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:	SB 1182
INTRODUCER:	Senator Jones
SUBJECT:	Business Development Incentives for Veterans and Military Spouses
DATE:	January 30, 2026 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bellamy	Proctor	MS	**Pre-meeting**
2.			FT	
3.			AP	

I. Summary:

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 organized to engage in commercial transactions; 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 relocated to this state from July 1, 2026, through June 30, 2031. The bill requires the Florida Department of Veterans' Affairs (FDVA) and the DOS to ensure interagency cooperation and to develop rules to administer this section. The bill requires the FDVA to submit an annual report to the Governor, President of the Senate, and Speaker of the House of Representatives on certain statistics relating to the exemptions.

The bill provides a five-year state corporate income tax and state franchise tax exemption for 100 percent veteran-owned and military spouse-owned businesses after being in business for 5 years. For a business that is at least 51 percent veteran-owned or military spouse-owned, the 5-year tax exemption is available after being in business for seven years. The bill also provides a one-time sales tax exemption on equipment and supplies directly related to business operations. The exemptions apply for five years after the date on which the business is established in this state for eligible businesses that relocate to Florida.

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 partner[4] 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]

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

[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.

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]

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 Code[17] (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

[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)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.
[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.

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 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.

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[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.

[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.

Florida provides various tax benefits for certain corporate activities, such as paying salaries[28] 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]

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.[30] There are about 1.4 million veterans living in Florida, making the state's veteran population the second largest nationally.[31]

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:

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.

[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] Section 292.05(1), F.S.
[31] Florida Department of Veterans' Affairs, *Our Veterans*, available at https://floridavets.org/our-veterans (last visited Jan. 28, 2026).

- That is organized to engage in commercial transactions.
- 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 requires the DOS to waive all fees for:
- A new business established by a veteran or military spouse.
- An existing veteran-owned or military spouse-owned business that relocates to 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 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 United States Department of Veterans' Affairs; or
- For military spouses, verification of a military spouse relationship and that the other spouse is on active duty or a veteran.

The bill provides that an eligible veteran-owned or military spouse-owned businesses will receive:
- A five year tax exemption from the corporate income tax and the franchise tax.
  - 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.
  - 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.
- A one-time sales tax exemption on equipment and supplies directly related to business operations.

The bill requires the DOR to establish procedures for claiming the tax exemptions.

The bill provides that for a veteran-owned or military spouse-owned businesses relocating to this state, the tax exemptions apply for 5 years after the date on which the business is established.

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

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 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:

The DOR has highlighted the following:

- The DOR does not have the expertise to make determinations about veteran-owned businesses and will likely need to rely on the registrations and verifications required to be established by the DOS on lines 63-70. Therefore, s. 213.053(8), F.S., should be amended to include the exchange of mutual information relative to lines 74-92, between the DOR and the DOS in the conduct of official business.[32]
- On lines 80-81 and line 85 it is unclear what is meant by the term "being in business", and the term "business is established" on line 92. It is unclear whether the period of time is to be measured based on when a business registers with the DOS as a corporation or LLC or when a business registers with the DOR for tax remittance purposes. The DOR has indicated that many businesses may operate without registering with either agency.[33]
- Lines 86-87 provide for a "one-time sales tax exemption", which is not defined. It is unclear to DOR:
  - If the exemption is for a single product, single purchase, or a time-frame.
  - 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 existing business that relocates to Florida.
  - The period during which the sales tax exemption may be taken. Therefore, as written, a business could claim the one-time sales tax exemption for an undetermined length of time from when the business began operating.
  - Whether the five year tax exemption period for businesses relocating to Florida applies to both the FCIT and sales and use tax exemptions.[34]
- For lines 86-87 the DOR assumes that an eligible veteran-owned or military spouse-owned business does not have to file a FCIT return to get the tax exemption. Since there is not a

[32] Florida Department of Revenue, *Senate Bill 1182 Agency Legislative Bill Analysis* (Jan. 15, 2026) (on file with the Senate Committee on Military and Veterans Affairs, Space, and Domestic Security).
[33] *Id*.
[34] *Id.*

registration requirement for taxpayers subject to FCIT, there would be no way to track or discover such entities.[35]

- Lines 88-89 require the DOR to "establish procedures for claiming the tax exemptions." The DOR will require rulemaking authority to develop rules or forms as necessary.[36]

Lines 93-97 provides the FDVA with rulemaking authority and requires the FDVA to ensure interagency cooperation to administer the Act. It is unclear what provisions of the bill necessitate the FDVA to need rulemaking authority or what role the FDVA would have in ensuring interagency cooperation to implement the provisions of the bill.

VII. Related Issues:

None identified.

VIII. Statutes Affected:

This bill creates section 295.189 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

[35] *Id.*
[36] *Id.*