

1 A bill to be entitled

2 An act relating to corporate income taxation; amending
3 s. 220.03, F.S.; adopting the Internal Revenue Code as
4 amended and in effect on January 1, 2018; creating s.
5 220.1105, F.S.; providing definitions; providing for
6 the adjustment of the corporate tax rate based on net
7 collections exceeding adjusted forecasted collections
8 for fiscal years 2018-2019 through 2020-2021;
9 specifying the treatment of net collections amounts
10 that exceed adjusted forecasted net collections for
11 fiscal years 2018-2019 through 2020-2021; amending s.
12 220.11, F.S.; revising the adjustment of the tax rate
13 imposed; amending s. 220.13, F.S.; incorporating a
14 reference to a recent federal act into state law for
15 the purpose of defining the term "adjusted federal
16 income"; revising the calculation of certain taxable
17 income based on changes to federal law; amending s.
18 220.63, F.S.; revising the adjustment of franchise tax
19 rate imposed on banking and savings associations;
20 providing emergency rulemaking authority; providing
21 for retroactive application; providing an effective
22 date.

23
24 Be It Enacted by the Legislature of the State of Florida:
25

26 Section 1. Paragraph (n) of subsection (1) and paragraph
27 (c) of subsection (2) of section 220.03, Florida Statutes, are
28 amended to read:

29 220.03 Definitions.—

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

34 (n) "Internal Revenue Code" means the United States
35 Internal Revenue Code of 1986, as amended and in effect on
36 January 1, 2018 ~~2017~~, except as provided in subsection (3).

37 (2) DEFINITIONAL RULES.—When used in this code and neither
38 otherwise distinctly expressed nor manifestly incompatible with
39 the intent thereof:

40 (c) Any term used in this code has the same meaning as
41 when used in a comparable context in the Internal Revenue Code
42 and other statutes of the United States relating to federal
43 income taxes, as such code and statutes are in effect on January
44 1, 2018 ~~2017~~. However, if subsection (3) is implemented, the
45 meaning of a term shall be taken at the time the term is applied
46 under this code.

47 Section 2. Section 220.1105, Florida Statutes, is created
48 to read:

49 220.1105 Tax imposed; automatic downward adjustments to
50 tax rates.—

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

52 (a) "Net collections for a fiscal year" means the total
53 amount of taxes collected under this chapter by the department
54 in a state fiscal year, including related interest and
55 penalties, minus the total amount of refunds of taxes levied
56 under this chapter and issued by the department in that fiscal
57 year. No later than September 1 each year the Office of Economic
58 and Demographic Research shall determine net collections for the
59 most recent fiscal year.

60 (b) "Forecasted net collections for a fiscal year" means
61 the amount of net collections of corporate income tax for a
62 fiscal year forecasted by the Revenue Estimating Conference on
63 February 9, 2018.

64 (c) "Adjusted forecasted collections for a fiscal year"
65 means forecasted net collections for a fiscal year multiplied by
66 1.03.

67 (d) "Tax rate imposed" is the tax rate as defined in ss.
68 220.11(2) and 220.63(2) adjusted as set forth in this section.

69 (2) The tax rate imposed shall be adjusted based on net
70 collections in each of the fiscal years 2018-2019 through 2020-
71 2021. If the net collections for a fiscal year exceed the
72 adjusted forecasted collections for the same fiscal year, the
73 tax rate imposed for taxable years beginning on or after January
74 1 of the year in which the fiscal year ends shall be the tax
75 rate imposed for taxable years beginning on or after January 1

76 of the preceding year multiplied by the quotient of the adjusted
77 forecasted collections for the fiscal year, divided by the net
78 collections for the fiscal year. The resulting tax rate shall be
79 rounded to the nearest thousandth and rounded down if the fourth
80 digit to the left of the decimal is the number five.

81 (3) By October 1, 2019, October 1, 2020, and October 1,
82 2021, the Department of Revenue shall calculate the tax rate
83 imposed, if it is to be adjusted pursuant to subsection (2), and
84 shall on that same date report the results of such calculation
85 to the Governor, the President of the Senate, and the Speaker of
86 the House of Representatives.

87 (4) For fiscal years 2018-2019 through 2020-2021, any
88 amount by which net collections for a fiscal year exceed
89 adjusted forecasted collections for that fiscal year may not be
90 appropriated and shall only be used to offset future revenue
91 reductions resulting from nonrecurring tax relief measures.

92 Section 3. Subsection (2) of section 220.11, Florida
93 Statutes, is amended to read:

94 220.11 Tax imposed.—

95 (2) (a) The tax imposed by this section shall be an amount
96 equal to 5 1/2 percent of the taxpayer's net income for the
97 taxable year, except as provided in paragraph (b).

98 (b) The tax rate imposed in paragraph (a) shall be
99 adjusted as provided in s. 220.1105.

