 (3) On or before November 1, 2025, the department shall
110 accept applications for approval as a rural fund on a form
111 adopted by the department. The application must include all of
112 the following:

113 (a) The total investment authority sought by the applicant.

114 (b) Evidence that the applicant or an affiliate of the
115 applicant is licensed as a rural business investment company
116 defined in 7 U.S.C. s. 2009cc or as a small business investment

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117 company under 15 U.S.C. s. 681. The applicant or the affiliate
118 must include a certificate executed by an executive officer of
119 the applicant attesting that such license remains in effect and
120 has not been revoked.

121 (c) Evidence that, as of the date the application is
122 submitted, the applicant or affiliates of the applicant have
123 invested at least \$100 million in nonpublic companies located in
124 counties within the United States with a population of fewer
125 than 75,000 as of the United States Decennial Census of 2010.

126 (d) An estimate of the total number of new annual jobs that
127 will be created and jobs that will be retained over the life of
128 the program in this state because of the applicant's proposed
129 eligible investments.

130 (e) A business plan that includes a revenue impact
131 assessment projecting state and local tax revenues to be
132 generated, as well as state expenditures to be reduced, by the
133 applicant's proposed eligible investments, prepared by a
134 nationally recognized third-party independent economic
135 forecasting firm using a dynamic economic forecasting model that
136 analyzes the applicant's business plan over the 10 years after
137 the date the application is submitted to the department.

138 (4) (a) Within 30 days after receipt of a completed
139 application, the department shall approve or deny the
140 application.

141 (b) The department shall deem applications that are
142 received on the same day as having been received simultaneously.
143 If requests for investment authority exceed the remaining tax
144 credit limitation under paragraph (c), the department must
145 proportionally reduce the investment authority and the investor

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146 contributions for each approved application that day to avoid
147 exceeding the limit.

148 (c) The department shall approve investment authority up to
149 an amount that would allow no more than \$7.143 million in tax
150 credits to be taken in any 1 year, excluding any credits carried
151 forward pursuant to paragraph (10) (a).

152 (5) The department shall deny an application if:

153 (a) The application is incomplete.

154 (b) The applicant does not satisfy the criteria set forth
155 in subsection (3).

156 (c) The revenue impact assessment submitted under paragraph
157 (3) (e) does not demonstrate that the applicant's business plan
158 will result in a positive revenue impact on this state over a
159 10-year period which exceeds the cumulative amount of tax
160 credits that would be issued to the applicant's investors.

161 (d) The department has already approved the maximum amount
162 of investment authority and investor contributions allowed under
163 subsection (4).

164 (6) If the department denies an application, the applicant,
165 within 15 days after the denial, may provide additional
166 information to the department to cure any defects in the
167 application as identified by the department. The department
168 shall review and reconsider such applications within 15 days
169 after receipt and before approving any pending applications
170 submitted after the original submission date of the reconsidered
171 application.

172 (7) The department may not reduce the requested investment
173 authority or deny a rural fund application for reasons other
174 than those described in subsection (4) or subsection (5). After

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175 approving an application, the department shall certify:

176 (a) The applicant as a rural fund.

177 (b) The amount of the applicant's investment authority.

178 (8)(a) Within 90 days after receiving the certification

179 issued under subsection (7), the rural fund shall collect all

180 investor contributions and collect additional investments of

181 cash which, when added to the investor contributions, at least

182 equal the rural fund's investment authority. Within 95 days

183 after receiving the certification issued under subsection (7),

184 the rural fund shall send to the department documentation that

185 the rural fund has collected the amounts described in this

186 subsection. At least 10 percent of the rural fund's investment

187 authority must consist of equity investments contributed by

188 affiliates of the rural fund. The rural fund shall report to the

189 department the date on which the investor contributions and

190 additional investments of cash were collected.

191 (b) Upon receipt of the documentation required by paragraph

192 (a), the department shall provide to each taxpayer who has made

193 an investor contribution in the amount of the investor

194 contribution a tax credit certificate.

195 (9) If the rural fund fails to comply with subsection (8),

196 the department must revoke the rural fund's certification and

197 the corresponding investment authority and investor

198 contributions will not count toward the limits on the program

199 size set forth in subsection (4). The department shall first

200 award revoked investment authority pro rata to each rural fund

201 that was awarded less than the investment authority for which it

202 applied, and a rural fund may allocate the associated investor

203 contribution authority to any taxpayer with state tax liability

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204 in its discretion. Any remaining investment authority may be
205 awarded by the department to new applicants.

206 (10) (a) Any taxpayer that makes an investor contribution is
207 vested with an earned credit against state tax liability equal
208 to that investor's investor contribution. The credit may be used
209 over 7 years such that 7.14 percent of the credit is applied in
210 each of the taxable years that includes the year of the credit
211 allowance date through the fourth anniversary of the credit
212 allowance date, unless a specific request is made to carry
213 forward the credit allowance for a period not to exceed 10
214 years.

215 (b) The credit is nonrefundable and may not be sold,
216 transferred, or allocated to any other entity other than an
217 affiliate that was an affiliate at the time of the submission of
218 the investor's affidavit included in the rural fund's
219 application.

220 (c) The amount of the credit claimed by a taxpayer may not
221 exceed the amount of such taxpayer's state tax liability for the
222 tax year for which the credit is claimed.

