By Senator Smith

17-00266-26 2026238__

A bill to be entitled

An act relating to corporate income tax; amending s. 220.03, F.S.; revising the definition of the term "taxpayer"; defining the term "unitary combined group"; amending s. 220.13, F.S.; revising the definition of the term "adjusted federal income" to prohibit specified deductions, limit certain carryovers, and require subtractions of certain dividends paid and received within a unitary combined group to determine subtractions from taxable income; conforming provisions to changes made by the act; repealing s. 220.131, F.S., relating to the adjusted federal income of affiliated groups; creating s. 220.136, F.S.; specifying circumstances under which a corporation is considered a member of a unitary combined group; creating s. 220.1363, F.S.; defining the term "unitary combined reporting method"; specifying requirements for, limitations on, and prohibitions in calculating and reporting income in a unitary combined group return; requiring all members of a unitary combined group to use the unitary combined reporting method; defining the term "sale"; specifying requirements for designating the filing member and the taxable year of the unitary combined group; specifying income reporting requirements for certain members of the unitary combined group; requiring that a unitary combined group return include a specified computational schedule and domestic disclosure spreadsheet; authorizing the executive director of the Department of Revenue to take specified actions under certain circumstances; authorizing the department to adopt rules and forms; providing legislative intent regarding the adoption of rules and forms; amending s. 220.14, F.S.; revising the calculation for prorating a certain corporate income tax exemption to reflect leap years; conforming a provision to changes made by the act; amending s. 220.15, F.S.; revising provisions determining when certain sales are considered to have occurred in this state; amending ss. 220.183, 220.1845, 220.1875, 220.1876, 220.1877, 220.18775, 220.1878, 220.19, 220.191, 220.1991, and 220.51, F.S.; conforming provisions to changes made by the act; amending s. 220.64, F.S.; providing applicability of unitary combined group provisions to the franchise tax; conforming provisions to changes made by the act; amending s. 376.30781, F.S.; conforming cross-references; providing, beginning on a specified date, requirements for corporate income tax return filings for certain taxpayers; requiring that certain funds be deposited into the General Revenue Fund; providing an effective date.

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

Section 1. Paragraph (z) of subsection (1) of section 220.03, Florida Statutes, is amended, and paragraph (gg) is added to that subsection, to read:

220.03 Definitions.—

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

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

(gg) "Unitary combined group" means a group of corporations related through common ownership whose business activities are integrated with, dependent upon, or contribute to a flow of value among members of the group.

Section 2. Section 220.13, Florida Statutes, is amended to read:

220.13 "Adjusted federal income" defined.—

(1) The term "adjusted federal income" means an amount equal to the taxpayer's taxable income as defined in subsection (2), or such taxable income of a unitary combined group ~~more than one taxpayer~~ as provided in s. 220.1363 ~~s. 220.131~~, for the

taxable year, adjusted as follows:

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

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

b. Notwithstanding sub-subparagraph a., if a credit taken under s. 220.1875, s. 220.1876, s. 220.1877, or s. 220.1878 is added to taxable income in a previous taxable year under subparagraph 11. and is taken as a deduction for federal tax purposes in the current taxable year, the amount of the deduction allowed shall not be added to taxable income in the current year. The exception in this sub-subparagraph is intended to ensure that the credit under s. 220.1875, s. 220.1876, s. 220.1877, or s. 220.1878 is added in the applicable taxable year and does not result in a duplicate addition in a subsequent year.

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

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

of the capital gain dividends attributable to the taxable year.

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

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

6. The amount taken as a credit under s. 220.195 which is deductible from gross income in the computation of taxable income for the taxable year.

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

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

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

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

11. Any amount taken as a credit for the taxable year under s. 220.1875, s. 220.1876, s. 220.1877, or s. 220.1878. The

addition in this subparagraph is intended to ensure that the same amount is not allowed for the tax purposes of this state as both a deduction from income and a credit against the tax. This addition is not intended to result in adding the same expense back to income more than once.

