

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.)

Prepared By: The Professional Staff of the Committee on Military and Veterans Affairs, Space, and Domestic Security

BILL: CS/SB 1182

INTRODUCER: Military and Veterans Affairs, Space, and Domestic Security Committee and Senator Jones

SUBJECT: Business Development Incentives for Veterans and Military Spouses

DATE: February 11, 2026 REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Bellamy</u>	<u>Proctor</u>	<u>MS</u>	<u>Fav/CS</u>
2. _____	_____	<u>FT</u>	_____
3. _____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1182 creates s. 295.189, F.S., titled the “Florida Veterans and Military Spouses Business Development Act” (the Act).

The bill defines a “veteran-owned or military spouse-owned business” to mean a business domiciled in this state that: employs 200 or fewer permanent full-time employees; has a net worth of \$5 million or less or, if a sole proprietorship, has a net worth of \$5 million or less; is at least 51 percent owned and operated by one or more veterans or military spouses; is managed by and daily business operations are controlled by one or more veterans or military spouses; and has a professional license, if required, in the name of a veteran or military spouse who owns the business entity.

The bill requires the Department of State (DOS) to waive all fees for eligible veteran-owned and military spouse-owned businesses newly created or existing in this state from July 1, 2026, through June 30, 2031.

The bill increases the corporate/franchise tax exemption in s. 220.14, F.S., from \$50,000 to \$100,000 per year, for five taxable years for eligible veteran-owned and military spouse-owned businesses. The bill also provides a one-time sales tax exemption on equipment and supplies directly related and used for business operations. The sales tax exemption applies for one year

upon the issuance of a temporary tax exemption certificate by the Department of Revenue (DOR).

The bill requires the Florida Department of Veterans' Affairs (FDVA), the DOR, and the DOS to ensure interagency cooperation, to include the exchange of information, and to develop rules to administer the bill. Additionally, the bill requires the FDVA to submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The bill may have an indeterminate negative fiscal impact to the state. See Section V. Fiscal Impact Statement.

The bill provides an effective date of July 1, 2026.

II. Present Situation:

Florida Department of State

The DOS is a state agency created in s. 20.10, F.S. The DOS is composed of six divisions: Elections, Historical Resources, Corporations, Library and Information Services, Arts and Culture, and Administration. The head of the DOS is the Secretary of State (Secretary). The Secretary is appointed by and serves at the pleasure of the Governor, subject to confirmation by the Senate. The Secretary performs functions conferred by the State Constitution and State law upon the custodian of state records.¹

The DOS is the state's central location responsible for receiving and maintaining several corporate records. Florida law requires certain documents to be filed with the Division of Corporations of the DOS for a business to be organized as a corporation, partnership, limited liability company (LLC), or other business/commercial entity. Business entities can file these documents and check their status online with the division. Among the filings received and maintained by the DOS, and the filing fee associated with them, are those identified in:

- Chapter 605, Florida Revised Limited Liability Company Act: LLCs file with the DOS a registration with their name, registered agent, and registered office location;²
- Chapter 607, Florida Business Corporation Act: corporations file their articles of incorporation, changes to their registered office or registered agent, and must file an annual report, among other documents;³ and
- Chapter 620, Partnership Laws: limited partnerships must file a certificate of limited partnership with the DOS containing the name of the limited partnership, the address, and the business address of each general partner⁴ as well as an annual report, among other documents.⁵ General partnerships must file a partnership registration statement and an annual report, among other documents.⁶

¹ Section 20.10(1), F.S.

² Sections 605.0112(5), 605.0113(4), and 605.0113(5), F.S. *See* s. 605.0206, F.S.

³ Sections 607.0203, 607.0502, and 607.1622, F.S. *See* s. 607.0120(9), F.S.

⁴ Sections 620.1109 and 620.1201(1)(a)–(e), F.S.

⁵ Section 620.1210, F.S.

⁶ Sections 620.8105 and 620.9003, F.S.

