

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

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1 A bill to be entitled
2 An act relating to tax credits for investment in rural
3 communities; creating s. 288.062, F.S.; providing a
4 short title; defining terms; requiring the Department
5 of Commerce to accept applications for approval as
6 rural funds in a specified manner; requiring that
7 certain information be submitted in an application;
8 requiring the department to approve or deny
9 applications within a specified timeframe; prohibiting
10 the department from approving more than a certain
11 amount of investment authority; requiring the
12 department to deny applications under certain
13 circumstances; authorizing an applicant whose
14 application was denied to provide additional
15 information within a certain timeframe to cure defects
16 in the application; requiring the department to review
17 and reconsider such applications within a certain
18 timeframe; prohibiting the department from reducing
19 the investment authority of an application or denying
20 an application unless certain conditions are met;
21 requiring the department to certify approved
22 applications; providing requirements for certified
23 rural funds; requiring the department to provide a tax
24 credit certificate to certain taxpayers; requiring the
25 department to revoke a rural fund's certification
26 under specified conditions; requiring the department
27 to distribute revoked investment authority among
28 certain rural funds; authorizing rural funds to
29 allocate associated investor contribution authority to

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30 certain taxpayers; granting a credit against state tax
31 liability for specified investors; providing
32 restrictions on the credit; requiring taxpayers
33 claiming a credit to submit a copy of the tax credit
34 certificate with their tax return; requiring the
35 department to revoke a tax credit certificate under
36 certain circumstances; authorizing the department to
37 waive certain requirements relating to an eligible
38 business or rural area under certain circumstances;
39 authorizing rural funds to request certain
40 determinations from the department; specifying a
41 timeframe within which rural funds may correct
42 violations to avoid revocation of a tax credit
43 certificate; authorizing the department to distribute
44 reverted investment authority among certain rural
45 funds; authorizing rural funds to submit an exit
46 application; providing a timeframe and procedures for
47 the department to use in handling exit applications;
48 prohibiting the department from revoking a rural
49 fund's tax credit certificate after it exits the
50 program; requiring rural funds to submit an annual
51 report to the department beginning on a date certain;
52 requiring that the annual report include certain
53 information; prohibiting applications from being
54 accepted after a date certain; providing an effective
55 date.

56

57 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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146 submitted, the applicant or affiliates of the applicant have
147 invested at least \$100 million in nonpublic companies located in
148 counties within the United States with a population of less than
149 75,000 as of the United States Decennial Census of 2010.

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

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

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

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

171 (c) The department shall approve investment authority up to
172 an amount that would allow no more than \$7.143 million in tax
173 credits to be taken in any 1 year, excluding any credits carried
174 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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233 each of the taxable years that include the year of the credit
234 allowance date through the sixth anniversary of the credit
235 allowance date. Any amount of the credit which the entity is
236 unable to claim in a taxable year may be carried forward for use
237 in an entity's 10 subsequent taxable years.

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

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

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

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

260 (a) The rural fund does not invest 60 percent of its
261 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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349 determination under subsection (12) or evidence that the
350 business qualified as an eligible business at the time the
351 investment was made, if not previously reported.

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

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

357 4. Any other information required by the department.

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

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

367 2. Any other information required by the department.

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

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