

HOUSE OF REPRESENTATIVES FINAL BILL ANALYSIS

BILL #: HB 7153

FINAL HOUSE FLOOR ACTION:

SPONSOR(S): Finance & Tax Subcommittee and
Beshears

118 Y's 0 N's

**COMPANION
BILLS:** SB 1676

GOVERNOR'S ACTION: Approved

SUMMARY ANALYSIS

HB 7153 passed the House on April 30, 2014, as SB 1676. Florida imposes a 5.5% tax on the taxable income of corporations doing business in Florida. The determination of taxable income for Florida tax purposes begins with the taxable income used for federal income tax purposes. This linkage to the federal Internal Revenue Code requires annual updates to Florida's tax code if the administrative and bookkeeping benefits of "piggybacking" on the federal system are to be retained.

This bill updates Florida's Corporate Income Tax Code by adopting the Internal Revenue Code as in effect on January 1, 2014.

The Revenue Estimating Conference (REC) has estimated that the bill will not have a fiscal impact.

The bill was approved by the Governor on May 12, 2014, ch. 2014-25, L.O.F., and became effective upon becoming law and applies retroactively to January 1, 2014.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Current Situation

Florida imposes a 5.5% tax on the taxable income of corporations doing business in Florida. The determination of taxable income for Florida tax purposes begins with the taxable income used for federal income tax purposes. This means that a corporation paying taxes in Florida generally receives the same benefits from deductions allowed in determining its federal taxable income. With federal taxable income as a starting point, Florida law then requires a variety of additions and subtractions to reflect Florida-specific policies to determine Florida taxable income.

Florida maintains this relationship by each year adopting the Federal Internal Revenue Code as it exists on January 1 of the year in question. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income. The bill adopting the federal code is commonly referred to as the "piggyback bill."

This year there have been no significant changes to the federal income tax code.

Effect of the Bill

The bill updates the Florida Corporate Income Tax Code to reflect changes in the federal Internal Revenue Code, by adopting the Internal Revenue Code as in effect on January 1, 2014.

The bill is effective upon becoming law and applies retroactively to January 1, 2014.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
None.
2. Expenditures:
None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.
2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS: None.