Filing fees vary. The following is a sampling of those fees:

DOS Filing Fees		
Filing articles of organization or articles of revocation of dissolution.	s. 605.0213(2), F.S.	\$ 100.00
Filing a certificate designating a registered agent.	s. 605.0213(7), F.S.	\$ 25.00
Articles of incorporation.	s. 607.0122(1), F.S.	\$ 35.00
Designation of and acceptance by registered agent.	s. 607.0122(5), F.S.	\$ 35.00
Articles of incorporation.	s. 617.0122(1), F.S.	\$ 35.00
Designation of and acceptance by registered agent.	s. 617.0122(5), F.S.	\$ 35.00
Filing an original certificate of limited partnership.	s. 620.1109(2), F.S.	\$ 965.00
Filing a certificate designating a registered agent.	s. 620.1109(8)(a), F.S.	\$ 35.00
Filing a partnership registration statement.	s. 620.81055(1)(a), F.S.	\$ 50.00

Businesses that relocate to Florida from another state or country do so through a process called “domestication.” Chapter 605, F.S., outlines the process of domestication for LLCs and ch. 607, F.S., outlines the process of domestication for corporations. In general, state-to-state domestication involves each state recognizing the domestication process and filing the appropriate paperwork to dissolve the business in one state and establish the business in the new state.

Florida Department of Revenue

The DOR is a state agency, the head of which is the Governor and Cabinet, that provides services to millions of individuals, businesses, and families, which administers three main programs: Child Support Program; General Tax Administration; and Property Tax Oversight.^{7,8} The DOR collects more than \$40 billion a year in taxes and fees annually and processes more than 9 million tax filings annually.⁹

General Overview of Sales and Use Tax

Florida levies a six percent tax on the sale or rental of most items of tangible personal property,¹⁰ admissions,¹¹ transient rentals,¹² and a limited number of services. Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.¹³

⁷ Section 20.21(1), F.S.

⁸ Florida Department of Revenue, *Quick Facts about the Florida Department of Revenue*, available at https://floridarevenue.com/opengovt/Pages/quick_facts.aspx (last visited Jan. 14, 2026).

⁹ *Id.*

¹⁰ Section 212.05(1)(a), F.S.

¹¹ Section 212.04(1)(b), F.S.

¹² Section 212.03(1)(a), F.S.

¹³ Section 212.07(2), F.S.

The governing body of a county and school boards are authorized to levy local discretionary sales surtaxes in addition to the state sales tax.¹⁴ A surtax applies to “all transactions … subject to the state tax … on sales, use, services, rentals, admissions, and other transactions”^{15,16}

Florida Corporate Income/Franchise Tax

Each year, the Florida Legislature must consider adopting the current Internal Revenue Code¹⁷ (IRC) to ensure that certain tax definitions and the calculation of adjusted federal income will be consistent between the IRC and the Florida Income Tax Code.¹⁸ In addition, the legislature adopts the IRC to utilize the well established body of federal law to the extent that it is not inconsistent with Florida law.¹⁹ The Florida Legislature most recently updated its conformity to the IRC by adopting the IRC in effect as of January 1, 2025, through legislation enacted for the 2025 tax year.²⁰ This ensures Florida's corporate income tax code follows federal taxable income calculations, subject to specific state modifications like bonus depreciation, qualified improvement property placed in service on or after January 1, 2018, business meal expenses, and film, television, and live theatrical production expenses.²¹

Florida levies a five and a half percent tax on the taxable income of corporations and financial institutions doing business in the state and requires them to file a Florida Corporate Income/Franchise Tax (FCIT) Return form each year.^{22,23} However, some business structures are not included in the term “corporation” and are not subject to the FCIT. Partnerships, proprietorships, LLC which are taxed as a partnership for federal income tax purposes, and private trusts are not subject to the FCIT.²⁴ In addition, a corporation which elects subchapter S status under s.1362 of the IRC is not subject to the FCIT since corporate income, losses, deductions, and credits are passed through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at

¹⁴ Section 212.055, F.S.

¹⁵ Section 212.054(2)(a), F.S.

¹⁶ In counties with discretionary sales surtaxes, the combined county and school board rates vary from 0.5 to 2 percent. Two counties, Citrus and Collier, have no discretionary sales surtax levies. *See* FLA. DEP’T OF REVENUE, Form DR-15DSS, *Discretionary Sales Surtax Information for Calendar Year 2026* (rev. Nov. 2025), available at https://floridarevenue.com/Forms_library/current/dr15dss_26.pdf (last visited January 28, 2026).

¹⁷ Title 26, U.S.C.

¹⁸ Chapter 220, F.S.

¹⁹ It is the intent of the Legislature that the income tax imposed by [ch. 220, F.S.] utilize, to the greatest extent possible, concepts of law which have been developed in connection with the income tax laws of the United States, in order to: minimize the expenses of the Department of Revenue and difficulties in administering this code; minimize the costs and difficulties of taxpayer compliance; and maximize, for both revenue and statistical purposes, the sharing of information between the state and the Federal Government. *See* s. 220.02(3), F.S.

