

By the Committee on Commerce and Tourism; and Senators Simon and Yarborough

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A bill to be entitled

An act relating to tax credits for investment in rural communities; creating s. 288.062, F.S.; providing a short title; defining terms; requiring the Department of Commerce to accept applications for approval as rural funds in a specified manner; requiring that certain information be submitted in an application; requiring the department to approve or deny applications within a specified timeframe; prohibiting the department from approving more than a certain amount of investment authority; requiring the department to deny applications under certain circumstances; authorizing an applicant whose application was denied to provide additional information within a certain timeframe to cure defects in the application; requiring the department to review and reconsider such applications within a certain timeframe; prohibiting the department from reducing the investment authority of an application or denying an application unless certain conditions are met; requiring the department to certify approved applications; providing requirements for certified rural funds; requiring the department to provide a tax credit certificate to certain taxpayers; requiring the department to revoke a rural fund's certification under specified conditions; requiring the department to distribute revoked investment authority among certain rural funds; authorizing rural funds to allocate associated investor contribution authority to

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certain taxpayers; granting a credit against state tax liability for specified investors; providing restrictions on the credit; requiring taxpayers claiming a credit to submit a copy of the tax credit certificate with their tax return; requiring the department to revoke a tax credit certificate under certain circumstances; authorizing the department to waive certain requirements relating to an eligible business or rural area under certain circumstances; authorizing rural funds to request certain determinations from the department; specifying a timeframe within which rural funds may correct violations to avoid revocation of a tax credit certificate; authorizing the department to distribute reverted investment authority among certain rural funds; authorizing rural funds to submit an exit application; providing a timeframe and procedures for the department to use in handling exit applications; prohibiting the department from revoking a rural fund's tax credit certificate after it exits the program; requiring rural funds to submit an annual report to the department beginning on a date certain; requiring that the annual report include certain information; prohibiting applications from being accepted after a date certain; providing an effective date.

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

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59       Section 1. Section 288.062, Florida Statutes, is created to  
60 read:

61       288.062 Florida Rural Jobs Act.—

62       (1) This section may be cited as the “Florida Rural Jobs  
63 Act.”

64       (2) As used in this section, the term:

65       (a) “Affiliate” means an entity that directly, or  
66 indirectly through one or more intermediaries, controls, is  
67 controlled by, or is under common control with another entity.  
68 For the purposes of this paragraph, an entity is controlled by  
69 another entity if the controlling entity holds, directly or  
70 indirectly, the majority voting or ownership interest in the  
71 controlled entity or has control over the day-to-day operations  
72 of the controlled entity.

73       (b) “Credit allowance date” means the date on which the  
74 department provides a tax credit certificate under paragraph  
75 (8)(b).

76       (c) “Department” means the Department of Commerce.

77       (d) “Eligible business” means a business that, at the time  
78 a rural fund initially invests in the business:

79       1. Has fewer than 250 employees; and  
80       2. Has its principal business operations located in this  
81 state.

82       (e) “Eligible investment” means any capital or equity  
83 investment in an eligible business, or any loan to an eligible  
84 business with a stated maturity of at least 1 year from the date  
85 of issuance, provided that the eligible business has its  
86 principal business operations located in a rural community in  
87 this state, unless this requirement is waived by the department

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88 pursuant to subsection (11).

89 (f) "Investment authority" means the amount certified by  
90 the department under paragraph (7)(b).

91 (g) "Investor contribution" means a cash investment in a  
92 rural fund. The cash investment must be used to purchase an  
93 equity interest in the rural fund or purchase at par value or  
94 premium a debt instrument that has a maturity date at least 7  
95 years after the credit allowance date and a repayment schedule  
96 that is no greater than level principal amortization over 7  
97 years.

98 (h) "Jobs retained" means the number of full-time  
99 employment positions that existed before the initial eligible  
100 investment in an eligible business and for which the eligible  
101 business's chief executive officer or similar officer certifies  
102 that the employment positions would have been eliminated but for  
103 the initial eligible investment.