223 (d) A taxpayer claiming a credit under this section shall
224 submit a copy of the tax credit certificate with the taxpayer's
225 return for each taxable year for which the credit is claimed.

226 (11) The department must revoke the tax credit certificates
227 issued under paragraph (8) (b) if any of the following occurs
228 with respect to a rural fund before the rural fund exits the
229 program in accordance with paragraph (15):

230 (a) The rural fund does not invest 60 percent of its
231 investment authority in eligible investments in this state
232 within 2 years after the credit allowance date.

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233 (b) The rural fund does not invest 100 percent of its
234 investment authority in eligible investments in this state
235 within 3 years after the credit allowance date.

236 (c) The rural fund, after initially satisfying paragraph
237 (b), fails to maintain eligible investments equal to 100 percent
238 of its investment authority until the sixth anniversary of the
239 credit allowance date. For purposes of this paragraph, an
240 investment is maintained even if it is sold or repaid, so long
241 as the rural fund reinvests an amount equal to the capital
242 returned or recovered from the original investment, exclusive of
243 any profits realized, in other eligible investments in this
244 state within 12 months after the receipt of such capital.
245 Amounts received periodically by a rural fund shall be treated
246 as continuously invested in eligible investments if the amounts
247 are reinvested in one or more eligible investments by the end of
248 the following calendar year; however, there is no requirement to
249 reinvest capital after the sixth anniversary for purposes of
250 eligibility under this paragraph.

251 (d) The rural fund, before exiting the program in
252 accordance with paragraph (15) or 30 days after the seventh
253 anniversary of the credit allowance date, makes a distribution
254 or payment that results in the rural fund having less than 100
255 percent of its investment authority invested in eligible
256 investments in this state or available for investment in
257 eligible investments and held in cash and other marketable
258 securities.

259 (e) The rural fund invests in an eligible business that
260 directly, or indirectly through an affiliate, owns, has the
261 right to acquire an ownership interest in, makes a loan to, or

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262 makes an investment in the rural fund of an affiliate of the
263 rural fund or an investor in the rural fund.

264

265 The department in its sole discretion may, upon request, and if
266 the department believes that the investment aligns with the
267 purposes of this section, allow paragraphs (a), (b), and (c) to
268 be satisfied by investments in businesses that are not eligible
269 businesses or located in nonrural areas.

270 (12) Before making an eligible investment, a rural fund may
271 request a written opinion from the department as to whether the
272 business in which it proposes to invest satisfies the definition
273 of an eligible business. The department, no later than 15
274 business days after the date of receipt of the request, shall
275 provide the rural fund with a determination letter providing its
276 opinion. If the department fails to issue a determination letter
277 within that timeframe, the business in which the rural fund
278 proposes to invest shall be considered an eligible business.

279 (13) Before revoking a tax credit certificate under
280 subsection (11), the department shall notify the rural fund of
281 the reasons for the pending revocation. The rural fund shall
282 have 180 days after the date the notice was received to correct
283 any violation outlined in the notice to the satisfaction of the
284 department and avoid revocation of the tax credit certificate.

285 (14) If the department revokes any tax credit certificates
286 under subsection (11), the associated investment authority and
287 investor contributions may not count toward the limit on total
288 investment authority and investor contributions described in
289 subsection (4). The department shall award any remaining
290 investment authority to restore any reduction under paragraph

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291 (4) (b) .

292 (15) On or after the seventh anniversary of the credit
293 allowance date, a rural fund may apply to the department to exit
294 the program and no longer be subject to regulation. The
295 department shall approve or deny the application within 15 days
296 after receipt. In evaluating the application, the fact that no
297 tax credit certificates have been revoked and that the rural
298 fund has not received a notice of revocation that has not been
299 cured pursuant to subsection (13) is sufficient evidence that
300 the rural fund is eligible for exit. The department may not
301 unreasonably deny an application submitted under this
302 subsection. If the application is denied, the notice of denial
303 shall include the reasons for the determination.

304 (16) The department may not revoke a tax credit certificate
305 after a rural fund exits the program.

306 (17) (a) Each rural fund shall submit to the department a
307 report on or before the 15th business day after the second and
308 third anniversaries of the credit allowance date which provides
309 documentation that the rural fund has invested the amounts
310 required in paragraphs (11) (a) and (b). Such report shall also
311 include all of the following:

312 1. The name and location of each eligible business
313 receiving an eligible investment, including either the written
314 determination under subsection (12) or evidence that the
315 business qualified as an eligible business at the time the
316 investment was made, if not previously reported.

317 2. A bank statement evidencing each eligible investment, if
318 not previously reported.

319 3. The number of jobs created and retained as a result of

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320 each eligible investment, and the average salary of each
321 position.

322 4. Any other information required by the department.

323 (b) On or before March 1 of the subsequent calendar year
324 after the final report required in paragraph (a), and annually
325 until its exit from the program in accordance with paragraph
326 (15), the rural fund shall submit to the department a report
327 that identifies each eligible investment made by the rural fund
328 and shall include:

329 1. The number of jobs created and retained as a result of
330 the eligible investment and the annual salary of each position.

331 2. Any other information required by the department.

332 (18) The department may not accept any new applications
333 after December 1, 2034.

334 Section 2. This act shall take effect July 1, 2025.