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

13. The amount taken as a credit for the taxable year pursuant to s. 220.198.

14. The amount taken as a credit for the taxable year pursuant to s. 220.1915.

15. The amount taken as a credit for the taxable year pursuant to s. 220.199.

16. The amount taken as a credit for the taxable year pursuant to s. 220.1991.

(b) *Subtractions.*—

1. There shall be subtracted from such taxable income:

a. The net operating loss deduction allowable for federal income tax purposes under s. 172 of the Internal Revenue Code for the taxable year,

b. The net capital loss allowable for federal income tax purposes under s. 1212 of the Internal Revenue Code for the taxable year,

c. The excess charitable contribution deduction allowable for federal income tax purposes under s. 170(d)(2) of the

Internal Revenue Code for the taxable year, and

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

However, a net operating loss and a capital loss shall never be carried back as a deduction to a prior taxable year, but all deductions attributable to such losses shall be deemed net operating loss carryovers and capital loss carryovers, respectively, and treated in the same manner, to the same extent, and for the same time periods as are prescribed for such carryovers in ss. 172 and 1212, respectively, of the Internal Revenue Code. <u>A deduction is not allowed for excess charitable contribution deductions, net operating losses, net capital loss carrybacks or carryovers, or contributions to certain employee plans under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404, respectively, for a member of a unitary combined group which is not a United States member. Carryovers of excess charitable contribution deductions, net operating losses, net capital loss carrybacks or carryovers, or contributions to certain employee plans under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404, respectively, may be subtracted only by the member of the unitary combined group which generates a carryover.</u>

2. There shall be subtracted from such taxable income any amount to the extent included therein the following:

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

b. All amounts included in taxable income under s. 78, s.

951, or s. 951A of the Internal Revenue Code.

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

3. Amounts received by a member of a unitary combined group as dividends paid by another member of the unitary combined group must be subtracted from the taxable income to the extent that the dividends are included in the taxable income.

4. 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).

5.~~4.~~ There shall be subtracted from such taxable income any amount of nonbusiness income included therein.

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

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

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

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

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

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

(e) *Adjustments related to federal acts.*—Taxpayers shall be required to make the adjustments prescribed in this paragraph for Florida tax purposes with respect to certain tax benefits received pursuant to the Economic Stimulus Act of 2008; the American Recovery and Reinvestment Act of 2009; the Small Business Jobs Act of 2010; the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010; the American Taxpayer Relief Act of 2012; the Tax Increase Prevention Act of 2014; the Consolidated Appropriations Act, 2016; the Tax Cuts and Jobs Act of 2017; and the Coronavirus Aid, Relief, and Economic Security Act of 2020.

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

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

c. The provisions of sub-subparagraph b. do not apply to amounts by which taxable income was increased pursuant to this subparagraph for amounts deducted for federal income tax purposes as bonus depreciation for qualified improvement property as defined in s. 168(e)(6) of the Internal Revenue Code of 1986, as amended by s. 13204 of Pub. L. No. 115-97.

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

3. There shall be added to such taxable income an amount equal to the amount of deferred income not included in such taxable income pursuant to s. 108(i)(1) of the Internal Revenue

Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There shall be subtracted from such taxable income an amount equal to the amount of deferred income included in such taxable income pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5.

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

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

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

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

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

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

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

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

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

7. Subtractions available under this paragraph may be transferred to the surviving or acquiring entity following a merger or acquisition and used in the same manner and with the same limitations as specified by this paragraph.

8. The additions and subtractions specified in this paragraph are intended to adjust taxable income for Florida tax purposes, and, notwithstanding any other provision of this code,

such additions and subtractions shall be permitted to change a taxpayer’s net operating loss for Florida tax purposes.