104 (i) "Principal business operations" means the location or  
105 locations at which at least 60 percent of a business's employees  
106 work or at which the employees who are paid at least 60 percent  
107 of the business's payroll are located. A business that agrees to  
108 relocate or hire new employees using the proceeds of an eligible  
109 investment to establish its principal business operations in  
110 this state is deemed to have its principal business operations  
111 in the new location, provided the business satisfies this  
112 definition within 180 days after receiving the eligible  
113 investment.

114 (j) "Rural community" means:

- 115 1. A county with a population of 75,000 or less;  
116 2. A county with a population of 125,000 or less, if the

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117 county is contiguous to a county with a population of 75,000 or  
118 less;

119 3. Any municipality in a county that meets the above  
120 criteria;

121 4. An unincorporated federal enterprise community or an  
122 incorporated rural city with a population of 25,000 or less and  
123 with an employment base focused on traditional agriculture or  
124 resource-based industries, which community or city is located in  
125 a county not defined as rural and has at least three or more  
126 economic distress factors; or

127 5. A designated rural area of opportunity as defined in s.  
128 288.0656(2).

129 (k) "Rural fund" means an entity certified by the  
130 department under paragraph (7) (a).

131 (l) "State tax" means a tax identified in s. 624.509 or s.  
132 624.5091.

133 (3) On or before November 1, 2025, the department shall  
134 accept applications for approval as a rural fund on a form  
135 adopted by the department. The application must include all of  
136 the following:

137 (a) The total investment authority sought by the applicant.

138 (b) Evidence that the applicant or an affiliate of the  
139 applicant is licensed as a rural business investment company as  
140 defined in 7 U.S.C. s. 2009cc or as a small business investment  
141 company under 15 U.S.C. s. 681. The applicant or the affiliate  
142 must include a certificate executed by an executive officer of  
143 the applicant attesting that such license remains in effect and  
144 has not been revoked.

145 (c) Evidence that, as of the date the application is

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submitted, the applicant or affiliates of the applicant have invested at least \$100 million in nonpublic companies located in counties within the United States with a population of less than 75,000 as of the United States Decennial Census of 2010.

(d) An estimate of the total number of new annual jobs that will be created and total jobs retained over the life of the program in this state because of the applicant's proposed eligible investments.

(e) A business plan that includes a revenue impact assessment projecting state and local tax revenues to be generated, as well as state expenditures to be reduced, by the applicant's proposed eligible investments, which is prepared by a nationally recognized third-party independent economic forecasting firm using a dynamic economic forecasting model that analyzes the applicant's business plan over the 10 years after the date the application is submitted to the department.

(4) (a) Within 30 days after receipt of a completed application, the department shall approve or deny the application.

(b) The department shall deem applications received on the same day as having been received simultaneously. If requests for investment authority exceed the remaining tax credit limitation under paragraph (c), the department must proportionally reduce the investment authority and the investor contributions for each approved application that day to avoid exceeding the limit.

(c) The department shall approve investment authority up to an amount that would allow no more than \$7.143 million in tax credits to be taken in any 1 year, excluding any credits carried forward pursuant to paragraph (10) (a).

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175       (5) The department must deny an application if:

176       (a) The application is incomplete;

177       (b) The applicant does not satisfy the criteria set forth  
178 in subsection (3);

179       (c) The revenue impact assessment submitted under paragraph  
180 (3)(e) does not demonstrate that the applicant's business plan  
181 will result in a positive revenue impact on this state over a  
182 10-year period which exceeds the cumulative amount of tax  
183 credits that would be issued to the applicant's investors; or

184       (d) The department has already approved the maximum amount  
185 of investment authority and investor contributions allowed under  
186 subsection (4).

187       (6) If the department denies an application, the applicant  
188 may, within 15 days after the denial, provide additional  
189 information to the department to cure any defects in the  
190 application as identified by the department. The department  
191 shall review and reconsider such applications within 15 days  
192 after receipt and before approving any pending applications  
193 submitted after the original submission date of the reconsidered  
194 application.

195       (7) The department may not reduce the requested investment  
196 authority or deny a rural fund application for reasons other  
197 than those described in subsection (4) or subsection (5). After  
198 approving an application, the department shall certify:

199       (a) The applicant as a rural fund.

