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2 An act relating to tax on sales, use, and other
3 transactions; amending s. 212.08, F.S.;
4 revising the industries to which the exemption
5 for electricity or steam used in certain
6 manufacturing and related operations applies;
7 providing an exemption for labor charges for,
8 and parts and materials used in, the repair of
9 machinery and equipment used to produce
10 tangible personal property at a fixed location
11 by specified industries; providing a schedule
12 for implementing the exemption; providing an
13 effective date.

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

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17 Section 1. Paragraph (ii) of subsection (7) of section
18 212.08, Florida Statutes, 1998 Supplement, is amended, and
19 paragraph (zz) is added to said subsection, to read:

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

26 (7) MISCELLANEOUS EXEMPTIONS.--

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

28 1. Charges for electricity or steam used to operate
29 machinery and equipment at a fixed location in this state when
30 such machinery and equipment is used to manufacture, process,
31 compound, produce, or prepare for shipment items of tangible

1 personal property for sale, or to operate pollution control
2 equipment, recycling equipment, maintenance equipment, or
3 monitoring or control equipment used in such operations are
4 exempt to the extent provided in this paragraph. In order to
5 qualify for this exemption, 75 percent or more of the
6 electricity used at the fixed location must be used to operate
7 qualifying machinery or equipment. If less than 75 percent but
8 50 percent or more of the electricity is used at a fixed
9 location to operate qualifying machinery or equipment, then it
10 is presumed that 50 percent of the charge for electricity is
11 for nonexempt purposes.

12 2. This exemption applies only to industries
13 classified under SIC Industry Major Group Numbers 10, 12, 13,
14 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34,
15 35, 36, 37, 38, and 39 and Industry Group Number 212. As used
16 in this paragraph, "SIC" means those classifications contained
17 in 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. Beginning July 1, 1996, 20 percent of the charges
29 for such electricity shall be exempt.

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

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

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

5 e. Beginning July 1, 2000, 100 percent of the charges
6 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 (zz) Certain repair and labor charges.--

13 1. Subject to the provisions of subparagraphs 2. and
14 3., there is exempt from the tax imposed by this chapter all
15 labor charges for the repair of, and parts and materials used
16 in the repair of and incorporated into, industrial machinery
17 and equipment which is used for the manufacture, processing,
18 compounding, or production of items of tangible personal
19 property at a fixed location within this state.

20 2. This exemption applies only to industries
21 classified under SIC Industry Major Group Numbers 10, 12, 13,
22 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34,
23 36, 37, 38, and 39 and Industry Group Number 212. As used in
24 this subparagraph, "SIC" means those classifications contained
25 in the Standard Industrial Classification Manual, 1987, as
26 published by the Office of Management and Budget, Executive
27 Office of the President.

28 3. This exemption shall be applied as follows:

29 a. Beginning July 1, 1999, 25 percent of such charges
30 for repair parts and labor shall be exempt.

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1 b. Beginning July 1, 2000, 50 percent of such charges
2 for repair parts and labor shall be exempt.

3 c. Beginning July 1, 2001, 75 percent of such charges
4 for repair parts and labor shall be exempt.

5 d. Beginning July 1, 2002, 100 percent of such charges
6 for repair parts and labor shall be exempt.

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8 Exemptions provided to any entity by this subsection shall not
9 inure to any transaction otherwise taxable under this chapter
10 when payment is made by a representative or employee of such
11 entity by any means, including, but not limited to, cash,
12 check, or credit card even when that representative or
13 employee is subsequently reimbursed by such entity.

14 Section 2. This act shall take effect July 1, 1999.