(2) For purposes of this section, a taxpayer’s taxable income for the taxable year means taxable income as defined in s. 63 of the Internal Revenue Code and properly reportable for federal income tax purposes for the taxable year, but subject to the limitations set forth in paragraph (1)(b) with respect to the deductions provided by ss. 172 (relating to net operating losses), 170(d)(2) (relating to excess charitable contributions), 404(a)(1)(D) (relating to excess pension trust contributions), 404(a)(3)(A) and (B) (to the extent relating to excess stock bonus and profit-sharing trust contributions), and 1212 (relating to capital losses) of the Internal Revenue Code, except that, subject to the same limitations, the term:

(a) “Taxable income,” in the case of a life insurance company subject to the tax imposed by s. 801 of the Internal Revenue Code, means life insurance company taxable income; however, for purposes of this code, the total of any amounts subject to tax under s. 815(a)(2) of the Internal Revenue Code pursuant to s. 801(c) of the Internal Revenue Code shall not exceed, cumulatively, the total of any amounts determined under s. 815(c)(2) of the Internal Revenue Code of 1954, as amended, from January 1, 1972, to December 31, 1983;

(b) “Taxable income,” in the case of an insurance company subject to the tax imposed by s. 831(b) of the Internal Revenue Code, means taxable investment income;

(c) “Taxable income,” in the case of an insurance company subject to the tax imposed by s. 831(a) of the Internal Revenue Code, means insurance company taxable income;

(d) "Taxable income," in the case of a regulated investment company subject to the tax imposed by s. 852 of the Internal Revenue Code, means investment company taxable income;

(e) "Taxable income," in the case of a real estate investment trust subject to the tax imposed by s. 857 of the Internal Revenue Code, means the income subject to tax, computed as provided in s. 857 of the Internal Revenue Code;

(f) "Taxable income," in the case of a corporation which is a member of an affiliated group of corporations filing a consolidated income tax return for the taxable year for federal income tax purposes, means taxable income of such corporation for federal income tax purposes as if such corporation had filed a separate federal income tax return for the taxable year and each preceding taxable year for which it was a member of an affiliated group~~, unless a consolidated return for the taxpayer and others is required or elected under s. 220.131~~;

(g) "Taxable income," in the case of a cooperative corporation or association, means the taxable income of such organization determined in accordance with the provisions of ss. 1381-1388 of the Internal Revenue Code;

(h) "Taxable income," in the case of an organization which is exempt from the federal income tax by reason of s. 501(a) of the Internal Revenue Code, means its unrelated business taxable income as determined under s. 512 of the Internal Revenue Code;

(i) "Taxable income," in the case of a corporation for which there is in effect for the taxable year an election under s. 1362(a) of the Internal Revenue Code, means the amounts subject to tax under s. 1374 or s. 1375 of the Internal Revenue Code for each taxable year;

(j) “Taxable income,” in the case of a limited liability company, other than a limited liability company classified as a partnership for federal income tax purposes, as defined in and organized pursuant to chapter 605 or qualified to do business in this state as a foreign limited liability company or other than a similar limited liability company classified as a partnership for federal income tax purposes and created as an artificial entity pursuant to the statutes of the United States or any other state, territory, possession, or jurisdiction, if such limited liability company or similar entity is taxable as a corporation for federal income tax purposes, means taxable income determined as if such limited liability company were required to file or had filed a federal corporate income tax return under the Internal Revenue Code;

(k) “Taxable income,” in the case of a taxpayer liable for the alternative minimum tax as defined in s. 55 of the Internal Revenue Code, means the alternative minimum taxable income as defined in s. 55(b)(2) of the Internal Revenue Code, less the exemption amount computed under s. 55(d) of the Internal Revenue Code. A taxpayer is not liable for the alternative minimum tax unless the taxpayer’s federal tax return, or related federal consolidated tax return, if included in a consolidated return for federal tax purposes, reflect a liability on the return filed for the alternative minimum tax as defined in s. 55(b)(2) of the Internal Revenue Code;

(l) “Taxable income,” in the case of a taxpayer whose taxable income is not otherwise defined in this subsection, means the sum of amounts to which a tax rate specified in s. 11 of the Internal Revenue Code plus the amount to which a tax rate specified in s. 1201(a)(2) of the Internal Revenue Code are applied for federal income tax purposes.

