



27 operating in the state that is awarded a prime contract.

28 (b) "Florida small business subcontractor" means a  
29 business entity that:

30 1. Maintains its primary place of business in the state;

31 2. Has 250 or fewer employees at the time a qualified  
32 subcontract award is made;

33 3. Is awarded a subcontract from a Florida prime  
34 contractor; and

35 4. Has no subsidiary or affiliate business relationship to  
36 the prime contractor making the award.

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

39 (d) "Qualified defense work" means a prime contract  
40 awarded for manufacturing, engineering, construction,  
41 distribution, research, development, or other activities related  
42 to equipment, supplies, technology, or other goods or services  
43 that directly or indirectly support the United States Armed  
44 Forces or that can be reasonably determined to support national  
45 security, including space-related activities.

46 (e) "Qualified subcontract award" means qualified defense  
47 work, in part or in whole, subcontracted from a Florida prime  
48 contractor to a Florida small business subcontractor, which is  
49 executed in the state and valued at more than \$250,000. The term  
50 does not include subcontracts executed before July 1, 2015.

51 (2) A Florida prime contractor may apply to the department  
52 to certify that it may reduce its computation of adjusted

53 federal income under s. 220.13 by 4 percent of the qualified  
54 subcontract award if such prime contractor:

55 (a) Is subject to chapter 220;  
56 (b) Is awarded qualified defense work; and  
57 (c) Makes a qualified subcontract award.

58 (3) A Florida prime contractor may reduce its adjusted  
59 federal income under subsection (2) only for taxable years  
60 beginning on or after January 1, 2016, and must apply separately  
61 to the department for each qualified subcontract award and  
62 provide the department required documentation including, but not  
63 limited to, the award application and copies of contracts, tax  
64 records, or employment records.

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

70 (a) Within 10 days after certifying a qualified  
71 subcontract award, the department shall provide:

72 1. A letter certifying the award to the applicant; and  
73 2. A copy of the letter certifying the award to the  
74 Department of Revenue.

75 (b) The department may certify, for each Florida prime  
76 contractor applicant per calendar year, up to \$250 million in  
77 aggregate qualified subcontract awards.

78 (c) The department may certify in total, per calendar

79 year, up to \$2.5 billion in aggregate qualified subcontract  
80 awards.

81 (d) For a multiyear qualified subcontract award, the  
82 department shall certify the full amount of the award under  
83 paragraphs (b) and (c) in the calendar year in which it was  
84 awarded.

85 (e) The Florida prime contractor may reduce its adjusted  
86 federal income under subsection (2) in the taxable years in  
87 which payments are made to the Florida small business  
88 subcontractor.

89 (5) The department and the Department of Revenue may adopt  
90 rules to administer this section.

91 Section 2. Paragraph (b) of subsection (1) of section  
92 220.13, Florida Statutes, is amended to read:

93 220.13 "Adjusted federal income" defined.—

94 (1) The term "adjusted federal income" means an amount  
95 equal to the taxpayer's taxable income as defined in subsection  
96 (2), or such taxable income of more than one taxpayer as  
97 provided in s. 220.131, for the taxable year, adjusted as  
98 follows:

99 (b) Subtractions.—

100 1. There shall be subtracted from such taxable income:

101 a. The net operating loss deduction allowable for federal  
102 income tax purposes under s. 172 of the Internal Revenue Code  
103 for the taxable year, except that any net operating loss that is  
104 transferred pursuant to s. 220.194(6) may not be deducted by the

105 seller,

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

109       c. The excess charitable contribution deduction allowable  
 110 for federal income tax purposes under s. 170(d)(2) of the  
 111 Internal Revenue Code for the taxable year, and

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

115  
 116 However, a net operating loss and a capital loss shall never be  
 117 carried back as a deduction to a prior taxable year, but all  
 118 deductions attributable to such losses shall be deemed net  
 119 operating loss carryovers and capital loss carryovers,  
 120 respectively, and treated in the same manner, to the same  
 121 extent, and for the same time periods as are prescribed for such  
 122 carryovers in ss. 172 and 1212, respectively, of the Internal  
 123 Revenue Code.

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

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

129       b. All amounts included in taxable income under s. 78 or  
 130 s. 951 of the Internal Revenue Code.

131  
132 However, as to any amount subtracted under this subparagraph,  
133 there shall be added to such taxable income all expenses  
134 deducted on the taxpayer's return for the taxable year which are  
135 attributable, directly or indirectly, to such subtracted amount.  
136 Further, no amount shall be subtracted with respect to dividends  
137 paid or deemed paid by a Domestic International Sales  
138 Corporation.

139 3. In computing "adjusted federal income" for taxable  
140 years beginning after December 31, 1976, there shall be allowed  
141 as a deduction the amount of wages and salaries paid or incurred  
142 within this state for the taxable year for which no deduction is  
143 allowed pursuant to s. 280C(a) of the Internal Revenue Code  
144 (relating to credit for employment of certain new employees).

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

147 5. There shall be subtracted any amount of taxes of  
148 foreign countries allowable as credits for taxable years  
149 beginning on or after September 1, 1985, under s. 901 of the  
150 Internal Revenue Code to any corporation which derived less than  
151 20 percent of its gross income or loss for its taxable year  
152 ended in 1984 from sources within the United States, as  
153 described in s. 861(a)(2)(A) of the Internal Revenue Code, not  
154 including credits allowed under ss. 902 and 960 of the Internal  
155 Revenue Code, withholding taxes on dividends within the meaning  
156 of sub-subparagraph 2.a., and withholding taxes on royalties,

157 interest, technical service fees, and capital gains.

158 6. There shall be subtracted from such taxable income 4  
159 percent of the amount of the qualified subcontract award  
160 certified by the Department of Economic Opportunity and paid to  
161 the subcontractor pursuant to s. 288.1046, divided by the  
162 apportionment factor as described in s. 220.15.

163 ~~7.6.~~ Notwithstanding any other provision of this code,  
164 except with respect to amounts subtracted pursuant to  
165 subparagraphs 1. and 3., any increment of any apportionment  
166 factor which is directly related to an increment of gross  
167 receipts or income which is deducted, subtracted, or otherwise  
168 excluded in determining adjusted federal income shall be  
169 excluded from both the numerator and denominator of such  
170 apportionment factor. Further, all valuations made for  
171 apportionment factor purposes shall be made on a basis  
172 consistent with the taxpayer's method of accounting for federal  
173 income tax purposes.

174 Section 3. This act shall take effect July 1, 2015.