

1 A bill to be entitled
 2 An act relating to defense contracting; creating s.
 3 288.1046, F.S.; providing definitions; providing that
 4 certain prime contractors may apply to the Department
 5 of Economic Opportunity to certify that such
 6 contractors may reduce their computation of adjusted
 7 federal income by a certain amount when awarded a
 8 prime contract; providing requirements to apply for a
 9 reduction in computation of income; providing that a
 10 prime contractor must apply separately for each
 11 qualified subcontract award; providing for required
 12 documentation; providing guidelines for the department
 13 to certify an award; providing rulemaking authority;
 14 providing an effective date.

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

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 18 Section 1. Section 288.1046, Florida Statutes, is created
 19 to read:

20 288.1046 Defense Works in Florida Incentive.—

21 (1) As used in this section, the term:

22 (a) "Florida prime contractor" means a business entity
 23 operating in the state that is awarded a prime contract.

24 (b) "Florida small business subcontractor" means a
 25 business entity that:

- 26 1. Maintains its primary place of business in the state.
- 27 2. Has 250 or fewer employees.
- 28 3. Is awarded a subcontract from a Florida prime

29 contractor.

30 4. Has no subsidiary or affiliate business relationship to
31 the prime contractor making the award.

32 (c) "Prime contract" means a contract that is awarded
33 directly from the Federal Government.

34 (d) "Qualified defense work" means a prime contract
35 awarded for manufacturing, engineering, construction,
36 distribution, research, development, or other activities related
37 to equipment, supplies, technology, or other goods or services
38 that directly or indirectly support the United States Armed
39 Forces or that can be reasonably determined to support national
40 security, including space related activities. The term does not
41 include work that may only be awarded locally by a military
42 installation. The term also does not include contracts awarded
43 before October 1, 2013.

44 (e) "Qualified subcontract award" means defense work, in
45 part or in whole, subcontracted from a Florida prime contractor
46 to a Florida small business subcontractor, which is executed in
47 the state and is determined by the department to meet the
48 criteria in paragraphs (a) through (d).

49 (2) A Florida prime contractor may apply to the department
50 to certify that it may reduce its computation of adjusted
51 federal income under s. 220.13 by an amount equal to 4 percent
52 of the subcontract award if such prime contractor:

53 (a) Is subject to chapter 220.

54 (b) Is awarded qualified defense work.

55 (c) Awards a qualified subcontract award.

56 (3) A Florida prime contractor may claim the incentive

57 | under subsection (2), and must apply separately to the
58 | department, for each qualified subcontract award and provide the
59 | department required documentation including, but not limited to,
60 | the application for the award and copies of contracts, tax
61 | records, or employment records.

62 | (4) The department may establish application, approval,
63 | appeal, and accountability processes as necessary. The
64 | department may consult with Enterprise Florida, Inc., and the
65 | Florida Defense Support Task Force as necessary to administer
66 | this section.

67 | (a) The department shall provide a letter certifying a
68 | qualified subcontract award to a Florida prime contractor to be
69 | used when the business files its taxes. Certifications shall
70 | apply beginning in the 2014 tax year.

71 | (b) The department may certify, per each Florida prime
72 | contractor applicant per tax year, up to \$250 million in
73 | aggregate qualified subcontract awards, equaling \$10 million in
74 | reduced taxable income and \$550,000 in reduced taxes.

75 | (c) The department may certify in total, per tax year, up
76 | to \$2.5 billion in aggregate qualified subcontract awards,
77 | equaling \$100 million in reduced taxable income and \$5.5 million
78 | in reduced taxes.

79 | (d) For a multiyear qualified subcontract award:

80 | 1. The department shall certify the full amount of the
81 | award under paragraphs (b) and (c) in the year it was awarded.

82 | 2. The Florida prime contractor may claim the incentive in
83 | the tax year in which payment is made to the Florida small
84 | business subcontractor.

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85 | (5) The department and the Department of Revenue may adopt
86 | rules to administer this section.

87 | Section 2. This act shall take effect July 1, 2014.