Section 3. Section 220.131, Florida Statutes, is repealed.

Section 4. Section 220.136, Florida Statutes, is created to read:

220.136 Determination of the members of a unitary combined group.—A corporation having 50 percent or more of its outstanding voting stock directly or indirectly owned or controlled by a unitary combined group is considered a member of the unitary combined group. A corporation having less than 50 percent of its outstanding voting stock directly or indirectly owned or controlled by a unitary combined group is considered a member of the unitary combined group if the business activities of the corporation are of such a nature that the corporation is considered functionally integrated with, and therefore a member of, the unitary combined group. All of the income of a corporation that is a member of a unitary combined group is unitary. For purposes of this section, the attribution rules of 26 U.S.C. s. 318 must be used to determine whether voting stock is indirectly owned.

Section 5. Section 220.1363, Florida Statutes, is created to read:

220.1363 Unitary combined groups; special requirements.—

(1) As used in this section, the term “unitary combined reporting method” means a method used to determine the taxable business profits of a group of entities conducting a unitary business. Under this method, the net income of the entities must be added together, along with the additions and subtractions under s. 220.13, and apportioned to this state as a single

taxpayer under ss. 220.15 and 220.151. However, each special industry member included in a unitary combined group return which would otherwise be permitted to use a special method of apportionment under s. 220.151 shall convert its single-factor apportionment to a three-factor apportionment of property, payroll, and sales. The special industry member shall calculate the denominator of its property, payroll, and sales factors in the same manner as those denominators are calculated by members that are not special industry members. The numerator of sales, property, and payroll factors is the product of the denominator of each factor multiplied by the premiums or revenue-miles-factor ratio otherwise applicable under s. 220.151.

(2) All members of a unitary combined group must use the unitary combined reporting method, under which all of the following apply:

(a) Adjusted federal income, for purposes of s. 220.12, is the sum of adjusted federal income of all members of the unitary combined group as determined for a concurrent taxable year.

(b) The numerators and denominators of the apportionment factors must be calculated for all members of the unitary combined group combined.

(c) Intercompany sales transactions between members of the unitary combined group are not included in the numerator or denominator of the sales factor under ss. 220.15 and 220.151, regardless of whether indicia of a sale exist.

(d) For sales of intangibles, including, but not limited to, accounts receivable, notes, bonds, and stock, which are made to entities outside the group, only the net proceeds are included in the numerator and denominator of the sales factor.

As used in this subsection, the term “sale” includes, but is not limited to, loans, payments for the use of intangibles, dividends, and management fees.

(3)(a) If a parent corporation is a member of the unitary combined group and has nexus with this state, a single unitary combined group return must be filed in the name and under the federal employer identification number of the parent corporation. If the unitary combined group does not have a parent corporation, if the parent corporation is not a member of the unitary combined group, or if the parent corporation does not have nexus with this state, the members of the unitary combined group must choose a member subject to the tax imposed by this chapter to file the return. The members of the unitary combined group may not choose another member to file a corporate income tax return in subsequent years unless the filing member does not maintain nexus with this state or does not remain a member of the unitary combined group. The return must be signed by an authorized officer of the filing member as the agent for the unitary combined group.

(b) If members of a unitary combined group have different taxable years, the taxable year of a majority of the members of the unitary combined group is the taxable year of the unitary combined group. If the taxable years of a majority of the members of a unitary combined group do not correspond, the taxable year of the member that files the return for the unitary combined group is the taxable year of the unitary combined group.

