

By Senator Rodriguez

37-00912B-19

20191692__

1 A bill to be entitled
2 An act relating to the corporate income tax; amending
3 s. 220.03, F.S.; revising the definition of the term
4 "taxpayer"; defining terms; amending s. 220.13, F.S.;
5 revising the definition of the term "adjusted federal
6 income" to prohibit specified deductions, to limit
7 certain carryovers, and to require subtractions of
8 certain dividends paid and received within a water's
9 edge group for the purpose of determining subtractions
10 from taxable income; conforming provisions to changes
11 made by the act; repealing s. 220.131, F.S., relating
12 to the adjusted federal income of affiliated groups;
13 creating s. 220.136, F.S.; specifying circumstances
14 under which a corporation is presumed to be, deemed to
15 be, or deemed not to be a member of a water's edge
16 group; providing construction; defining the term
17 "United States"; creating s. 220.1363, F.S.; defining
18 the term "water's edge reporting method"; specifying
19 requirements for, limitations on, and prohibitions in
20 calculating and reporting income in a water's edge
21 group return; requiring all members of a water's edge
22 group to use the water's edge reporting method;
23 defining the term "sale"; specifying requirements for
24 designating the filing member and the taxable year of
25 the water's edge group; specifying income reporting
26 requirements for certain members of the water's edge
27 group; requiring that a water's edge group return
28 include a specified computational schedule and
29 domestic disclosure spreadsheet; authorizing the

37-00912B-19

20191692__

30 Department of Revenue to adopt rules; providing
31 legislative intent regarding the adoption of rules;
32 amending s. 220.14, F.S.; revising the calculation for
33 prorating a certain corporate income tax exemption to
34 reflect leap years; conforming a provision to changes
35 made by the act; amending ss. 220.15, 220.183,
36 220.1845, 220.1875, 220.191, 220.192, 220.193, and
37 220.51, F.S.; conforming provisions to changes made by
38 the act; amending s. 220.64, F.S.; providing
39 applicability of water's edge group provisions to the
40 franchise tax; conforming provisions to changes made
41 by the act; amending ss. 288.1254 and 376.30781, F.S.;
42 conforming provisions to changes made by the act;
43 specifying, beginning on a specified date,
44 requirements for corporate tax return filings for
45 certain taxpayers; requiring that recaptured funds be
46 appropriated for a certain purpose; providing an
47 effective date.

48
49 WHEREAS, the Legislature finds that the separate accounting
50 system used to measure the income of multistate and
51 multinational corporations for tax purposes often places Florida
52 corporations at a competitive disadvantage and, moreover, that
53 corporate business is increasingly conducted through groups of
54 commonly owned corporations, and

55 WHEREAS, the Legislature intends to more accurately measure
56 the business activities of corporations by adopting a combined
57 system of income tax reporting, NOW, THEREFORE,
58

37-00912B-19

20191692__

59 Be It Enacted by the Legislature of the State of Florida:

60
61 Section 1. Paragraph (z) of subsection (1) of section
62 220.03, Florida Statutes, is amended, and paragraphs (gg), (hh),
63 and (ii) are added to that subsection, to read:

64 220.03 Definitions.—

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

69 (z) "Taxpayer" means any corporation subject to the tax
70 imposed by this code, and includes all corporations that are
71 members of a water's edge group for which a consolidated return
72 is filed under s. 220.131. However, the term "taxpayer" does not
73 include a corporation having no individuals, ~~(including~~
74 ~~individuals employed by an affiliate,~~) receiving compensation in
75 this state as defined in s. 220.15 when the only property owned
76 or leased by the said corporation, ~~(including an affiliate,~~) in
77 this state is located at the premises of a printer with which it
78 has contracted for printing, if such property consists of the
79 final printed product, property which becomes a part of the
80 final printed product, or property from which the printed
81 product is produced.

82 (gg) "Tax haven" means a jurisdiction to which any of the
83 following apply for a particular taxable year:

84 1. It is identified by the Organization for Economic Co-
85 operation and Development as a tax haven or as having harmful
86 tax practices or a preferential tax regime.

87 2. It is a jurisdiction that does not impose any, or

37-00912B-19

20191692__

88 imposes only a nominal, effective tax on relevant income.

89 3. It has laws or practices that prevent the effective
90 exchange of information with other governments for tax purposes,
91 regarding taxpayers who are subject to, or are benefiting from,
92 the tax regime.

93 4. It lacks transparency. For purposes of this
94 subparagraph, a tax regime lacks transparency if the details of
95 legislative, legal, or administrative requirements are not open
96 to public scrutiny and apparent or are not consistently applied
97 among similarly situated taxpayers.

98 5. It facilitates the establishment of foreign-owned
99 entities without the need for a local substantive presence or
100 prohibits the entities from having any commercial impact on the
101 local economy.

102 6. It explicitly or implicitly excludes the jurisdiction's
103 resident taxpayers from taking advantage of the tax regime's
104 benefits or prohibits enterprises that benefit from the regime
105 from operating in the jurisdiction's domestic market.

106 7. It has created a tax regime that is favorable for tax
107 avoidance based on an overall assessment of relevant factors,
108 including whether the jurisdiction has a significant untaxed
109 offshore financial or other services sector relative to its
110 overall economy.

111 (hh) "Tax regime" means a set or system of rules, laws,
112 regulations, or practices by which taxes are imposed on any
113 person, corporation, or entity or on any income, property,
114 incident, indicia, or activity pursuant to government authority.

115 (ii) "Water's edge group" means a group of corporations
116 related through common ownership whose business activities are

37-00912B-19

20191692__

117 integrated with, dependent upon, or contribute to a flow of
118 value among members of the group.

119 Section 2. Section 220.13, Florida Statutes, is amended to
120 read:

121 220.13 "Adjusted federal income" defined.—

122 (1) The term "adjusted federal income" means an amount
123 equal to the taxpayer's taxable income as defined in subsection
124 (2), or such taxable income of a water's edge group ~~more than~~
125 ~~one taxpayer~~ as provided in s. 220.1363 ~~s. 220.131~~, for the
126 taxable year, adjusted as follows:

127 (a) *Additions.*—There shall be added to such taxable income:

128 1.a. The amount of any tax upon or measured by income,
129 excluding taxes based on gross receipts or revenues, paid or
130 accrued as a liability to the District of Columbia or any state
131 of the United States which is deductible from gross income in
132 the computation of taxable income for the taxable year.