²⁰ Chapter 2025-208, ss. 60-61, Laws of Fla.

²¹ Florida Dep’t of Revenue, *Tax Information Publication No. 25C01-01, Florida Corporate Income Tax Adoption of 2025 Internal Revenue Code* (Dec. 1, 2025), available at https://floridarevenue.com/taxes/tips/Documents/TIP_25C01-01.pdf (last visited Jan. 28, 2026).

²² Section 220.11(2), F.S.

²³ Florida Dep’t of Revenue, Form F-1120, *Florida Corporate Income/Franchise Tax Return* (rev. Jan. 2026), available at https://floridarevenue.com/Forms_library/current/f1120.pdf (last visited Jan. 28, 2026).

²⁴ The term “corporation” does not include proprietorships, even if using a fictitious name; partnerships of any type, as such; limited liability companies that are taxable as partnerships for federal income tax purposes; state or public fairs or expositions, under ch. 616, F.S.; estates of decedents or incompetents; testamentary trusts; charitable trusts; or private trusts. *See* s. 220.03(1)(e), F.S.

their individual income tax rates.²⁵ In order to become an S corporation, the corporation must submit an Election by a Small Business Corporation form signed by all the shareholders to the Internal Revenue Service for review and approval.²⁶

Florida utilizes the taxable income determined for federal income tax purposes as a starting point to determine the total amount of FCIT due.²⁷ 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, such as paying salaries²⁸ and making certain types of investments in Florida. 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.²⁹

Section 220.14, F.S., provides that in computing a taxpayer's liability for tax, there is an exemption from the tax of \$50,000 of net income³⁰ or a lesser amount that will, without increasing the taxpayer's federal income tax liability, provide the state with an amount which is equal to the maximum federal income tax credit which may be available from time to time under federal law. In the case of a taxable year for a period of less than 12 months, the exemption allowed by s. 220.14, F.S., must be prorated based on the number of days in the year.³¹ This exemption is only allowed once to taxpayers filing a consolidated return,³² and members of a controlled group of corporations³³ filing separate returns must divide the exemption equally, unless all of the members consent to an apportionment plan providing for an unequal allocation of the exemption.³⁴

²⁵ Internal Revenue Service, *S corporations*, available at <https://www.irs.gov/businesses/small-businesses-self-employed/s-corporations> (last visited Jan. 28, 2026).

²⁶ Internal Revenue Service, Form 2553, *Election by a Small Business Corporation* (rev. Dec. 2017), available at <https://www.irs.gov/pub/irs-pdf/f2553.pdf> (last visited Jan. 28, 2026).

²⁷ Section 220.12, F.S.

²⁸ In computing "adjusted federal income" for taxable years beginning after December 31, 1976, there shall be allowed as a deduction the amount of wages and salaries paid or incurred within this state for the taxable year for which no deduction is allowed pursuant to s. 280C(a) of the Internal Revenue Code (relating to credit for employment of certain new employees). *See s. 220.13(1)(b)3., F.S.*

²⁹ Florida Department of Revenue, *Corporate Income Tax Incentives*, available at https://floridarevenue.com/taxes/taxesfees/Pages/corp_tax_incent.aspx (last visited Jan. 26, 2026).

³⁰ "Net income" for the purpose of s. 220.14, F.S., means a taxpayer's net income for a taxable year shall be its adjusted federal income, or that share of its adjusted federal income for such year which is apportioned to this state under s. 220.15, F.S., plus nonbusiness income allocated to this state pursuant to s. 220.16, F.S., less the exemption allowed by s. 220.14, F.S. *See s. 220.12, F.S.*

³¹ Section 220.14(2), F.S.

³² Section 220.14(3), F.S.

³³ The term "controlled group of corporations" means any group of parent-subsidiary controlled group (depending on stock and parent company ownership), brother-sister controlled group, combined group, or certain insurance companies. *See 26 U.S. Code s. 1563.*

³⁴ Section 220.14(4), F.S.

