

By Senators Webster and Bronson

12-967-99

1                                   A bill to be entitled  
2           An act relating to the tax on sales, use, and  
3           other transactions; amending s. 212.02, F.S.;  
4           exempting from the definition of the term  
5           "retail sale" or "sale at retail" the sale for  
6           resale of certain tangible personal property  
7           that is used or consumed by a government  
8           contractor in the performance of a "qualifying  
9           contract," as defined; amending s. 212.06,  
10          F.S.; exempting from the taxes imposed by ch.  
11          212, F.S., the sale to or use by a government  
12          contractor of "overhead materials," as defined;  
13          phasing in the exemption; providing legislative  
14          intent; providing an effective date.

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

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18           Section 1. Paragraph (a) of subsection (14) of section  
19          212.02, Florida Statutes, 1998 Supplement, is amended to read:

20           212.02 Definitions.--The following terms and phrases  
21          when used in this chapter have the meanings ascribed to them  
22          in this section, except where the context clearly indicates a  
23          different meaning:

24           (14)(a) "Retail sale" or a "sale at retail" means a  
25          sale to a consumer or to any person for any purpose other than  
26          for resale in the form of tangible personal property or  
27          services taxable under this chapter, and includes all such  
28          transactions that may be made in lieu of retail sales or sales  
29          at retail. A sale for resale includes a sale of qualifying  
30          property. As used in this paragraph, the term "qualifying  
31          property" means tangible personal property, other than

1 electricity, which is used or consumed by a government  
2 contractor in the performance of a qualifying contract as  
3 defined in s. 212.06(17)(a), the cost of which property is  
4 allocated or charged as a direct item of cost to such  
5 contract, and title to which property vests in or passes to  
6 the government under the contract. The contractor's use of  
7 qualifying property in performing a qualifying contract is not  
8 a "use" within the meaning ascribed to that term by subsection  
9 (20) or any other provision of this chapter.

10 Section 2. Subsection (17) is added to section 212.06,  
11 Florida Statutes, 1998 Supplement, to read:

12 212.06 Sales, storage, use tax; collectible from  
13 dealers; "dealer" defined; dealers to collect from purchasers;  
14 legislative intent as to scope of tax.--

15 (17)(a) Effective July 1, 2003, the taxes imposed by  
16 this chapter do not apply to the sale to or use by a  
17 government contractor of overhead materials. As used in this  
18 subsection, the term "overhead materials" means any tangible  
19 personal property, other than electricity, which is used or  
20 consumed in the performance of a qualifying contract, the cost  
21 of which is allocated in whole or in part to two or more  
22 contracts, at least one of which is a qualifying contract, and  
23 title to which property vests in or passes to the government  
24 under the contract. As used in this subsection, the term  
25 "qualifying contract" means a contract with the United States  
26 Department of Defense or the National Aeronautics and Space  
27 Administration, or a subcontract thereunder, which relates to  
28 matters of national defense, to space flight as defined in s.  
29 212.02, or to other NASA or Department of Defense aviation or  
30 aerospace efforts or programs.

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1           (b) Notwithstanding paragraph (a), the tax imposed by  
2 this chapter applies to a portion of the sales price or cost  
3 price of overhead materials, as follows:

4           1. From July 1, 1999, through June 30, 2000, the tax  
5 applies to 80 percent;

6           2. From July 1, 2000, through June 30, 2001, the tax  
7 applies to 60 percent;

8           3. From July 1, 2001, through June 30, 2002, the tax  
9 applies to 40 percent; and

10           4. From July 1, 2002, through June 30, 2003, the tax  
11 applies to 20 percent

12  
13 of the sales price or cost price of overhead materials.

14           Section 3. It is the intent of the Legislature that  
15 section 1 of this act clarifies and confirms existing law with  
16 respect to the taxes imposed by chapter 212, Florida Statutes.  
17 Section 2 of this act must not be construed as an expression  
18 of legislative intent as to the applicability of any tax to  
19 any sale or use of overhead materials before July 1, 1999.  
20 Furthermore, section 2 of this act does not imply that any  
21 transaction or cost that is not described in that section is  
22 taxable.

23           Section 4. This act shall take effect July 1, 1999.

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26                                   SENATE SUMMARY

27           Exempts from the tax on sales, use, and other  
28           transactions the sale for resale of certain tangible  
29           personal property that is used or consumed by a  
30           government contractor in the performance of a "qualifying  
31           contract," as defined by this act. Exempts from such  
          taxes the sale to or use by a government contractor of  
          "overhead materials," as defined by this act. Phases in  
          the latter exemption over a 4-year period ending June 30,  
          2003. Provides legislative intent.