133 b. Notwithstanding sub-subparagraph a., if a credit taken
134 under s. 220.1875 is added to taxable income in a previous
135 taxable year under subparagraph 11. and is taken as a deduction
136 for federal tax purposes in the current taxable year, the amount
137 of the deduction allowed shall not be added to taxable income in
138 the current year. The exception in this sub-subparagraph is
139 intended to ensure that the credit under s. 220.1875 is added in
140 the applicable taxable year and does not result in a duplicate
141 addition in a subsequent year.

142 2. The amount of interest which is excluded from taxable
143 income under s. 103(a) of the Internal Revenue Code or any other
144 federal law, less the associated expenses disallowed in the
145 computation of taxable income under s. 265 of the Internal

37-00912B-19

20191692__

146 Revenue Code or any other law, excluding 60 percent of any
147 amounts included in alternative minimum taxable income, as
148 defined in s. 55(b)(2) of the Internal Revenue Code, if the
149 taxpayer pays tax under s. 220.11(3).

150 3. In the case of a regulated investment company or real
151 estate investment trust, an amount equal to the excess of the
152 net long-term capital gain for the taxable year over the amount
153 of the capital gain dividends attributable to the taxable year.

154 4. That portion of the wages or salaries paid or incurred
155 for the taxable year which is equal to the amount of the credit
156 allowable for the taxable year under s. 220.181. This
157 subparagraph shall expire on the date specified in s. 290.016
158 for the expiration of the Florida Enterprise Zone Act.

159 5. That portion of the ad valorem school taxes paid or
160 incurred for the taxable year which is equal to the amount of
161 the credit allowable for the taxable year under s. 220.182. This
162 subparagraph shall expire on the date specified in s. 290.016
163 for the expiration of the Florida Enterprise Zone Act.

164 6. The amount taken as a credit under s. 220.195 which is
165 deductible from gross income in the computation of taxable
166 income for the taxable year.

167 7. That portion of assessments to fund a guaranty
168 association incurred for the taxable year which is equal to the
169 amount of the credit allowable for the taxable year.

170 8. In the case of a nonprofit corporation which holds a
171 pari-mutuel permit and which is exempt from federal income tax
172 as a farmers' cooperative, an amount equal to the excess of the
173 gross income attributable to the pari-mutuel operations over the
174 attributable expenses for the taxable year.

37-00912B-19

20191692__

175 9. The amount taken as a credit for the taxable year under
176 s. 220.1895.

177 10. Up to nine percent of the eligible basis of any
178 designated project which is equal to the credit allowable for
179 the taxable year under s. 220.185.

180 11. The amount taken as a credit for the taxable year under
181 s. 220.1875. The addition in this subparagraph is intended to
182 ensure that the same amount is not allowed for the tax purposes
183 of this state as both a deduction from income and a credit
184 against the tax. This addition is not intended to result in
185 adding the same expense back to income more than once.

186 12. The amount taken as a credit for the taxable year under
187 s. 220.192.

188 13. The amount taken as a credit for the taxable year under
189 s. 220.193.

190 14. Any portion of a qualified investment, as defined in s.
191 288.9913, which is claimed as a deduction by the taxpayer and
192 taken as a credit against income tax pursuant to s. 288.9916.

193 15. The costs to acquire a tax credit pursuant to s.
194 288.1254(5) that are deducted from or otherwise reduce federal
195 taxable income for the taxable year.

196 16. The amount taken as a credit for the taxable year
197 pursuant to s. 220.194.

198 17. The amount taken as a credit for the taxable year under
199 s. 220.196. The addition in this subparagraph is intended to
200 ensure that the same amount is not allowed for the tax purposes
201 of this state as both a deduction from income and a credit
202 against the tax. The addition is not intended to result in
203 adding the same expense back to income more than once.

37-00912B-19

20191692__

204 (b) *Subtractions.*—

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

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

211 b. The net capital loss allowable for federal income tax
212 purposes under s. 1212 of the Internal Revenue Code for the
213 taxable year,

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

217 d. The excess contributions deductions allowable for
218 federal income tax purposes under s. 404 of the Internal Revenue
219 Code for the taxable year.

220

221 However, a net operating loss and a capital loss shall never be
222 carried back as a deduction to a prior taxable year, but all
223 deductions attributable to such losses shall be deemed net
224 operating loss carryovers and capital loss carryovers,
225 respectively, and treated in the same manner, to the same
226 extent, and for the same time periods as are prescribed for such
227 carryovers in ss. 172 and 1212, respectively, of the Internal
228 Revenue Code. A deduction is not allowed for net operating
229 losses, net capital losses, or excess contribution deductions
230 under 26 U.S.C. ss. 170(d)(2), 172, 1212, and 404 for a member
231 of a water's edge group which is not a United States member.
232 Carryovers of net operating losses, net capital losses, or

37-00912B-19

20191692__

233 excess contribution deductions under 26 U.S.C. ss. 170(d)(2),
234 172, 1212, and 404 may be subtracted only by the member of the
235 water's edge group which generates a carryover.

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

238 a. Dividends treated as received from sources without the
239 United States, as determined under s. 862 of the Internal
240 Revenue Code.

241 b. All amounts included in taxable income under s. 78 or s.
242 951 of the Internal Revenue Code.

243
244 However, as to any amount subtracted under this subparagraph,
245 there shall be added to such taxable income all expenses
246 deducted on the taxpayer's return for the taxable year which are
247 attributable, directly or indirectly, to such subtracted amount.
248 Further, no amount shall be subtracted with respect to dividends
249 paid or deemed paid by a Domestic International Sales
250 Corporation.

251 3. Amounts received by a member of a water's edge group as
252 dividends paid by another member of the water's edge group must
253 be subtracted from the taxable income to the extent that the
254 dividends are included in the taxable income.

255 ~~4.3.~~ In computing "adjusted federal income" for taxable
256 years beginning after December 31, 1976, there shall be allowed
257 as a deduction the amount of wages and salaries paid or incurred
258 within this state for the taxable year for which no deduction is
259 allowed pursuant to s. 280C(a) of the Internal Revenue Code
260 (relating to credit for employment of certain new employees).

261 ~~5.4.~~ There shall be subtracted from such taxable income any

37-00912B-19

20191692__

262 amount of nonbusiness income included therein.