200       (b) The amount of the applicant's investment authority.

201       (8)(a) Within 90 days after receiving the certification  
202 issued under subsection (7), the rural fund shall collect all  
203 investor contributions and collect additional investments of

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204 cash which, when added to the investor contributions, at least  
205 equal the rural fund's investment authority. Within 95 days  
206 after receiving the certification issued under subsection (7),  
207 the rural fund shall send to the department documentation that  
208 the rural fund has collected the amounts described in this  
209 subsection. At least 10 percent of the rural fund's investment  
210 authority must consist of equity investments contributed by  
211 affiliates of the rural fund. The rural fund shall report to the  
212 department the date on which the investor contributions and  
213 additional investments of cash were collected.

214 (b) Upon receipt of the documentation required by paragraph  
215 (a), the department shall provide to each taxpayer who has made  
216 an investor contribution in the amount of the investor  
217 contribution a tax credit certificate.

218 (9) If the rural fund fails to comply with paragraph  
219 (8)(a), the department must revoke the rural fund's  
220 certification, and the corresponding investment authority and  
221 investor contributions will not count toward the limits on the  
222 program size set forth in subsection (4). The department shall  
223 first award revoked investment authority pro rata to each rural  
224 fund that was awarded less than the investment authority for  
225 which it applied, and a rural fund may allocate the associated  
226 investor contribution authority to any taxpayer with state tax  
227 liability in its discretion. Any remaining investment authority  
228 may be awarded by the department to new applicants.

229 (10)(a) Any entity that makes an investor contribution is  
230 vested with an earned credit against state tax liability equal  
231 to that investor's investor contribution. The credit may be used  
232 over 7 years such that 7.14 percent of the credit is applied in



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each of the taxable years that include the year of the credit allowance date through the sixth anniversary of the credit allowance date. Any amount of the credit which the entity is unable to claim in a taxable year may be carried forward for use in an entity's 10 subsequent taxable years.

(b) A credit earned pursuant to paragraph (a) may not be refunded or sold on the open market. Credits earned pursuant to paragraph (a) may be transferred to affiliates of a taxpayer. Credits earned by or allocated to a partnership, limited liability company, or S corporation may be allocated to the partners, members, or shareholders of such entity for their use in accordance with the provisions of any agreement among such partners, members, or shareholders. A rural fund shall notify the department of the names of all taxpayers eligible to use credits upon any allocation, change in allocation, or transfer. Such allocations and transfers may not be considered a sale for the purposes of this section.

(c) The amount of the credit claimed by a taxpayer may not exceed the amount of such taxpayer's state tax liability for the tax year for which the credit is claimed.

(d) A taxpayer claiming a credit under this section must submit a copy of the tax credit certificate with the taxpayer's return for each taxable year for which the credit is claimed.

(11) The department must revoke the tax credit certificates issued under paragraph (8)(b) if a any of the following occurs with respect to a rural fund before the rural fund exits the program in accordance with subsection (15):

(a) The rural fund does not invest 60 percent of its investment authority in eligible investments in this state

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262 within 2 years after the credit allowance date.

263 (b) The rural fund does not invest 100 percent of its  
264 investment authority in eligible investments in this state  
265 within 3 years after the credit allowance date, with at least 70  
266 percent of such eligible investments made in a rural area.

267 (c) The rural fund, after initially satisfying paragraph  
268 (b), fails to maintain eligible investments equal to 100 percent  
269 of its investment authority until the sixth anniversary of the  
270 credit allowance date, with at least 70 percent of such eligible  
271 investments made in a rural area. For purposes of this  
272 paragraph, an investment is maintained even if it is sold or  
273 repaid, so long as the rural fund reinvests an amount equal to  
274 the capital returned or recovered from the original investment,  
275 exclusive of any profits realized, in other eligible investments  
276 in this state within 12 months after the receipt of such  
277 capital. Amounts received periodically by a rural fund must be  
278 treated as continuously invested in eligible investments if the  
279 amounts are reinvested in one or more eligible investments by  
280 the end of the following calendar year; however, there is no  
281 requirement to reinvest capital after the sixth anniversary for  
282 purposes of eligibility under this paragraph.