Florida Department of Veterans' Affairs

The FDVA was created to provide assistance to all former, present, and future members of the Armed Forces of the United States and their spouses and dependents in preparing claims for and securing compensation, hospitalization, career training, and other benefits or privileges to which they are, or may become entitled to under federal or state law or regulation by reason of their service in the Armed Forces of the United States.³⁵ There are about 1.4 million veterans living in Florida, making the state's veteran population the second largest nationally.³⁶

Section 1.01(14), F.S., defines "veteran" to mean a person who served in the active military, naval, or air service and who was discharged or released under honorable conditions only or who later received an upgraded discharge under honorable conditions, notwithstanding any action by the VA on individuals discharged or released with other than honorable discharges.

III. Effect of Proposed Changes:

CS/SB 1182 creates s. 295.189, F.S., titled the "Florida Veterans and Military Spouses Business Development Act" and provides the legislative intent to attract and support veteran-owned and military spouse-owned businesses by providing incentives.

The bill defines a "veteran" as having the same meaning as in s. 1.01(14), F.S.

The bill defines a "military spouse" to mean a spouse of:

- An active-duty member of the United States Armed Forces; or
- A veteran.

The bill defines a "Veteran-owned or military spouse-owned business" to mean a business entity:

- That employs 200 or fewer permanent full-time employees.
- That, together with its affiliates, has a net worth of \$5 million or less or, if a sole proprietorship, has a net worth of \$5 million or less including personal and business investments.
- That is domiciled in this state.
- That is at least 51 percent owned and operated by one or more veterans or military spouses.
- The management and daily business operations of which are controlled by one or more veterans or military spouses.
- That has a professional license, if required by the industry, in the name of a veteran or military spouse who owns the business entity.

The bill specifically allows for the exchange of information between the FDVA, the DOS, and DOR, pursuant to a written agreement between the executive director and the agency. The FDVA and the DOS are bound by the same requirements of confidentiality relating to this information as the DOR.

³⁵ Section 292.05(1), F.S.

³⁶ Florida Department of Veterans' Affairs, *Our Veterans*, available at <https://floridavets.org/our-veterans> (last visited Jan. 28, 2026).

The bill requires the DOS to waive all fees for:

- A new business established in this state by a veteran or military spouse.
- An existing veteran-owned or military spouse-owned business in this state.

The above waived fees apply to veteran-owned or military spouse-owned businesses established between July 1, 2026, and June 30, 2031.

The bill requires the FDVA to establish registration requirements for applicants seeking the fee waivers and tax exemptions. The registration requirements must include:

- For veterans, a DD Form 214 or another acceptable form of identification as specified by the United States Department of Veterans' Affairs, provided that the applicant served in and was honorably discharged from a branch of the United States Armed Forces.
- For military spouses, verification of a military spouse relationship and that the other spouse is on active duty or a veteran.
- Verification that the applicant's business meets eligibility requirements.
- The date on which the applicant began doing business in this state.
- For applicants seeking the 1-year sales tax exemption, a copy of their Florida corporate income/franchise tax return in order to verify the net income reported for the 5th or 7th taxable year, as applicable.

Additionally, the bill requires the FDVA to notify the DOR and DOS upon the successful verification of a veteran-owned or military spouse-owned business and to issue a verification letter to eligible veteran-owned or military spouse-owned businesses. The letter may be used to:

- Receive a fee waiver from the DOS.
- Claim an increased temporary exemption on a corporate/franchise tax return from the DOR.
- Receive a temporary tax exemption certificate from the DOR.

The bill requires the DOR to adopt rules to establish procedures for claiming the tax exemptions and for issuing temporary sales tax exemption certificates.

The bill provides that an eligible veteran-owned or military spouse-owned businesses will receive:

- A temporary five-year tax exemption increase from \$50,000 to \$100,000 from the corporate income/franchise tax exemption provided in s. 220.14, F.S.
 - A business that is 100 percent veteran-owned or military spouse-owned will receive the five-year tax exemption after being in business for at least five years from the date of its incorporation in this state.
 - A business that is least 51 percent veteran-owned or military spouse-owned but does not qualify for the tax exemption as a 100 percent veteran-owned or military spouse-owned business will receive the five-year tax exemption after being in business for at least seven years from the date of its incorporation in this state.
- A one-time sales tax exemption for businesses that are at least 51 percent veteran-owned or military spouse-owned on equipment and supplies directly related to and used for business operations, which does not apply to purchases that are used for personal purposes or for both

personal and business purposes. The sales tax exemption is valid for the first year of business upon the issuance of a temporary tax exemption certificate by the DOR.

The bill requires the FDVA, the DOS, and the DOR to develop rules to administer the Act and to ensure interagency cooperation for seamless implementation.