263 ~~6.5.~~ There shall be subtracted any amount of taxes of
264 foreign countries allowable as credits for taxable years
265 beginning on or after September 1, 1985, under s. 901 of the
266 Internal Revenue Code to any corporation which derived less than
267 20 percent of its gross income or loss for its taxable year
268 ended in 1984 from sources within the United States, as
269 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
270 including credits allowed under ss. 902 and 960 of the Internal
271 Revenue Code, withholding taxes on dividends within the meaning
272 of sub-subparagraph 2.a., and withholding taxes on royalties,
273 interest, technical service fees, and capital gains.

274 ~~7.6.~~ Notwithstanding any other provision of this code,
275 except with respect to amounts subtracted pursuant to
276 subparagraphs 1. and ~~4.3.~~, any increment of any apportionment
277 factor which is directly related to an increment of gross
278 receipts or income which is deducted, subtracted, or otherwise
279 excluded in determining adjusted federal income shall be
280 excluded from both the numerator and denominator of such
281 apportionment factor. Further, all valuations made for
282 apportionment factor purposes shall be made on a basis
283 consistent with the taxpayer's method of accounting for federal
284 income tax purposes.

285 (c) *Installment sales occurring after October 19, 1980.*—

286 1. In the case of any disposition made after October 19,
287 1980, the income from an installment sale shall be taken into
288 account for the purposes of this code in the same manner that
289 such income is taken into account for federal income tax
290 purposes.

37-00912B-19

20191692__

291 2. Any taxpayer who regularly sells or otherwise disposes
292 of personal property on the installment plan and reports the
293 income therefrom on the installment method for federal income
294 tax purposes under s. 453(a) of the Internal Revenue Code shall
295 report such income in the same manner under this code.

296 (d) *Nonallowable deductions.*—A deduction for net operating
297 losses, net capital losses, or excess contributions deductions
298 under ss. 170(d)(2), 172, 1212, and 404 of the Internal Revenue
299 Code which has been allowed in a prior taxable year for Florida
300 tax purposes shall not be allowed for Florida tax purposes,
301 notwithstanding the fact that such deduction has not been fully
302 utilized for federal tax purposes.

303 (e) *Adjustments related to federal acts.*—Taxpayers shall be
304 required to make the adjustments prescribed in this paragraph
305 for Florida tax purposes with respect to certain tax benefits
306 received pursuant to the Economic Stimulus Act of 2008, the
307 American Recovery and Reinvestment Act of 2009, the Small
308 Business Jobs Act of 2010, the Tax Relief, Unemployment
309 Insurance Reauthorization, and Job Creation Act of 2010, the
310 American Taxpayer Relief Act of 2012, the Tax Increase
311 Prevention Act of 2014, the Consolidated Appropriations Act,
312 2016, and the Tax Cuts and Jobs Act of 2017.

313 1. There shall be added to such taxable income an amount
314 equal to 100 percent of any amount deducted for federal income
315 tax purposes as bonus depreciation for the taxable year pursuant
316 to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as
317 amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No.
318 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No.
319 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No.

37-00912B-19

20191692__

320 113-295, s. 143 of Division Q of Pub. L. No. 114-113, and s.
321 13201 of Pub. L. No. 115-97, for property placed in service
322 after December 31, 2007, and before January 1, 2027. For the
323 taxable year and for each of the 6 subsequent taxable years,
324 there shall be subtracted from such taxable income an amount
325 equal to one-seventh of the amount by which taxable income was
326 increased pursuant to this subparagraph, notwithstanding any
327 sale or other disposition of the property that is the subject of
328 the adjustments and regardless of whether such property remains
329 in service in the hands of the taxpayer.

330 2. There shall be added to such taxable income an amount
331 equal to 100 percent of any amount in excess of \$128,000
332 deducted for federal income tax purposes for the taxable year
333 pursuant to s. 179 of the Internal Revenue Code of 1986, as
334 amended by s. 102 of Pub. L. No. 110-185, s. 1202 of Pub. L. No.
335 111-5, s. 2021 of Pub. L. No. 111-240, s. 402 of Pub. L. No.
336 111-312, s. 315 of Pub. L. No. 112-240, and s. 127 of Pub. L.
337 No. 113-295, for taxable years beginning after December 31,
338 2007, and before January 1, 2015. For the taxable year and for
339 each of the 6 subsequent taxable years, there shall be
340 subtracted from such taxable income one-seventh of the amount by
341 which taxable income was increased pursuant to this
342 subparagraph, notwithstanding any sale or other disposition of
343 the property that is the subject of the adjustments and
344 regardless of whether such property remains in service in the
345 hands of the taxpayer.

346 3. There shall be added to such taxable income an amount
347 equal to the amount of deferred income not included in such
348 taxable income pursuant to s. 108(i)(1) of the Internal Revenue

37-00912B-19

20191692__

349 Code of 1986, as amended by s. 1231 of Pub. L. No. 111-5. There
350 shall be subtracted from such taxable income an amount equal to
351 the amount of deferred income included in such taxable income
352 pursuant to s. 108(i)(1) of the Internal Revenue Code of 1986,
353 as amended by s. 1231 of Pub. L. No. 111-5.

354 4. Subtractions available under this paragraph may be
355 transferred to the surviving or acquiring entity following a
356 merger or acquisition and used in the same manner and with the
357 same limitations as specified by this paragraph.

358 5. The additions and subtractions specified in this
359 paragraph are intended to adjust taxable income for Florida tax
360 purposes, and, notwithstanding any other provision of this code,
361 such additions and subtractions shall be permitted to change a
362 taxpayer's net operating loss for Florida tax purposes.