100 Section 4. Paragraph (e) of subsection (1) of section

101 220.13, Florida Statutes, is amended to read:

102 220.13 "Adjusted federal income" defined.—

103 (1) The term "adjusted federal income" means an amount
 104 equal to the taxpayer's taxable income as defined in subsection
 105 (2), or such taxable income of more than one taxpayer as
 106 provided in s. 220.131, for the taxable year, adjusted as
 107 follows:

108 (e) Adjustments related to federal acts.—Taxpayers shall
 109 be required to make the adjustments prescribed in this paragraph
 110 for Florida tax purposes with respect to certain tax benefits
 111 received pursuant to the Economic Stimulus Act of 2008, the
 112 American Recovery and Reinvestment Act of 2009, the Small
 113 Business Jobs Act of 2010, the Tax Relief, Unemployment
 114 Insurance Reauthorization, and Job Creation Act of 2010, the
 115 American Taxpayer Relief Act of 2012, the Tax Increase
 116 Prevention Act of 2014, ~~and~~ the Consolidated Appropriations Act,
 117 2016, and the Tax Cuts and Jobs Act of 2017.

118 1. There shall be added to such taxable income an amount
 119 equal to 100 percent of any amount deducted for federal income
 120 tax purposes as bonus depreciation for the taxable year pursuant
 121 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
 122 amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No.
 123 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No.
 124 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No.
 125 113-295, ~~and~~ s. 143 of Division Q of Pub. L. No. 114-113, and s.

126 | 13201 Pub. L. No. 115-97, for property placed in service after
127 | December 31, 2007, and before January 1, 2027 ~~2021~~. For the
128 | taxable year and for each of the 6 subsequent taxable years,
129 | there shall be subtracted from such taxable income an amount
130 | equal to one-seventh of the amount by which taxable income was
131 | increased pursuant to this subparagraph, notwithstanding any
132 | sale or other disposition of the property that is the subject of
133 | the adjustments and regardless of whether such property remains
134 | in service in the hands of the taxpayer.

135 | 2. There shall be added to such taxable income an amount
136 | equal to 100 percent of any amount in excess of \$128,000
137 | deducted for federal income tax purposes for the taxable year
138 | pursuant to s. 179 of the Internal Revenue Code of 1986, as
139 | amended by s. 102 of Pub. L. No. 110-185, s. 1202 of Pub. L. No.
140 | 111-5, s. 2021 of Pub. L. No. 111-240, s. 402 of Pub. L. No.
141 | 111-312, s. 315 of Pub. L. No. 112-240, and s. 127 of Pub. L.
142 | No. 113-295, for taxable years beginning after December 31,
143 | 2007, and before January 1, 2015. For the taxable year and for
144 | each of the 6 subsequent taxable years, there shall be
145 | subtracted from such taxable income one-seventh of the amount by
146 | which taxable income was increased pursuant to this
147 | subparagraph, notwithstanding any sale or other disposition of
148 | the property that is the subject of the adjustments and
149 | regardless of whether such property remains in service in the
150 | hands of the taxpayer.

151 3. There shall be added to such taxable income an amount
152 equal to 100 percent of any amount in excess of \$500,000
153 deducted for federal income tax purposes for the taxable year
154 pursuant to s. 179 of the Internal Revenue Code of 1986, as
155 amended by s. 13101 of Pub. L. No. 115-97, for taxable years
156 beginning after December 31, 2017. For the taxable year and for
157 each of the 6 subsequent taxable years, there shall be
158 subtracted from such taxable income one-seventh of the amount by
159 which taxable income was increased pursuant to this
160 subparagraph, notwithstanding any sale or other disposition of
161 the property that is the subject of the adjustments and
162 regardless of whether such property remains in service in the
163 hands of the taxpayer.

164 ~~4.3.~~ There shall be added to such taxable income an amount
165 equal to the amount of deferred income not included in such
166 taxable income pursuant to s. 108(i)(1) of the Internal Revenue
167 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There
168 shall be subtracted from such taxable income an amount equal to
169 the amount of deferred income included in such taxable income
170 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,
171 as amended by s. 1231 of Pub. L. No. 111-5.

172 ~~5.4.~~ Subtractions available under this paragraph may be
173 transferred to the surviving or acquiring entity following a
174 merger or acquisition and used in the same manner and with the
175 same limitations as specified by this paragraph.

176 ~~6.5.~~ The additions and subtractions specified in this
177 paragraph are intended to adjust taxable income for Florida tax
178 purposes, and, notwithstanding any other provision of this code,
179 such additions and subtractions shall be permitted to change a
180 taxpayer's net operating loss for Florida tax purposes.

181 Section 5. Subsection (2) of section 220.63, Florida
182 Statutes, is amended to read:

183 220.63 Franchise tax imposed on banks and savings
184 associations.—

185 (2) (a) The tax imposed by this section shall be an amount
186 equal to 5 1/2 percent of the franchise tax base of the bank or
187 savings association for the taxable year, except as provided in
188 paragraph (b).

189 (b) The tax rate imposed in paragraph (a) shall be
190 adjusted as provided in s. 220.1105.

191 Section 6. (1) The Department of Revenue is authorized,
192 and all conditions are deemed to be met, to adopt emergency
193 rules pursuant to s. 120.54(4), Florida Statutes, for the
194 purpose of implementing this act.

195 (2) Notwithstanding any other provision of law, emergency
196 rules adopted pursuant to subsection (1) are effective for 6
197 months after adoption and may be renewed during the pendency of
198 procedures to adopt permanent rules addressing the subject of
199 the emergency rules.

200 (3) This section expires January 1, 2021.

HB 7093

2018

201 Section 7. This act shall take effect upon becoming a law
202 and operate retroactively to January 1, 2018.