

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2028

SPONSOR: Senator Pruitt

SUBJECT: Corporate Income Tax

DATE: February 7, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
2.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

Senate Bill 2028 updates references in Chapter 220, Florida Statutes, the Florida Income Tax Code, to reflect changes in the U.S. Internal Revenue Code for corporate income tax purposes.

This bill amends. 220.03, Florida Statutes.

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, Florida Statutes, 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, 2001.

III. Effect of Proposed Changes:

This bill updates the Florida Income Tax Code to reflect the changes Congress has made to the U.S. Internal Revenue Code of 1986. The definition of "Internal Revenue Code" is updated to include those provisions of the 1986 Code, as amended, in effect on January 1, 2002. This definition provides for "piggybacking" each change made during 2001 in the U.S. Internal Revenue Code.

The bill shall take effect upon becoming a law and shall operate retroactively to January 1, 2002.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill insures current administration of the corporate income tax.

B. Private Sector Impact:

This bill ensures that corporations which are subject to Florida corporate income tax can base their calculations on current IRS rules. Failure to pass this bill would mean these corporations would need to keep two sets of books, one for Florida and one for federal income tax purposes.

C. Government Sector Impact:

This bill ensures that corporations which are subject to Florida corporate income tax can base their calculations on current IRS rules. Failure to pass this bill would mean these corporations would need to keep two sets of books, one for Florida and one for federal income tax purposes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.