363 (2) For purposes of this section, a taxpayer's taxable
364 income for the taxable year means taxable income as defined in
365 s. 63 of the Internal Revenue Code and properly reportable for
366 federal income tax purposes for the taxable year, but subject to
367 the limitations set forth in paragraph (1)(b) with respect to
368 the deductions provided by ss. 172 (relating to net operating
369 losses), 170(d)(2) (relating to excess charitable
370 contributions), 404(a)(1)(D) (relating to excess pension trust
371 contributions), 404(a)(3)(A) and (B) (to the extent relating to
372 excess stock bonus and profit-sharing trust contributions), and
373 1212 (relating to capital losses) of the Internal Revenue Code,
374 except that, subject to the same limitations, the term:

375 (a) "Taxable income," in the case of a life insurance
376 company subject to the tax imposed by s. 801 of the Internal
377 Revenue Code, means life insurance company taxable income;

37-00912B-19

20191692__

378 however, for purposes of this code, the total of any amounts
379 subject to tax under s. 815(a)(2) of the Internal Revenue Code
380 pursuant to s. 801(c) of the Internal Revenue Code shall not
381 exceed, cumulatively, the total of any amounts determined under
382 s. 815(c)(2) of the Internal Revenue Code of 1954, as amended,
383 from January 1, 1972, to December 31, 1983;

384 (b) "Taxable income," in the case of an insurance company
385 subject to the tax imposed by s. 831(b) of the Internal Revenue
386 Code, means taxable investment income;

387 (c) "Taxable income," in the case of an insurance company
388 subject to the tax imposed by s. 831(a) of the Internal Revenue
389 Code, means insurance company taxable income;

390 (d) "Taxable income," in the case of a regulated investment
391 company subject to the tax imposed by s. 852 of the Internal
392 Revenue Code, means investment company taxable income;

393 (e) "Taxable income," in the case of a real estate
394 investment trust subject to the tax imposed by s. 857 of the
395 Internal Revenue Code, means the income subject to tax, computed
396 as provided in s. 857 of the Internal Revenue Code;

397 (f) "Taxable income," in the case of a corporation which is
398 a member of an affiliated group of corporations filing a
399 consolidated income tax return for the taxable year for federal
400 income tax purposes, means taxable income of such corporation
401 for federal income tax purposes as if such corporation had filed
402 a separate federal income tax return for the taxable year and
403 each preceding taxable year for which it was a member of an
404 affiliated group, ~~unless a consolidated return for the taxpayer~~
405 ~~and others is required or elected under s. 220.131;~~

406 (g) "Taxable income," in the case of a cooperative

37-00912B-19

20191692__

407 corporation or association, means the taxable income of such
408 organization determined in accordance with the provisions of ss.
409 1381-1388 of the Internal Revenue Code;

410 (h) "Taxable income," in the case of an organization which
411 is exempt from the federal income tax by reason of s. 501(a) of
412 the Internal Revenue Code, means its unrelated business taxable
413 income as determined under s. 512 of the Internal Revenue Code;

414 (i) "Taxable income," in the case of a corporation for
415 which there is in effect for the taxable year an election under
416 s. 1362(a) of the Internal Revenue Code, means the amounts
417 subject to tax under s. 1374 or s. 1375 of the Internal Revenue
418 Code for each taxable year;

419 (j) "Taxable income," in the case of a limited liability
420 company, other than a limited liability company classified as a
421 partnership for federal income tax purposes, as defined in and
422 organized pursuant to chapter 605 or qualified to do business in
423 this state as a foreign limited liability company or other than
424 a similar limited liability company classified as a partnership
425 for federal income tax purposes and created as an artificial
426 entity pursuant to the statutes of the United States or any
427 other state, territory, possession, or jurisdiction, if such
428 limited liability company or similar entity is taxable as a
429 corporation for federal income tax purposes, means taxable
430 income determined as if such limited liability company were
431 required to file or had filed a federal corporate income tax
432 return under the Internal Revenue Code;

433 (k) "Taxable income," in the case of a taxpayer liable for
434 the alternative minimum tax as defined in s. 55 of the Internal
435 Revenue Code, means the alternative minimum taxable income as

37-00912B-19

20191692__

436 defined in s. 55(b)(2) of the Internal Revenue Code, less the
437 exemption amount computed under s. 55(d) of the Internal Revenue
438 Code. A taxpayer is not liable for the alternative minimum tax
439 unless the taxpayer's federal tax return, or related federal
440 consolidated tax return, if included in a consolidated return
441 for federal tax purposes, reflect a liability on the return
442 filed for the alternative minimum tax as defined in s. 55(b)(2)
443 of the Internal Revenue Code;

444 (1) "Taxable income," in the case of a taxpayer whose
445 taxable income is not otherwise defined in this subsection,
446 means the sum of amounts to which a tax rate specified in s. 11
447 of the Internal Revenue Code plus the amount to which a tax rate
448 specified in s. 1201(a)(2) of the Internal Revenue Code are
449 applied for federal income tax purposes.

450 Section 3. Section 220.131, Florida Statutes, is repealed.

451 Section 4. Section 220.136, Florida Statutes, is created to
452 read:

453 220.136 Determination of the members of a water's edge
454 group.-

455 (1) A corporation having 50 percent or more of its
456 outstanding voting stock directly or indirectly owned or
457 controlled by a water's edge group is presumed to be a member of
458 the water's edge group. A corporation having less than 50
459 percent of its outstanding voting stock directly or indirectly
460 owned or controlled by a water's edge group is a member of the
461 water's edge group if the business activities of the corporation
462 show that the corporation is a member of the water's edge group.
463 All of the income of a corporation that is a member of a water's
464 edge group is presumed to be unitary. For purposes of this

37-00912B-19

20191692__

465 subsection, the attribution rules of 26 U.S.C. s. 318 must be
466 used to determine whether voting stock is indirectly owned.

467 (2) (a) A corporation that conducts business outside the
468 United States is not a member of a water's edge group if 80
469 percent or more of the corporation's property and payroll, as
470 determined by the apportionment factors described in ss. 220.15
471 and 220.1363, may be assigned to locations outside of the United
472 States. However, such corporations that are incorporated in a
473 tax haven may be a member of a water's edge group pursuant to
474 subsection (1). This subsection does not exempt a corporation
475 that is not a member of a water's edge group from this chapter.

476 (b) As used in this subsection, the term "United States"
477 means the 50 states, the District of Columbia, and Puerto Rico.

478 (c) The apportionment factors described in ss. 220.1363 and
479 220.15 must be used to determine whether a special industry
480 corporation has engaged in a sufficient amount of activities
481 outside of the United States to exclude it from treatment as a
482 member of a water's edge group.

483 Section 5. Section 220.1363, Florida Statutes, is created
484 to read:

485 220.1363 Water's edge groups; special requirements.-

486 (1) For purposes of this section, the term "water's edge
487 reporting method" is a method to determine the taxable business
488 profits of a group of entities conducting a unitary business.
489 Under this method, the net income of the entities must be added
490 together, along with the additions and subtractions under s.
491 220.13, and apportioned to this state as a single taxpayer under
492 ss. 220.15 and 220.151. However, each special industry member
493 included in a water's edge group return, which would otherwise

37-00912B-19

20191692__

494 be permitted to use a special method of apportionment under s.
495 220.151, shall convert its single-factor apportionment to a
496 three-factor apportionment of property, payroll, and sales. The
497 special industry member shall calculate the denominator of its
498 property, payroll, and sales factors in the same manner as those
499 denominators are calculated by members that are not special
500 industry members. The numerator of its sales, property, and
501 payroll factors is the product of the denominator of each factor
502 multiplied by the premiums or revenue-miles-factor ratio
503 otherwise applicable under s. 220.151.