(c)1. A member of a unitary combined group having a taxable year that does not correspond to the taxable year of the unitary combined group shall determine its income for inclusion on the tax return of the unitary combined group using all of the following:

a. The precise amount of taxable income received during the months corresponding to the taxable year of the unitary combined group, if the precise amount can be readily determined from the member’s books and records.

b. The taxable income of the member converted to conform to the taxable year of the unitary combined group on the basis of the number of months falling within the taxable year of the unitary combined group. For example, if the taxable year of the unitary combined group is a calendar year and a member operates on a fiscal year ending on April 30, the income of the member must include 8/12 of the income from the current taxable year and 4/12 of the income from the preceding taxable year. This method to determine the income of a member may be used only if the return can be timely filed after the end of the taxable year of the unitary combined group.

c. The taxable income of the member during its taxable year that ends within the taxable year of the unitary combined group.

2. The method of determining the income of a member of a unitary combined group whose taxable year does not correspond to the taxable year of the unitary combined group may not change as long as the member remains a member of the unitary combined group. The apportionment factors for the member must be applied to the income of the member for the taxable year of the unitary combined group.

(4)(a) A unitary combined group return must include a computational schedule that does all of the following:

1. Combines the adjusted federal income of all members of the unitary combined group;

2. Shows all intercompany eliminations;

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

4. Shows the calculation of the combined apportionment factors.

(b) In addition to its return, a unitary combined group shall also file a domestic disclosure spreadsheet. The spreadsheet must fully disclose all of the following:

1. The income reported to each state in which the group operates;

2. The combined state tax liability;

3. The method used for apportioning or allocating income to each state in which the group operates; and

4. Other information required by department rule in order to determine the proper amount of tax due to each state and to identify the unitary combined group.

(5) The executive director of the department may take any of the following actions if he or she believes such action is necessary to prevent substantial tax avoidance by the unitary combined group:

(a) Add the income or apportionment factors of a related entity to the unitary combined group return if the related entity is not subject to corporate income tax.

(b) Adjust the income or apportionment factor of a member of the unitary combined group if such member is subject to industry-specific apportionment rules.

(6) The department may adopt rules and forms to administer this section. The Legislature intends to grant the department extensive authority to adopt rules and forms describing and defining principles for determining the existence of a unitary combined group, definitions of common control, methods of reporting, and related forms, principles, and other definitions.

Section 6. Subsections (2), (3), and (4) of section 220.14, Florida Statutes, are amended to read:

220.14 Exemption.—

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

(3) Only one exemption is ~~shall be~~ allowed to taxpayers filing a unitary combined group ~~consolidated~~ return under this code.

(4) Notwithstanding any other provision of this code, not more than one exemption under this section may be allowed to the Florida members of a controlled group of corporations, as defined in s. 1563 of the Internal Revenue Code with respect to taxable years ending on or after December 31, 1970, filing separate returns under this code. The exemption described in this section must ~~shall~~ be divided equally among such Florida members of the group~~,~~ unless all of such members consent, at such time and in such manner as the department shall by regulation prescribe, to an apportionment plan providing for an unequal allocation of such exemption.

Section 7. Paragraphs (b) and (c) of subsection (5) of section 220.15, Florida Statutes, are amended to read:

220.15 Apportionment of adjusted federal income.—

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

(b)1. Sales of tangible personal property occur in this state if:

a. The property is delivered or shipped to a purchaser, other than the United States Government, within this state, regardless of the f.o.b. point, other conditions of the sale, or ultimate destination of the property, unless shipment is made via a common or contract carrier; or

b. The property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state, and the purchaser is the United States Government or the taxpayer is not taxable in the purchaser's state.

However, for industries in NAICS National Number 311411, if the ultimate destination of the product is to a location outside this state, regardless of the method of shipment or f.o.b. point, the sale shall not be deemed to occur in this state. As used in this paragraph, "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President.