The bill requires the FDVA to submit a report to the Governor, President of the Senate, and Speaker of the House of Representatives by December 31, 2026, and each December 31 thereafter that includes:

- The number of veteran-owned or military spouse-owned businesses that were established in this state or that relocated to this state.
- Economic metrics such as job creation and tax revenue impact from veteran-owned and military spouse-owned businesses.
- Demographic data for the participating veterans and military spouses.

The bill provides an effective date of July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not applicable. The bill does not require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

Article I, s. 24(c) of the State Constitution requires a two-thirds vote of the members present and voting for final passage of a bill creating or expanding an exemption to the public records disclosure requirements. The bill does not create or expand an exemption. Thus, the bill does not require an extraordinary vote for enactment.

C. Trust Funds Restrictions:

None identified.

D. State Tax or Fee Increases:

Article VII, s. 19 of the Florida Constitution requires legislation pass each chamber by a 2/3 vote and be contained in a separate bill with no other subject if the legislation imposes, authorizes an imposition, increases, or authorizes an increase in a state tax or fee or if it decreases or eliminates a state tax or fee exemption or credit.

The bill does not affect the imposition or increasing of a state tax or fee nor decreases or eliminates a state tax or fee exemption or credit. Thus, the constitutional requirements may not apply.

E. Other Constitutional Issues:

None identified.

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

None identified.

B. Private Sector Impact:

The bill's provisions relating to filing fees waivers and sales tax exemptions may have an indeterminate positive fiscal impact for veteran-owned or military spouse-owned businesses.

The bill's provisions relating to corporate income tax exemptions may have an indeterminate positive fiscal impact for veteran-owned or military spouse-owned businesses that are required to file a FCIT return.

C. Government Sector Impact:

The Revenue Estimating Conference has not reviewed CS/SB 1182. The bill may have an indeterminate negative fiscal impact to state revenue due to the fee exemptions, and sales and corporate tax exemptions provided in the bill.

VI. Technical Deficiencies:

None Identified.

VII. Related Issues:

None identified.

VIII. Statutes Affected:

This bill creates section 295.189 of the Florida Statutes.

This bill substantially amends section 213.053 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 Military and Veterans Affairs, Space, and Domestic Security on February 11, 2026:

The committee substitute:

- Amends s. 213.053, F.S., to allow the exchange of information between the FDVA, DOS, and the DOR, pursuant to a written agreement between the executive director

and the agency. The FDVA and the DOS are bound by the same requirements of confidentiality relating to this information as the DOR.

- Removes “organized to engage in commercial transactions” from the definition of a “Veteran-owned or military spouse-owned business.”
- Increases the corporate/franchise tax exemption provided in s. 220.14, F.S., from \$50,000 to \$100,000 per year, for five taxable years for eligible veteran-owned and military spouse-owned businesses.
- Clarifies that the one-time sales tax exemption in the bill is for purchases of equipment and supplies directly related to and used for business operations. The exemption does not apply to purchases of items that are used for personal purposes or both personal and business purposes. Additionally, the amendment requires the issuance of a temporary tax exemption certificate from the DOR for eligible businesses to receive the exemption.
- Requires the DOR to adopt rules to establish procedures for claiming the tax exemptions and for issuing temporary sales tax exemption certificates.
- Requires the FDVA to establish registration requirements for applicants seeking the fee waivers and tax exemptions. The registration requirements must include:
 - For veterans, a DD Form 214 or another acceptable form of identification as specified by the United States Department of Veterans’ Affairs, provided that the applicant served in and was honorably discharged from a branch of the United States Armed Forces.
 - For military spouses, verification of a military spouse relationship and that the other spouse is on active duty or a veteran.
 - Verification that the applicant’s business meets eligibility requirements.
 - The date on which the applicant began doing business in this state.
 - For applicants seeking the 1-year sales tax exemption they must include a copy of their Florida corporate income/franchise tax return in order to verify the net income reported for the 5th or 7th taxable year, as applicable.
- Requires the FDVA to notify the DOR and DOS upon the successful verification of a veteran-owned or military spouse-owned business and to issue a verification letter to eligible veteran-owned or military spouse-owned businesses. The letter may be used to: receive a fee waiver from the DOS; claim an increased temporary exemption on a corporate/franchise tax return from the DOR; and receive a temporary tax exemption certificate from the DOR.

B. Amendments:

None.