

1 A bill to be entitled
2 An act relating to taxation; providing
3 legislative intent; amending s. 212.08, F.S.;
4 revising the amount of the exemption for
5 industrial machinery and equipment used in an
6 expanding business; forgiving certain taxes;
7 authorizing certain school districts to levy
8 additional discretionary millage; providing an
9 effective date.

10

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

12

13 Section 1. Paragraph (b) of subsection (5) of section
14 212.08, Florida Statutes, is amended to read:15 212.08 Sales, rental, use, consumption, distribution,
16 and storage tax; specified exemptions.--The sale at retail,
17 the rental, the use, the consumption, the distribution, and
18 the storage to be used or consumed in this state of the
19 following are hereby specifically exempt from the tax imposed
20 by this chapter.

21 (5) EXEMPTIONS; ACCOUNT OF USE.--

22 (b) Machinery and equipment used to increase
23 productive output.--24 1. Industrial machinery and equipment purchased for
25 exclusive use by a new business in spaceport activities as
26 defined by s. 212.02 or for use in new businesses which
27 manufacture, process, compound, or produce for sale items of
28 tangible personal property at fixed locations are exempt from
29 the tax imposed by this chapter upon an affirmative showing by
30 the taxpayer to the satisfaction of the department that such
31 items are used in a new business in this state. Such purchases

1 must be made prior to the date the business first begins its
2 productive operations, and delivery of the purchased item must
3 be made within 12 months of that date.

4 2.a. Industrial machinery and equipment purchased for
5 exclusive use by an expanding facility which is engaged in
6 spaceport activities as defined by s. 212.02 or for use in
7 expanding manufacturing facilities or plant units which
8 manufacture, process, compound, or produce for sale items of
9 tangible personal property at fixed locations in this state
10 are exempt from any amount of tax imposed by this chapter in
11 excess of \$15,000~~\$50,000~~ per calendar year upon an
12 affirmative showing by the taxpayer to the satisfaction of the
13 department that such items are used to increase the productive
14 output of such expanded facility or business by not less than
15 10 percent.

16 b. Notwithstanding any other provision of this
17 section, industrial machinery and equipment purchased for use
18 in expanding printing manufacturing facilities or plant units
19 that manufacture, process, compound, or produce for sale items
20 of tangible personal property at fixed locations in this state
21 are exempt from any amount of tax imposed by this chapter upon
22 an affirmative showing by the taxpayer to the satisfaction of
23 the department that such items are used to increase the
24 productive output of such an expanded business by not less
25 than 10 percent.

26 3.a. To receive an exemption provided by subparagraph
27 1. or subparagraph 2., a qualifying business entity shall
28 apply to the department for a temporary tax exemption permit.
29 The application shall state that a new business exemption or
30 expanded business exemption is being sought. Upon a tentative
31 affirmative determination by the department pursuant to

1 subparagraph 1. or subparagraph 2., the department shall issue
2 such permit.

3 b. The applicant shall be required to maintain all
4 necessary books and records to support the exemption. Upon
5 completion of purchases of qualified machinery and equipment
6 pursuant to subparagraph 1. or subparagraph 2., the temporary
7 tax permit shall be delivered to the department or returned to
8 the department by certified or registered mail.

9 c. If, in a subsequent audit conducted by the
10 department, it is determined that the machinery and equipment
11 purchased as exempt under subparagraph 1. or subparagraph 2.
12 did not meet the criteria mandated by this paragraph or if
13 commencement of production did not occur, the amount of taxes
14 exempted at the time of purchase shall immediately be due and
15 payable to the department by the business entity, together
16 with the appropriate interest and penalty, computed from the
17 date of purchase, in the manner prescribed by this chapter.

18 d. In the event a qualifying business entity fails to
19 apply for a temporary exemption permit or if the tentative
20 determination by the department required to obtain a temporary
21 exemption permit is negative, a qualifying business entity
22 shall receive the exemption provided in subparagraph 1. or
23 subparagraph 2. through a refund of previously paid taxes. No
24 refund may be made for such taxes unless the criteria mandated
25 by subparagraph 1. or subparagraph 2. have been met and
26 commencement of production has occurred.