2. When citrus fruit is delivered by a cooperative for a grower-member, by a grower-member to a cooperative, or by a grower-participant to a Florida processor, the sales factor for

the growers for such citrus fruit delivered to such processor shall be the same as the sales factor for the most recent taxable year of that processor. That sales factor, expressed only as a percentage and not in terms of the dollar volume of sales, so as to protect the confidentiality of the sales of the processor, shall be furnished on the request of such a grower promptly after it has been determined for that taxable year.

3. Reimbursement of expenses under an agency contract between a cooperative, a grower-member of a cooperative, or a grower and a processor is not a sale within this state.

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

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

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

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

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

5. Interest, fees, commissions, or other charges or gains from loans secured by mortgages, deeds of trust, or other liens upon real or tangible personal property located in this state or

from installment sale agreements originally executed by a taxpayer or the taxpayer’s agent to sell real or tangible personal property located in this state;

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

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

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

Section 8. Paragraph (f) of subsection (1) of section 220.183, Florida Statutes, is amended to read:

220.183 Community contribution tax credit.—

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

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

Section 9. Paragraphs (b), (c), and (d) of subsection (2) of section 220.1845, Florida Statutes, are amended to read:

220.1845 Contaminated site rehabilitation tax credit.—

(2) AUTHORIZATION FOR TAX CREDIT; LIMITATIONS.—

(b) A tax credit applicant, or multiple tax credit applicants working jointly to clean up a single site, may not be granted more than $500,000 per year in tax credits for each site voluntarily rehabilitated. Multiple tax credit applicants shall be granted tax credits in the same proportion as their contribution to payment of cleanup costs. Subject to the same conditions and limitations as provided in this section, a municipality, county, or other tax credit applicant which voluntarily rehabilitates a site may receive not more than $500,000 per year in tax credits which it can subsequently transfer subject to ~~the provisions in~~ paragraph (f) ~~(g)~~.

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

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

Section 10. Subsection (2) of section 220.1875, Florida Statutes, is amended to read:

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

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

Section 11. Subsection (2) of section 220.1876, Florida Statutes, is amended to read:

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

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

Section 12. Subsection (2) of section 220.1877, Florida Statutes, is amended to read:

220.1877 Credit for contributions to eligible charitable organizations.—

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

Section 13. Subsection (2) of section 220.18775, Florida Statutes, is amended to read:

220.18775 Credit for contributions to eligible charitable organizations for the Home Away From Home Tax Credit.—

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

Section 14. Subsection (2) of section 220.1878, Florida Statutes, is amended to read:

220.1878 Credit for contributions to the Live Local Program.—

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

Section 15. Subsection (2) of section 220.19, Florida Statutes, is amended to read:

220.19 Child care tax credits.—

~~(2) A taxpayer that files a consolidated return in this state as a member of an affiliated group under s. 220.131(1) may be allowed the credit on a consolidated return basis; however, the total credit taken by the affiliated group is subject to the limitation established under s. 402.261(2)(d).~~

Section 16. Paragraphs (a) and (c) of subsection (3) of section 220.191, Florida Statutes, are amended to read:

220.191 Capital investment tax credit.—

(3)(a) Notwithstanding subsection (2), an annual credit against the tax imposed by this chapter shall be granted to a qualifying business which establishes a qualifying project pursuant to subparagraph (1)(h)3., in an amount equal to the lesser of $15 million or 5 percent of the eligible capital costs made in connection with a qualifying project, for a period not to exceed 20 years beginning with the commencement of operations of the project. The tax credit shall be granted against the corporate income tax liability of the qualifying business ~~and as further provided in paragraph (c)~~. The total tax credit provided pursuant to this subsection shall be equal to no more than 100 percent of the eligible capital costs of the qualifying project.