504 (2) All members of a water's edge group must use the
505 water's edge reporting method, under which:

506 (a) Adjusted federal income, for purposes of s. 220.12,
507 means the sum of adjusted federal income of all members of the
508 water's edge group as determined for a concurrent taxable year.

509 (b) The numerators and denominators of the apportionment
510 factors must be calculated for all members of the water's edge
511 group combined.

512 (c) Intercompany sales transactions between members of the
513 water's edge group are not included in the numerator or
514 denominator of the sales factor under ss. 220.15 and 220.151,
515 regardless of whether indicia of a sale exist.

516 (d) For sales of intangibles, including, but not limited
517 to, accounts receivable, notes, bonds, and stock, which are made
518 to entities outside the group, only the net proceeds are
519 included in the numerator and denominator of the sales factor.

520 (e) Sales that are not allocated or apportioned to any
521 taxing jurisdiction, otherwise known as "nowhere sales," may not
522 be included in the numerator or denominator of the sales factor.

37-00912B-19

20191692__

523 (f) The income attributable to the Florida activities of a
524 corporation that is exempt from taxation under the Interstate
525 Income Act of 1959, Pub. L. No. 86-272, is excluded from the
526 apportionment factor numerators in the calculation of corporate
527 income tax, even if another member of the water's edge group has
528 nexus with this state and is subject to tax.

529
530 As used in this subsection, the term "sale" includes, but is not
531 limited to, loans, payments for the use of intangibles,
532 dividends, and management fees.

533 (3) (a) If a parent corporation is a member of the water's
534 edge group and has nexus with this state, a single water's edge
535 group return must be filed in the name and under the federal
536 employer identification number of the parent corporation. If the
537 water's edge group does not have a parent corporation, if the
538 parent corporation is not a member of the water's edge group, or
539 if the parent corporation does not have nexus with this state,
540 then the members of the water's edge group must choose a member
541 subject to the tax imposed by this chapter to file the return.
542 The members of the water's edge group may not choose another
543 member to file a corporate income tax return in subsequent years
544 unless the filing member does not maintain nexus with this state
545 or does not remain a member of the water's edge group. The
546 return must be signed by an authorized officer of the filing
547 member as the agent for the water's edge group.

548 (b) If members of a water's edge group have different
549 taxable years, the taxable year of a majority of the members of
550 the water's edge group is the taxable year of the water's edge
551 group. If the taxable years of a majority of the members of a

37-00912B-19

20191692__

552 water's edge group do not correspond, the taxable year of the
553 member that must file the return for the water's edge group is
554 the taxable year of the water's edge group.

555 (c)1. A member of a water's edge group having a taxable
556 year that does not correspond to the taxable year of the water's
557 edge group shall determine its income for inclusion on the tax
558 return for the water's edge group. The member shall use:

559 a. The precise amount of taxable income received during the
560 months corresponding to the taxable year of the water's edge
561 group, if the precise amount can be readily determined from the
562 member's books and records.

563 b. The taxable income of the member converted to conform to
564 the taxable year of the water's edge group on the basis of the
565 number of months falling within the taxable year of the water's
566 edge group. For example, if the taxable year of the water's edge
567 group is a calendar year and a member operates on a fiscal year
568 ending on April 30, the income of the member must include 8/12
569 of the income from the current taxable year and 4/12 of the
570 income from the preceding taxable year. This method to determine
571 the income of a member may be used only if the return can be
572 timely filed after the end of the taxable year of the water's
573 edge group.

574 c. The taxable income of the member during its taxable year
575 that ends within the taxable year of the water's edge group.

576 2. The method of determining the income of a member of a
577 water's edge group whose taxable year does not correspond to the
578 taxable year of the water's edge group may not change as long as
579 the member remains a member of the water's edge group. The
580 apportionment factors for the member must be applied to the

37-00912B-19

20191692__

581 income of the member for the taxable year of the water's edge
582 group.

583 (4) (a) A water's edge group return must include a
584 computational schedule that:

585 1. Combines the federal income of all members of the
586 water's edge group;

587 2. Shows all intercompany eliminations;

588 3. Shows Florida additions and subtractions under s.
589 220.13; and

590 4. Shows the calculation of the combined apportionment
591 factors.

592 (b) In addition to its return, a water's edge group shall
593 also file a domestic disclosure spreadsheet. The spreadsheet
594 must fully disclose:

595 1. The income reported to each state;

596 2. The state tax liability;

597 3. The method used for apportioning or allocating income to
598 the various states; and

599 4. Other information required by department rule in order
600 to determine the proper amount of tax due to each state and to
601 identify the water's edge group.

602 (5) The department may adopt rules and forms to administer
603 this section. The Legislature intends to grant the department
604 extensive authority to adopt rules and forms describing and
605 defining principles for determining the existence of a water's
606 edge business, definitions of common control, methods of
607 reporting, and related forms, principles, and other definitions.

608 Section 6. Section 220.14, Florida Statutes, is amended to
609 read:

37-00912B-19

20191692__

610 220.14 Exemption.—

611 (1) In computing a taxpayer's liability for tax under this
612 code, there shall be exempt from the tax \$50,000 of net income
613 as defined in s. 220.12 or such lesser amount as will, without
614 increasing the taxpayer's federal income tax liability, provide
615 the state with an amount under this code which is equal to the
616 maximum federal income tax credit which may be available from
617 time to time under federal law.

618 (2) In the case of a taxable year for a period of less than
619 12 months, the exemption allowed by this section must ~~shall~~ be
620 prorated on the basis of the number of days in such year to 365
621 days, or, in a leap year, 366 days.

622 (3) Only one exemption shall be allowed to taxpayers filing
623 a water's edge group ~~consolidated~~ return under this code.

