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2 An act relating to the tax on sales, use, and
3 other transactions; amending s. 212.08, F.S.;
4 revising the activities that constitute a
5 manufacturing function for purposes of the
6 sales tax exemption on certain uses of
7 electricity; exempting the sale of steam energy
8 used in manufacturing; providing a threshold
9 for electricity use; providing a presumption
10 with respect to the proportion of nonexempt use
11 for electricity use that falls below the
12 threshold; deleting a requirement that the
13 electricity be separately metered; revising the
14 applicability of the exemption; providing an
15 effective date.

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

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19 Section 1. Paragraph (ii) of subsection (7) of section
20 212.08, Florida Statutes, is amended to read:

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

27 (7) MISCELLANEOUS EXEMPTIONS.--

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

29 1. Charges for electricity or steam used to operate
30 machinery and equipment directly and exclusively at a fixed
31 location in this state when such ~~to operate~~ machinery and

1 equipment ~~that~~ is used to manufacture, process, compound, ~~or~~
2 produce, or prepare for shipment items of tangible personal
3 property for sale, or to operate pollution control equipment,
4 recycling equipment, maintenance equipment, or monitoring or
5 control equipment used in such operations are exempt to the
6 extent provided in this paragraph ~~from the tax imposed by this~~
7 ~~chapter as provided in subparagraph 2.~~ In order to qualify for
8 this exemption, 75 percent or more of the electricity used at
9 the fixed location must be used to operate qualifying
10 machinery or equipment. If less than 75 percent but 50 percent
11 or more of the electricity is used at a fixed location to
12 operate qualifying machinery or equipment, then it is presumed
13 that 50 percent of the charge for electricity is for nonexempt
14 purposes. ~~The exemption provided for herein is applicable if~~
15 ~~the electricity that is used for the exempt purposes is~~
16 ~~separately metered, or if it is not separately metered, it is~~
17 ~~irrevocably presumed that 50 percent of the charge for~~
18 ~~electricity is for nonexempt purposes.~~

19 2. This exemption ~~only~~ applies only to industries
20 classified under SIC Industry Major Group Numbers 10, 12, 13,
21 14, 20, ~~21~~, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33,
22 34, 35, 36, 37, 38, and 39. As used in this paragraph, "SIC"
23 means those classifications contained in the Standard
24 Industrial Classification Manual, 1987, as published by the
25 Office of Management and Budget, Executive Office of the
26 President.

27 3. Possession by a seller of a written certification
28 by the purchaser, certifying the purchaser's entitlement to an
29 exemption permitted by this subsection, relieves the seller
30 from the responsibility of collecting the tax on the
31 nontaxable amounts, and the department shall look solely to

1 the purchaser for recovery of such tax if it determines that
2 the purchaser was not entitled to the exemption.

3 4. Such exemption shall be applied as follows:

4 ~~a.1.~~ Beginning July 1, 1996, 20 percent of the
5 charges for such electricity shall be exempt.

6 ~~b.2.~~ Beginning July 1, 1997, 40 percent of the
7 charges for such electricity shall be exempt.

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

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

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

14 5. Notwithstanding any other provision in this
15 paragraph to the contrary, in order to receive the exemption
16 provided in this paragraph a taxpayer must first register with
17 the WAGES Program Business Registry established by the local
18 WAGES coalition for the area in which the taxpayer is located.
19 Such registration establishes a commitment on the part of the
20 taxpayer to hire WAGES program participants to the maximum
21 extent possible consistent with the nature of their business.

22 6.a. In order to determine whether the exemption
23 provided in this paragraph from the tax on charges for
24 electricity or steam has an effect on retaining or attracting
25 companies to this state, the Office of Program Policy Analysis
26 and Governmental Accountability shall periodically monitor and
27 report on the industries receiving the exemption.

28 b. The first report shall be submitted no later than
29 January 1, 1997, and must be conducted in such a manner as to
30 specifically determine the number of companies within each SIC
31 Industry Major Group receiving the exemption as of September

1 1, 1996, and the number of individuals employed by companies
2 within each SIC Industry Major Group receiving the exemption
3 as of September 1, 1996.

4 c. The second report shall be submitted no later than
5 January 1, 2001, and must be comprehensive in scope, but, at a
6 minimum, must be conducted in such a manner as to specifically
7 determine the number of companies within each SIC Industry
8 Major Group receiving the exemption as of September 1, 2000,
9 the number of individuals employed by companies within each
10 SIC Industry Major Group receiving the exemption as of
11 September 1, 2000, whether the change, if any, in such number
12 of companies or employees is attributable to the exemption
13 provided in this paragraph, whether it would be sound public
14 policy to continue or discontinue the exemption, and the
15 consequences of doing so.

16 d. Both reports shall be submitted to the President of
17 the Senate, the Speaker of the House of Representatives, the
18 Senate Minority Leader, and the House Minority Leader.

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

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