(c) The credit granted under this subsection may be used in whole or in part by the qualifying business ~~or any corporation that is either a member of that qualifying business's affiliated group of corporations, is a related entity taxable as a cooperative under subchapter T of the Internal Revenue Code, or, if the qualifying business is an entity taxable as a cooperative under subchapter T of the Internal Revenue Code, is related to the qualifying business. Any entity related to the qualifying business may continue to file as a member of a Florida-nexus consolidated group pursuant to a prior election made under s. 220.131(1), Florida Statutes (1985), even if the parent of the group changes due to a direct or indirect acquisition of the former common parent of the group. Any credit can be used by any of the affiliated companies or related entities referenced in this paragraph to the same extent as it could have been used by the qualifying business. However, any such use shall not operate to increase the amount of the credit or extend the period within which the credit must be used~~.

Section 17. Paragraph (a) of subsection (4) of section 220.1991, Florida Statutes, is amended to read:

220.1991 Credit for manufacturing of human breast milk derived human milk fortifiers.—

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

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

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

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

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

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

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

220.64 Other provisions applicable to franchise tax.—To the extent that they are not manifestly incompatible with ~~the provisions of~~ this part, parts I, III, IV, V, VI, VIII, IX, and

X of this code and ss. 220.12, 220.13, 220.136, 220.1363, 220.15, and 220.16 apply to the franchise tax imposed by this part. Under rules prescribed by the department ~~in s. 220.131~~, a consolidated return may be filed by any affiliated group of corporations composed of one or more banks or savings associations, ~~its or~~ their Florida parent corporations ~~corporation~~, and any nonbank or nonsavings subsidiaries of such parent corporations ~~corporation~~.

Section 20. Subsections (9) and (10) of section 376.30781, Florida Statutes, are amended to read:

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

(9) On or before June 1, the Department of Environmental Protection shall inform each tax credit applicant subject to the January 31 annual application deadline of the applicant’s eligibility status and the amount of any tax credit due. The department shall provide each eligible tax credit applicant with a tax credit certificate that must be submitted with its tax return to the Department of Revenue to claim the tax credit or be transferred pursuant to s. 220.1845(2)(f) ~~s. 220.1845(2)(g)~~. The June 1 deadline for annual site rehabilitation tax credit certificate awards does not apply to any tax credit application for which the department has issued a notice of deficiency pursuant to subsection (8). The department shall respond within 120 days after receiving a response from the tax credit applicant to such a notice of deficiency. Credits may not result in the payment of refunds if total credits exceed the amount of

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

tax owed.

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

Section 21. Transitional rules.—

(1) For the first taxable year beginning on or after January 1, 2027, a taxpayer that filed a Florida corporate income tax return in the preceding taxable year and that is a member of a unitary combined group shall compute its income together with all members of its unitary combined group and file a combined Florida corporate income tax return with all members of its unitary combined group.

(2) An affiliated group of corporations which filed a Florida consolidated corporate income tax return pursuant to an election provided in former s. 220.131, Florida Statutes, shall cease filing a Florida consolidated return for taxable years beginning on or after January 1, 2027, and shall file a combined Florida corporate income tax return with all members of its unitary combined group.

(3) An affiliated group of corporations which filed a

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Florida consolidated corporate income tax return pursuant to the election in former s. 220.131(1), Florida Statutes (1985), which allowed the affiliated group to make an election within 90 days after December 20, 1984, or upon filing the taxpayer’s first return after December 20, 1984, whichever was later, shall cease filing a Florida consolidated corporate income tax return using that method for taxable years beginning on or after January 1, 2027, and shall file a combined Florida corporate income tax return with all members of its unitary combined group.

(4) A taxpayer that is not a member of a unitary combined group remains subject to chapter 220, Florida Statutes, and shall file a separate Florida corporate income tax return as previously required.

(5) For taxable years beginning on or after January 1, 2027, a tax return for a member of a unitary combined group must be a combined Florida corporate income tax return that includes tax information for all members of the unitary combined group. The tax return must be filed by a member that has nexus with this state.

Section 22. Any additional revenue received as a result of the enactment of this act must be deposited into the General Revenue Fund.

Section 23. This act shall take effect July 1, 2026.