624 (4) Notwithstanding any other provision of this code, not
625 more than one exemption under this section may be allowed to the
626 Florida members of a controlled group of corporations, as
627 defined in s. 1563 of the Internal Revenue Code with respect to
628 taxable years ending on or after December 31, 1970, filing
629 separate returns under this code. The exemption described in
630 this section shall be divided equally among such Florida members
631 of the group, unless all of such members consent, at such time
632 and in such manner as the department shall by regulation
633 prescribe, to an apportionment plan providing for an unequal
634 allocation of such exemption.

635 Section 7. Paragraph (c) of subsection (5) of section
636 220.15, Florida Statutes, is amended to read:

637 220.15 Apportionment of adjusted federal income.—

638 (5) The sales factor is a fraction the numerator of which

37-00912B-19

20191692__

639 is the total sales of the taxpayer in this state during the
640 taxable year or period and the denominator of which is the total
641 sales of the taxpayer everywhere during the taxable year or
642 period.

643 (c) Sales of a financial organization, including, but not
644 limited to, banking and savings institutions, investment
645 companies, real estate investment trusts, and brokerage
646 companies, occur in this state if derived from:

647 1. Fees, commissions, or other compensation for financial
648 services rendered within this state;

649 2. Gross profits from trading in stocks, bonds, or other
650 securities managed within this state;

651 3. Interest received within this state, other than interest
652 from loans secured by mortgages, deeds of trust, or other liens
653 upon real or tangible personal property located without this
654 state, and dividends received within this state;

655 4. Interest charged to customers at places of business
656 maintained within this state for carrying debit balances of
657 margin accounts, without deduction of any costs incurred in
658 carrying such accounts;

659 5. Interest, fees, commissions, or other charges or gains
660 from loans secured by mortgages, deeds of trust, or other liens
661 upon real or tangible personal property located in this state or
662 from installment sale agreements originally executed by a
663 taxpayer or the taxpayer's agent to sell real or tangible
664 personal property located in this state;

665 6. Rents from real or tangible personal property located in
666 this state; or

667 7. Any other gross income, including other interest,

37-00912B-19

20191692__

668 resulting from the operation as a financial organization within
669 this state.

670
671 ~~In computing the amounts under this paragraph, any amount~~
672 ~~received by a member of an affiliated group (determined under s.~~
673 ~~1504(a) of the Internal Revenue Code, but without reference to~~
674 ~~whether any such corporation is an "includable corporation"~~
675 ~~under s. 1504(b) of the Internal Revenue Code) from another~~
676 ~~member of such group shall be included only to the extent such~~
677 ~~amount exceeds expenses of the recipient directly related~~
678 ~~thereto.~~

679 Section 8. Paragraph (f) of subsection (1) of section
680 220.183, Florida Statutes, is amended to read:

681 220.183 Community contribution tax credit.—

682 (1) AUTHORIZATION TO GRANT COMMUNITY CONTRIBUTION TAX
683 CREDITS; LIMITATIONS ON INDIVIDUAL CREDITS AND PROGRAM
684 SPENDING.—

685 ~~(f) A taxpayer who files a Florida consolidated return as a~~
686 ~~member of an affiliated group pursuant to s. 220.131(1) may be~~
687 ~~allowed the credit on a consolidated return basis.~~

688 Section 9. Paragraphs (b), (c), and (d) of subsection (2)
689 of section 220.1845, Florida Statutes, are amended to read:

690 220.1845 Contaminated site rehabilitation tax credit.—

691 (2) AUTHORIZATION FOR TAX CREDIT; LIMITATIONS.—

692 (b) A tax credit applicant, or multiple tax credit
693 applicants working jointly to clean up a single site, may not be
694 granted more than \$500,000 per year in tax credits for each site
695 voluntarily rehabilitated. Multiple tax credit applicants shall
696 be granted tax credits in the same proportion as their

37-00912B-19

20191692__

697 contribution to payment of cleanup costs. Subject to the same
698 conditions and limitations as provided in this section, a
699 municipality, county, or other tax credit applicant which
700 voluntarily rehabilitates a site may receive not more than
701 \$500,000 per year in tax credits which it can subsequently
702 transfer subject to ~~the provisions in~~ paragraph (f) ~~(g)~~.

703 (c) If the credit granted under this section is not fully
704 used in any one year because of insufficient tax liability on
705 the part of the corporation, the unused amount may be carried
706 forward for up to 5 years. The carryover credit may be used in a
707 subsequent year if the tax imposed by this chapter for that year
708 exceeds the credit for which the corporation is eligible in that
709 year after applying the other credits and unused carryovers in
710 the order provided by s. 220.02(8). If during the 5-year period
711 the credit is transferred, in whole or in part, pursuant to
712 paragraph (f) ~~(g)~~, each transferee has 5 years after the date of
713 transfer to use its credit.

714 ~~(d) A taxpayer that files a consolidated return in this~~
715 ~~state as a member of an affiliated group under s. 220.131(1) may~~
716 ~~be allowed the credit on a consolidated return basis up to the~~
717 ~~amount of tax imposed upon the consolidated group.~~

718 Section 10. Subsection (2) of section 220.1875, Florida
719 Statutes, is amended to read:

720 220.1875 Credit for contributions to eligible nonprofit
721 scholarship-funding organizations.—

722 ~~(2) A taxpayer who files a Florida consolidated return as a~~
723 ~~member of an affiliated group pursuant to s. 220.131(1) may be~~
724 ~~allowed the credit on a consolidated return basis; however, the~~
725 ~~total credit taken by the affiliated group is subject to the~~

37-00912B-19

20191692__

726 ~~limitation established under subsection (1).~~

727 Section 11. Paragraphs (a) and (c) of subsection (3) of
728 section 220.191, Florida Statutes, are amended to read:

729 220.191 Capital investment tax credit.—

730 (3) (a) Notwithstanding subsection (2), an annual credit
731 against the tax imposed by this chapter shall be granted to a
732 qualifying business which establishes a qualifying project
733 pursuant to subparagraph (1)(g)3., in an amount equal to the
734 lesser of \$15 million or 5 percent of the eligible capital costs
735 made in connection with a qualifying project, for a period not
736 to exceed 20 years beginning with the commencement of operations
737 of the project. The tax credit shall be granted against the
738 corporate income tax liability of the qualifying business ~~and as~~
739 ~~further provided in paragraph (c).~~ The total tax credit provided
740 pursuant to this subsection shall be equal to no more than 100
741 percent of the eligible capital costs of the qualifying project.

