

By Representative Sublette

1 A bill to be entitled
 2 An act relating to tax on sales, use, and other
 3 transactions; amending s. 212.02, F.S.;
 4 providing that a sale for resale includes the
 5 sale of certain tangible personal property used
 6 or consumed by a government contractor in
 7 performance of a contract with the United
 8 States Department of Defense or the National
 9 Aeronautics and Space Administration under
 10 certain conditions; providing intent; amending
 11 s. 212.06, F.S.; providing an exemption for
 12 sales to or use by a government contractor of
 13 overhead materials used or consumed in
 14 performance of such a contract under certain
 15 conditions; providing definitions; providing a
 16 schedule for implementing the exemption;
 17 providing intent; providing an effective date.

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

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

24 212.02 Definitions.--The following terms and phrases
 25 when used in this chapter have the meanings ascribed to them
 26 in this section, except where the context clearly indicates a
 27 different meaning:

28 (14)(a) "Retail sale" or a "sale at retail" means a
 29 sale to a consumer or to any person for any purpose other than
 30 for resale in the form of tangible personal property or
 31 services taxable under this chapter, and includes all such

1 transactions that may be made in lieu of retail sales or sales
2 at retail. A sale for resale includes a sale of qualifying
3 property. As used in this paragraph, "qualifying property"
4 means tangible personal property, other than electricity, used
5 or consumed by a government contractor in the performance of a
6 qualifying contract, as defined by s. 212.06(17)(b), the cost
7 of which property is allocated or charged as a direct item of
8 cost to such contract, and title to which property vests in or
9 passes to the government under the contract. The contractor's
10 use of qualifying property in performing a qualifying contract
11 shall not be deemed a "use" within the meaning of subsection
12 (20) or any other provision of this chapter.

13 (2) It is the intent of the Legislature that the
14 amendment to s. 212.02(14)(a), Florida Statutes, 1998
15 Supplement, by this section clarifies and confirms existing
16 law with respect to the tax imposed by chapter 212, Florida
17 Statutes.

18 Section 2. (1) Subsection (17) is added to section
19 212.06, Florida Statutes, 1998 Supplement, to read:

20 212.06 Sales, storage, use tax; collectible from
21 dealers; "dealer" defined; dealers to collect from purchasers;
22 legislative intent as to scope of tax.--

23 (17)(a) Subject to paragraph (c), the tax imposed by
24 this chapter does not apply to the sale to or use by a
25 government contractor of overhead materials.

26 (b) As used in this subsection:

27 1. "Overhead materials" means any tangible personal
28 property, other than electricity, used or consumed in the
29 performance of a qualifying contract, the cost of which is
30 allocated, in whole or in part, to two or more contracts, at
31 least one of which is a qualifying contract, title to which

1 property vests in or passes to the government under the
2 contract.

3 2. "Qualifying contract" means a contract with the
4 United States Department of Defense or the National
5 Aeronautics and Space Administration, or a subcontract
6 thereunder, which relates to matters of national defense, to
7 space flight as defined by s. 212.02(23), or to other National
8 Aeronautics and Space Administration or Department of Defense
9 aviation or aerospace efforts or programs.

10 (c) The exemption provided in this subsection shall
11 apply as follows:

12 1. Beginning July 1, 1999, the tax imposed by this
13 chapter shall be applicable to 80 percent of the sales price
14 or cost price of such overhead materials.

15 2. Beginning July 1, 2000, the tax imposed by this
16 chapter shall be applicable to 60 percent of the sales price
17 or cost price of such overhead materials.

18 3. Beginning July 1, 2001, the tax imposed by this
19 chapter shall be applicable to 40 percent of the sales price
20 or cost price of such overhead materials.

21 4. Beginning July 1, 2002, the tax imposed by this
22 chapter shall be applicable to 20 percent of the sales price
23 or cost price of such overhead materials.

24 5. Beginning July 1, 2003, the entire sales price or
25 cost price of such overhead materials is exempt from the tax
26 imposed by this chapter.

27 (2) Nothing in this section shall be construed as an
28 expression of legislative intent as to the applicability of
29 any tax to any sale or use of overhead materials prior to July
30 1, 1999. Further, nothing in this section shall be construed
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1 as implying that transactions or costs not described in this
2 section are taxable.

3 Section 3. This act shall take effect July 1, 1999.

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6 HOUSE SUMMARY

7 Provides that a sale for resale under ch. 212, F.S.,
8 includes the sale of certain tangible personal property
9 used or consumed by a government contractor in
10 performance of a contract with the United States
11 Department of Defense or the National Aeronautics and
12 Space Administration under certain conditions. Provides a
13 sales tax exemption for sales to or use by a government
14 contractor of overhead materials which are used or
15 consumed in performance of such a contract under certain
16 conditions. Provides a schedule for implementing the
17 exemption over a 5-year period beginning July 1, 1999.
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