

By Representative Fasano

1                                   A bill to be entitled  
 2           An act relating to tax on sales, use, and other  
 3           transactions; amending s. 212.08, F.S.;  
 4           revising the activities and industries to which  
 5           the exemption for electricity used in certain  
 6           manufacturing and related operations applies;  
 7           including steam within the exemption;  
 8           specifying a threshold for use of electricity  
 9           to qualify for exemption; deleting a  
 10          requirement relating to separate metering of  
 11          such electricity; providing an effective date.

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

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 15           Section 1. Paragraph (ii) of subsection (7) of section  
 16   212.08, Florida Statutes, 1996 Supplement, as amended by  
 17   chapter 97-99, Laws of Florida, is amended to read:

18           212.08 Sales, rental, use, consumption, distribution,  
 19   and storage tax; specified exemptions.--The sale at retail,  
 20   the rental, the use, the consumption, the distribution, and  
 21   the storage to be used or consumed in this state of the  
 22   following are hereby specifically exempt from the tax imposed  
 23   by this chapter.

24           (7) MISCELLANEOUS EXEMPTIONS.--

25           (ii) Certain electricity or steam uses.--

26           1. Charges for electricity or steam used to operate  
 27   machinery and equipment directly and exclusively at a fixed  
 28   location in this state when such ~~to operate~~ machinery and  
 29   equipment ~~that~~ is used to manufacture, process, compound, ~~or~~  
 30   produce, or prepare for shipment items of tangible personal  
 31   property for sale, or to operate pollution control equipment,

1 recycling equipment, maintenance equipment, or monitoring or  
2 control equipment used in such operations are exempt to the  
3 extent provided in this paragraph ~~from the tax imposed by this~~  
4 ~~chapter as provided in subparagraph 2.~~ In order to qualify for  
5 this exemption, 75 percent or more of the electricity used at  
6 the fixed location must be used to operate qualifying  
7 machinery or equipment. ~~The exemption provided for herein is~~  
8 ~~applicable if the electricity that is used for the exempt~~  
9 ~~purposes is separately metered, or if it is not separately~~  
10 ~~metered, it is irrevocably presumed that 50 percent of the~~  
11 ~~charge for electricity is for nonexempt purposes.~~

12 2. This exemption ~~only~~ applies only to industries  
13 classified under SIC Industry Major Group Numbers 10, 12, 13,  
14 14, 20, ~~21~~, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33,  
15 34, 35, 36, 37, 38, and 39 and Industry No. 2121. As used in  
16 this paragraph, "SIC" means those classifications contained in  
17 the Standard Industrial Classification Manual, 1987, as  
18 published by the Office of Management and Budget, Executive  
19 Office of the President.

20 3. Possession by a seller of a written certification  
21 by the purchaser, certifying the purchaser's entitlement to an  
22 exemption permitted by this subsection, relieves the seller  
23 from the responsibility of collecting the tax on the  
24 nontaxable amounts, and the department shall look solely to  
25 the purchaser for recovery of such tax if it determines that  
26 the purchaser was not entitled to the exemption.

27 4. Such exemption shall be applied as follows:

28 a.1. Beginning July 1, 1996, 20 percent of the charges  
29 for such electricity shall be exempt.

30 b.2. Beginning July 1, 1997, 40 percent of the charges  
31 for such electricity shall be exempt.

1           ~~c.3.~~ Beginning July 1, 1998, 60 percent of the charges  
2 for such electricity or steam shall be exempt.

3           ~~d.4.~~ Beginning July 1, 1999, 80 percent of the charges  
4 for such electricity or steam shall be exempt.

5           ~~e.5.~~ Beginning July 1, 2000, 100 percent of the  
6 charges for such electricity or steam shall be exempt.

7           5. Notwithstanding any other provision in this  
8 paragraph to the contrary, in order to receive the exemption  
9 provided in this paragraph a taxpayer must first register with  
10 the WAGES Program Business Registry established by the local  
11 WAGES coalition for the area in which the taxpayer is located.  
12 Such registration establishes a commitment on the part of the  
13 taxpayer to hire WAGES program participants to the maximum  
14 extent possible consistent with the nature of their business.

15           6.a. In order to determine whether the exemption  
16 provided in this paragraph from the tax on charges for  
17 electricity or steam has an effect on retaining or attracting  
18 companies to this state, the Office of Program Policy Analysis  
19 and Governmental Accountability shall periodically monitor and  
20 report on the industries receiving the exemption.

21           b. The first report shall be submitted no later than  
22 January 1, 1997, and must be conducted in such a manner as to  
23 specifically determine the number of companies within each SIC  
24 Industry Major Group receiving the exemption as of September  
25 1, 1996, and the number of individuals employed by companies  
26 within each SIC Industry Major Group receiving the exemption  
27 as of September 1, 1996.

28           c. The second report shall be submitted no later than  
29 January 1, 2001, and must be comprehensive in scope, but, at a  
30 minimum, must be conducted in such a manner as to specifically  
31 determine the number of companies within each SIC Industry

1 Major Group receiving the exemption as of September 1, 2000,  
2 the number of individuals employed by companies within each  
3 SIC Industry Major Group receiving the exemption as of  
4 September 1, 2000, whether the change, if any, in such number  
5 of companies or employees is attributable to the exemption  
6 provided in this paragraph, whether it would be sound public  
7 policy to continue or discontinue the exemption, and the  
8 consequences of doing so.

9 d. Both reports shall be submitted to the President of  
10 the Senate, the Speaker of the House of Representatives, the  
11 Senate Minority Leader, and the House Minority Leader.

12 Section 2. This act shall take effect July 1 of the  
13 year in which enacted.

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15 HOUSE SUMMARY

16  
17 Revises the activities and industries to which the sales  
18 tax exemption for electricity used in certain  
19 manufacturing and related operations applies. Includes  
20 steam within the exemption. Specifies a threshold for  
21 use of electricity to qualify for exemption, and deletes  
22 a requirement relating to separate metering of such  
23 electricity.  
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