742 (c) The credit granted under this subsection may be used in
743 whole or in part by the qualifying business ~~or any corporation~~
744 ~~that is either a member of that qualifying business's affiliated~~
745 ~~group of corporations, is a related entity taxable as a~~
746 ~~cooperative under subchapter T of the Internal Revenue Code, or,~~
747 ~~if the qualifying business is an entity taxable as a cooperative~~
748 ~~under subchapter T of the Internal Revenue Code, is related to~~
749 ~~the qualifying business. Any entity related to the qualifying~~
750 ~~business may continue to file as a member of a Florida-nexus~~
751 ~~consolidated group pursuant to a prior election made under s.~~
752 ~~220.131(1), Florida Statutes (1985), even if the parent of the~~
753 ~~group changes due to a direct or indirect acquisition of the~~
754 ~~former common parent of the group. Any credit can be used by any~~

37-00912B-19

20191692__

755 ~~of the affiliated companies or related entities referenced in~~
756 ~~this paragraph to the same extent as it could have been used by~~
757 ~~the qualifying business. However, any such use shall not operate~~
758 ~~to increase the amount of the credit or extend the period within~~
759 ~~which the credit must be used.~~

760 Section 12. Subsection (2) of section 220.192, Florida
761 Statutes, is amended to read:

762 220.192 Renewable energy technologies investment tax
763 credit.—

764 (2) TAX CREDIT.—For tax years beginning on or after January
765 1, 2013, a credit against the tax imposed by this chapter shall
766 be granted in an amount equal to the eligible costs. Credits may
767 be used in tax years beginning January 1, 2013, and ending
768 December 31, 2016, after which the credit shall expire. If the
769 credit is not fully used in any one tax year because of
770 insufficient tax liability on the part of the corporation, the
771 unused amount may be carried forward and used in tax years
772 beginning January 1, 2013, and ending December 31, 2018, after
773 which the credit carryover expires and may not be used. A
774 ~~taxpayer that files a consolidated return in this state as a~~
775 ~~member of an affiliated group under s. 220.131(1) may be allowed~~
776 ~~the credit on a consolidated return basis up to the amount of~~
777 ~~tax imposed upon the consolidated group.~~ Any eligible cost for
778 which a credit is claimed and which is deducted or otherwise
779 reduces federal taxable income shall be added back in computing
780 adjusted federal income under s. 220.13.

781 Section 13. Paragraphs (c) and (e) of subsection (3) of
782 section 220.193, Florida Statutes, are amended to read:

783 220.193 Florida renewable energy production credit.—

37-00912B-19

20191692__

784 (3) An annual credit against the tax imposed by this
785 section shall be allowed to a taxpayer, based on the taxpayer's
786 production and sale of electricity from a new or expanded
787 Florida renewable energy facility. For a new facility, the
788 credit shall be based on the taxpayer's sale of the facility's
789 entire electrical production. For an expanded facility, the
790 credit shall be based on the increases in the facility's
791 electrical production that are achieved after May 1, 2012.

792 (c) If the amount of credits applied for each year exceeds
793 the amount authorized in paragraph (f) ~~(g)~~, the Department of
794 Agriculture and Consumer Services shall allocate credits to
795 qualified applicants based on the following priority:

796 1. An applicant who places a new facility in operation
797 after May 1, 2012, shall be allocated credits first, up to a
798 maximum of \$250,000 each, with any remaining credits to be
799 granted pursuant to subparagraph 3., but if the claims for
800 credits under this subparagraph exceed the state fiscal year cap
801 in paragraph (f) ~~(g)~~, credits shall be allocated pursuant to
802 this subparagraph on a prorated basis based upon each
803 applicant's qualified production and sales as a percentage of
804 total production and sales for all applicants in this category
805 for the fiscal year.

806 2. An applicant who does not qualify under subparagraph 1.
807 but who claims a credit of \$50,000 or less shall be allocated
808 credits next, but if the claims for credits under this
809 subparagraph, combined with credits allocated in subparagraph
810 1., exceed the state fiscal year cap in paragraph (f) ~~(g)~~,
811 credits shall be allocated pursuant to this subparagraph on a
812 prorated basis based upon each applicant's qualified production

37-00912B-19

20191692__

813 and sales as a percentage of total qualified production and
814 sales for all applicants in this category for the fiscal year.

815 3. An applicant who does not qualify under subparagraph 1.
816 or subparagraph 2. and an applicant whose credits have not been
817 fully allocated under subparagraph 1. shall be allocated credits
818 next. If there is insufficient capacity within the amount
819 authorized for the state fiscal year in paragraph (f) ~~(g)~~, and
820 after allocations pursuant to subparagraphs 1. and 2., the
821 credits allocated under this subparagraph shall be prorated
822 based upon each applicant's unallocated claims for qualified
823 production and sales as a percentage of total unallocated claims
824 for qualified production and sales of all applicants in this
825 category, up to a maximum of \$1 million per taxpayer per state
826 fiscal year. If, after application of this \$1 million cap, there
827 is excess capacity under the state fiscal year cap in paragraph
828 (f) ~~(g)~~ in any state fiscal year, that remaining capacity shall
829 be used to allocate additional credits with priority given in
830 the order set forth in this subparagraph and without regard to
831 the \$1 million per taxpayer cap.

832 ~~(c) A taxpayer that files a consolidated return in this~~
833 ~~state as a member of an affiliated group under s. 220.131(1) may~~
834 ~~be allowed the credit on a consolidated return basis up to the~~
835 ~~amount of tax imposed upon the consolidated group.~~

836 Section 14. Section 220.51, Florida Statutes, is amended to
837 read:

838 220.51 Adoption ~~Promulgation~~ of rules and regulations.—In
839 accordance with the Administrative Procedure Act, chapter 120,
840 the department is authorized to make, adopt ~~promulgate~~, and
841 enforce such reasonable rules and regulations, and to prescribe

37-00912B-19

20191692__

842 such forms relating to the administration and enforcement of ~~the~~
843 ~~provisions of~~ this code, as it may deem appropriate, including:

844 (1) Rules for initial implementation of this code and for
845 taxpayers' transitional taxable years commencing before and
846 ending after January 1, 1972; and

847 (2) Rules or regulations to clarify whether certain groups,
848 organizations, or associations formed under the laws of this
849 state or any other state, country, or jurisdiction shall be
850 deemed "taxpayers" for the purposes of this code, in accordance
851 with the legislative declarations of intent in s. 220.02; ~~and~~

