

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 Finance and Tax Committee

BILL: CS/SB 1912

INTRODUCER: Finance and Tax Committee and Senator Altman

SUBJECT: Corporate Income Tax

DATE: April 6, 2010 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	ODonnell	McKee	FT	Fav/CS
2.	_____	_____	GA	_____
3.	_____	_____	WPSC	_____
4.	_____	_____	RC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill updates references in Chapter 220, Florida Statutes, (the Florida Income Tax Code) to reflect changes in the U.S. Internal Revenue Code adopted after January 1, 2009 and in effect January 1, 2010.

This bill substantially amends s. 220.03, F.S.

II. Present Situation:

Florida's Corporate Income Tax Code follows the federal Internal Revenue Code by using federal rules and starting with federal taxable income as the tax base for the Florida income tax. Section 220.03, F.S., defines specific terms as they apply to Florida's Corporate Income Tax Code. The term "Internal Revenue Code" is defined to mean those provisions of the United States Internal Revenue Code of 1986, as amended, in effect on January 1, 2009.

III. Effect of Proposed Changes:

This bill updates the Florida Income Tax Code to reflect changes in the U.S. Internal Revenue Code enacted by Congress and in effect on January 1, 2010. This definition provides for “piggybacking” each change made to the Internal Revenue Code during 2009. This bill takes effect upon becoming a law and operates retroactively to January 1, 2010.

Other Potential Implications:

None.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

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

This bill maintains the link between Florida’s corporate income tax code and the current federal income tax code.

B. Private Sector Impact:

This bill ensures that corporations that are subject to Florida corporate income tax can, to the greatest degree possible, base their tax calculations on current federal law. Failure to pass this bill would result in increased bookkeeping burdens for these entities.

C. Government Sector Impact:

Since Florida’s corporate income tax is based upon a taxpayer’s income as calculated for federal tax purposes, Florida can rely on the efforts of the IRS to ensure the accuracy of the starting point for determining Florida tax liability. Passage of this bill is necessary to maintain this relationship, which is thought to improve voluntary compliance with Florida’s income tax law.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Finance and Tax on April 6, 2010:

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- B. **Amendments:**

None.