27 4. The department shall promulgate rules governing
28 applications for, issuance of, and the form of temporary tax
29 exemption permits; provisions for recapture of taxes; and the
30 manner and form of refund applications and may establish
31 guidelines as to the requisites for an affirmative showing of

1 increased productive output, commencement of production, and
2 qualification for exemption.

3 5. The exemptions provided in subparagraphs 1. and 2.
4 do not apply to machinery or equipment purchased or used by
5 electric utility companies, communications companies, oil or
6 gas exploration or production operations, publishing firms
7 that do not export at least 50 percent of their finished
8 product out of the state, any firm subject to regulation by
9 the Division of Hotels and Restaurants of the Department of
10 Business and Professional Regulation, or any firm which does
11 not manufacture, process, compound, or produce for sale items
12 of tangible personal property or which does not use such
13 machinery and equipment in spaceport activities as required by
14 this paragraph. The exemptions provided in subparagraphs 1.
15 and 2. shall apply to machinery and equipment purchased for
16 use in phosphate or other solid minerals severance, mining, or
17 processing operations only by way of a prospective credit
18 against taxes due under chapter 211 for taxes paid under this
19 chapter on such machinery and equipment.

20 6. For the purposes of the exemptions provided in
21 subparagraphs 1. and 2., these terms have the following
22 meanings:

23 a. "Industrial machinery and equipment" means "section
24 38 property" as defined in s. 48(a)(1)(A) and (B)(i) of the
25 Internal Revenue Code, provided "industrial machinery and
26 equipment" shall be construed by regulations adopted by the
27 Department of Revenue to mean tangible property used as an
28 integral part of spaceport activities or of the manufacturing,
29 processing, compounding, or producing for sale of items of
30 tangible personal property. Such term includes parts and
31

1 accessories only to the extent that the exemption thereof is
2 consistent with the provisions of this paragraph.

3 b. "Productive output" means the number of units
4 actually produced by a single plant or operation in a single
5 continuous 12-month period, irrespective of sales. Increases
6 in productive output shall be measured by the output for 12
7 continuous months immediately following the completion of
8 installation of such machinery or equipment over the output
9 for the 12 continuous months immediately preceding such
10 installation. However, if a different 12-month continuous
11 period of time would more accurately reflect the increase in
12 productive output of machinery and equipment purchased to
13 facilitate an expansion, the increase in productive output may
14 be measured during that 12-month continuous period of time if
15 such time period is mutually agreed upon by the Department of
16 Revenue and the expanding business prior to the commencement
17 of production; provided, however, in no case may such time
18 period begin later than 2 years following the completion of
19 installation of the new machinery and equipment. The units
20 used to measure productive output shall be physically
21 comparable between the two periods, irrespective of sales.

22 7. Notwithstanding any other provision in this
23 paragraph to the contrary, in order to receive the exemption
24 provided in this paragraph a taxpayer must register with the
25 WAGES Program Business Registry established by the local WAGES
26 coalition for the area in which the taxpayer is located. Such
27 registration establishes a commitment on the part of the
28 taxpayer to hire WAGES program participants to the maximum
29 extent possible consistent with the nature of their business.

30 Section 2. Any tax liability that accrued under
31 section 550.09515(2)(a)2., Florida Statutes, between January

1 1, 2000, and May 22, 2000, is forgiven, and the Department of
2 Business and Professional Regulation may not maintain an
3 action to collect such taxes.

4 Section 3. Notwithstanding the General Appropriations
5 Act for 2000-2001, any school district that has submitted a
6 proposal to be a charter school district under section
7 228.058, Florida Statutes, prior to March 1, 2000, may levy up
8 to 1.0 of additional discretionary school millage, for 1 year
9 only, to provide funds necessary to implement the transition
10 to charter district status.

11 Section 4. This act shall take effect July 1, 2000.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31