852 ~~(3) Regulations relating to consolidated reporting for~~
853 ~~affiliated groups of corporations, in order to provide for an~~
854 ~~equitable and just administration of this code with respect to~~
855 ~~multicorporate taxpayers.~~

856 Section 15. Section 220.64, Florida Statutes, is amended to
857 read:

858 220.64 Other provisions applicable to franchise tax.—To the
859 extent that they are not manifestly incompatible with ~~the~~
860 ~~provisions of~~ this part, parts I, III, IV, V, VI, VIII, IX, and
861 X of this code and ss. 220.12, 220.13, 220.136, 220.1363,
862 220.15, and 220.16 apply to the franchise tax imposed by this
863 part. Under rules prescribed by the department ~~in s. 220.131,~~ a
864 consolidated return may be filed by any affiliated group of
865 corporations composed of one or more banks or savings
866 associations, ~~its or~~ their Florida parent corporations
867 ~~corporation,~~ and any nonbank or nonsavings subsidiaries of such
868 parent corporations ~~corporation.~~

869 Section 16. Paragraph (f) of subsection (4) and paragraph
870 (a) of subsection (5) of section 288.1254, Florida Statutes, are

37-00912B-19

20191692__

871 amended to read:

872 288.1254 Entertainment industry financial incentive
873 program.—

874 (4) TAX CREDIT ELIGIBILITY; TAX CREDIT AWARDS; QUEUES;
875 ELECTION AND DISTRIBUTION; CARRYFORWARD; CONSOLIDATED RETURNS;
876 PARTNERSHIP AND NONCORPORATE DISTRIBUTIONS; MERGERS AND
877 ACQUISITIONS.—

878 ~~(f) Consolidated returns. A certified production company~~
879 ~~that files a Florida consolidated return as a member of an~~
880 ~~affiliated group under s. 220.131(1) may be allowed the credit~~
881 ~~on a consolidated return basis up to the amount of the tax~~
882 ~~imposed upon the consolidated group under chapter 220.~~

883 (5) TRANSFER OF TAX CREDITS.—

884 (a) *Authorization.*—Upon application to the Office of Film
885 and Entertainment and approval by the department, a certified
886 production company, or a partner or member that has received a
887 distribution under paragraph (4) (f) ~~(4) (g)~~, may elect to
888 transfer, in whole or in part, any unused credit amount granted
889 under this section. An election to transfer any unused tax
890 credit amount under chapter 212 or chapter 220 must be made no
891 later than 5 years after the date the credit is awarded, after
892 which period the credit expires and may not be used. The
893 department shall notify the Department of Revenue of the
894 election and transfer.

895 Section 17. Subsections (9) and (10) of section 376.30781,
896 Florida Statutes, are amended to read:

897 376.30781 Tax credits for rehabilitation of drycleaning-
898 solvent-contaminated sites and brownfield sites in designated
899 brownfield areas; application process; rulemaking authority;

37-00912B-19

20191692__

900 revocation authority.—

901 (9) On or before May 1, the Department of Environmental
902 Protection shall inform each tax credit applicant that is
903 subject to the January 31 annual application deadline of the
904 applicant's eligibility status and the amount of any tax credit
905 due. The department shall provide each eligible tax credit
906 applicant with a tax credit certificate that must be submitted
907 with its tax return to the Department of Revenue to claim the
908 tax credit or be transferred pursuant to s. 220.1845(2)(f) ~~s.~~
909 ~~220.1845(2)(g)~~. The May 1 deadline for annual site
910 rehabilitation tax credit certificate awards shall not apply to
911 any tax credit application for which the department has issued a
912 notice of deficiency pursuant to subsection (8). The department
913 shall respond within 90 days after receiving a response from the
914 tax credit applicant to such a notice of deficiency. Credits may
915 not result in the payment of refunds if total credits exceed the
916 amount of tax owed.

917 (10) For solid waste removal, new health care facility or
918 health care provider, and affordable housing tax credit
919 applications, the Department of Environmental Protection shall
920 inform the applicant of the department's determination within 90
921 days after the application is deemed complete. Each eligible tax
922 credit applicant shall be informed of the amount of its tax
923 credit and provided with a tax credit certificate that must be
924 submitted with its tax return to the Department of Revenue to
925 claim the tax credit or be transferred pursuant to s.
926 220.1845(2)(f) ~~s. 220.1845(2)(g)~~. Credits may not result in the
927 payment of refunds if total credits exceed the amount of tax
928 owed.

37-00912B-19

20191692__

929 Section 18. Transitional rules.—

930 (1) For the first taxable year beginning on or after
931 January 1, 2020, a taxpayer that filed a Florida corporate
932 income tax return in the preceding taxable year and that is a
933 member of a water's edge group shall compute its income together
934 with all members of its water's edge group and file a combined
935 Florida corporate income tax return with all members of its
936 water's edge group.

937 (2) An affiliated group of corporations which filed a
938 Florida consolidated corporate income tax return pursuant to an
939 election provided in former s. 220.131, Florida Statutes, shall
940 cease filing a Florida consolidated return for taxable years
941 beginning on or after January 1, 2020, and shall file a combined
942 Florida corporate income tax return with all members of its
943 water's edge group.

944 (3) An affiliated group of corporations which filed a
945 Florida consolidated corporate income tax return pursuant to the
946 election in s. 220.131(1), Florida Statutes (1985), which
947 allowed the affiliated group to make an election within 90 days
948 after December 20, 1984, or upon filing the taxpayer's first
949 return after December 20, 1984, whichever was later, shall cease
950 filing a Florida consolidated corporate income tax return using
951 that method for taxable years beginning on or after January 1,
952 2020, and shall file a combined Florida corporate income tax
953 return with all members of its water's edge group.

954 (4) A taxpayer that is not a member of a water's edge group
955 remains subject to chapter 220, Florida Statutes, and shall file
956 a separate Florida corporate income tax return as previously
957 required.

37-00912B-19

20191692__

958 (5) For taxable years beginning on or after January 1,
959 2020, a tax return for a member of a water's edge group must be
960 a combined Florida corporate income tax return that includes tax
961 information for all members of the water's edge group. The tax
962 return must be filed by a member that has a nexus with this
963 state.

964 Section 19. Funds recaptured pursuant to this act must be
965 appropriated in the General Appropriations Act to the various
966 school districts to reduce the required local effort millage.

967 Section 20. This act shall take effect July 1, 2019.