283 (d) The rural fund, before exiting the program in  
284 accordance with subsection (15) or 30 days after the seventh  
285 anniversary of the credit allowance date, makes a distribution  
286 or payment that results in the rural fund having less than 100  
287 percent of its investment authority invested in eligible  
288 investments in this state or available for investment in  
289 eligible investments and held in cash and other marketable  
290 securities.

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291       (e) The rural fund invests in an eligible business that  
292 directly, or indirectly through an affiliate, owns, has the  
293 right to acquire an ownership interest in, makes a loan to, or  
294 makes an investment in the rural fund of an affiliate of the  
295 rural fund or an investor in the rural fund.

296  
297 The department may, upon a request made pursuant to subsection  
298 (12), waive the requirements relating to an eligible business or  
299 rural area and permit the investment to count toward the  
300 satisfaction of paragraphs (a), (b), and (c), if the department  
301 determines that the investment is rural in nature, employs  
302 individuals from rural areas, or otherwise provides substantial  
303 benefit to residents of rural areas and is likely to  
304 significantly advance the economic growth of the state.

305       (12) Before making an eligible investment, a rural fund may  
306 request a written opinion from the department as to whether the  
307 business in which it proposes to invest satisfies the definition  
308 of an eligible business. The department, no later than 15  
309 business days after the date of receipt of the request, shall  
310 provide the rural fund with a determination letter providing its  
311 opinion. If the department fails to issue a determination letter  
312 within that timeframe, the business in which the rural fund  
313 proposes to invest must be considered an eligible business.

314       (13) Before revoking a tax credit certificate under  
315 subsection (11), the department shall notify the rural fund of  
316 the reasons for the pending revocation. The rural fund shall  
317 have 180 days after the date the notice was received to correct  
318 any violation outlined in the notice to the satisfaction of the  
319 department and avoid revocation of the tax credit certificate.

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320       (14) If the department revokes any tax credit certificates  
321 under subsection (11), the associated investment authority and  
322 investor contributions may not be counted toward the limit on  
323 total investment authority and investor contributions described  
324 in subsection (4). The department shall award any remaining  
325 investment authority to restore any reduction under paragraph  
326 (4) (b).

327       (15) On or after the seventh anniversary of the credit  
328 allowance date, a rural fund may apply to the department to exit  
329 the program and no longer be subject to regulation. The  
330 department shall approve or deny the application within 15 days  
331 after receipt. In evaluating the application, the fact that no  
332 tax credit certificates have been revoked and that the rural  
333 fund has not received a notice of revocation that has not been  
334 cured pursuant to subsection (13) is sufficient evidence that  
335 the rural fund is eligible for exit. The department may not  
336 unreasonably deny an application submitted under this  
337 subsection. If the application is denied, the notice of denial  
338 must include the reasons for the determination.

339       (16) The department may not revoke a tax credit certificate  
340 after a rural fund exits the program.

341       (17) (a) Each rural fund shall submit to the department a  
342 report on or before the 15th business day after the second and  
343 third anniversaries of the credit allowance date which provides  
344 documentation that the rural fund has invested the amounts  
345 required in paragraphs (11) (a) and (b). Such report must also  
346 include all of the following:

347       1. The name and location of each eligible business  
348 receiving an eligible investment, including either the written

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determination under subsection (12) or evidence that the business qualified as an eligible business at the time the investment was made, if not previously reported.

2. A bank statement evidencing each eligible investment, if not previously reported.

3. The number of jobs created and the number of jobs retained as a result of each eligible investment, and the average salary of each position.

4. Any other information required by the department.

(b) On or before March 1 of the subsequent calendar year after the final report required in paragraph (a), and annually until its exit from the program in accordance with subsection (15), the rural fund shall submit to the department a report that identifies each eligible investment made by the rural fund, which must include:

1. The number of jobs created and the number of jobs retained as a result of the eligible investment, and the annual salary of each position.

2. Any other information required by the department.

(18) The department may not accept any new applications after December 1, 2034.

Section 2. This act shall take effect July 1, 2025.