

By Representatives Crist, Levine, Ritchie and Casey

1 A bill to be entitled
2 An act relating to tax on sales, use, and other
3 transactions; providing intent; amending s.
4 212.08, F.S.; revising the exemption for
5 machinery and equipment used in silicon
6 technology production and research and
7 development, to include machinery and equipment
8 used by health technology facilities to produce
9 health technology products, and machinery and
10 equipment used in research and development or
11 manufacturing in a health technology facility;
12 providing a definition; providing an effective
13 date.
14
15 WHEREAS, Enterprise Florida, Inc., has a sector
16 strategy devoted to Florida's health technology industry, and
17 WHEREAS, the health technology industry represents a
18 valued and growing sector of Florida's economy, and
19 WHEREAS, this industry employs over 250,000 Floridians
20 at a high average wage, and
21 WHEREAS, this industry is dominated by small employers
22 and entrepreneurs that look to the state, its communities,
23 economic development organizations, and community colleges and
24 universities to provide an environment that will nurture its
25 development, and
26 WHEREAS, this industry improves the quality of life for
27 all Floridians, and
28 WHEREAS, the Florida Legislature recognizes the
29 importance of this industry to our state, NOW, THEREFORE,
30
31 Be It Enacted by the Legislature of the State of Florida:

1 Section 1. Legislative intent.--It is the intent of
2 the Legislature to encourage and facilitate the location and
3 expansion of the state's health technology industry. This
4 industry sector creates high-wage, value-added jobs which
5 strengthen and diversify the state's economy.

6 Section 2. Paragraph (j) of subsection (5) of section
7 212.08, Florida Statutes, is amended to read:

8 212.08 Sales, rental, use, consumption, distribution,
9 and storage tax; specified exemptions.--The sale at retail,
10 the rental, the use, the consumption, the distribution, and
11 the storage to be used or consumed in this state of the
12 following are hereby specifically exempt from the tax imposed
13 by this chapter.

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

15 (j) Machinery and equipment used in health technology
16 and silicon technology production and research and
17 development.--

18 1. Industrial machinery and equipment purchased for
19 use in silicon technology facilities certified under
20 subparagraph 5. to manufacture, process, compound, or produce
21 health technology or silicon technology products for sale or
22 for use by these facilities are exempt from the tax imposed by
23 this chapter.

24 2. Machinery and equipment are exempt from the tax
25 imposed by this chapter if purchased for use predominately in
26 research and development or manufacturing in a health
27 technology facility certified under subparagraph 5., or if
28 purchased for use predominately in silicon wafer research and
29 development activities in a silicon technology research and
30 development facility certified under subparagraph 5.

31

1 3. In addition to meeting the criteria mandated by
2 subparagraph 1. or subparagraph 2., a business must be
3 certified by the Office of Tourism, Trade, and Economic
4 Development as authorized in this paragraph in order to
5 qualify for exemption under this paragraph.

6 4. For items purchased tax exempt pursuant to this
7 paragraph, possession of a written certification from the
8 purchaser, certifying the purchaser's entitlement to exemption
9 pursuant to this paragraph, relieves the seller of the
10 responsibility of collecting the tax on the sale of such
11 items, and the department shall look solely to the purchaser
12 for recovery of tax if it determines that the purchaser was
13 not entitled to the exemption.

14 5.a. To be eligible to receive the exemption provided
15 by subparagraph 1. or subparagraph 2., a qualifying business
16 entity shall apply to Enterprise Florida, Inc. The application
17 shall be developed by the Office of Tourism, Trade, and
18 Economic Development in consultation with Enterprise Florida,
19 Inc.

20 b. Enterprise Florida, Inc., shall review each
21 submitted application and information and determine whether or
22 not the application is complete within 5 working days. Once an
23 application is complete, Enterprise Florida, Inc., shall,
24 within 10 working days, evaluate the application and recommend
25 approval or disapproval of the application to the Office of
26 Tourism, Trade, and Economic Development.

27 c. Upon receipt of the application and recommendation
28 from Enterprise Florida, Inc., the Office of Tourism, Trade,
29 and Economic Development shall certify within 5 working days
30 those applicants who are found to meet the requirements of
31 this section and notify the applicant, Enterprise Florida,

1 Inc., and the department of the certification. If the Office
2 of Tourism, Trade, and Economic Development finds that the
3 applicant does not meet the requirements of this section, it
4 shall notify the applicant and Enterprise Florida, Inc.,
5 within 10 working days that the application for certification
6 has been denied and the reasons for denial. The Office of
7 Tourism, Trade, and Economic Development has final approval
8 authority for certification under this section.

9 6.a. A business certified to receive this exemption
10 may apply once each year for the exemption.

11 b. The first claim submitted by a business may include
12 all eligible expenditures made after the date the business was
13 certified.

14 c. To apply for the annual exemption, the business
15 shall submit a claim to the Office of Tourism, Trade, and
16 Economic Development, which claim indicates and documents the
17 sales and use taxes otherwise payable on eligible machinery
18 and equipment. The claim must also indicate, for program
19 evaluation purposes only, the average number of full-time
20 equivalent employees at the facility over the preceding
21 calendar year, the average wage and benefits paid to those
22 employees over the preceding calendar year, and the total
23 investment made in real and tangible personal property over
24 the preceding calendar year or, for the first claim submitted,
25 since the date of certification. The department shall assist
26 the Office of Tourism, Trade, and Economic Development in
27 evaluating and verifying information provided in the
28 application for exemption.

29 d. The Office of Tourism, Trade, and Economic
30 Development may use the information reported on the claims for
31 evaluation purposes only and shall prepare an annual report on

1 the exemption program and its cost and impact. The annual
2 report for the preceding fiscal year shall be submitted to the
3 Governor, the President of the Senate, and the Speaker of the
4 House of Representatives by September 30 of each fiscal year.
5 This report may be submitted in conjunction with the annual
6 report required in s. 288.095(3)(c).

7 7. A business certified to receive this exemption may
8 elect to designate one or more state universities or community
9 colleges as recipients of up to 100 percent of the amount of
10 the exemption for which they may qualify. To receive these
11 funds, the institution must agree to match the funds so earned
12 with equivalent cash, programs, services, or other in-kind
13 support on a one-to-one basis in the pursuit of research and
14 development projects as requested by the certified business.
15 The rights to any patents, royalties, or real or intellectual
16 property must be vested in the business unless otherwise
17 agreed to by the business and the university or community
18 college.

19 8. As used in this paragraph, the term:

20 a. "Predominately" means at least 50 percent of the
21 time in qualifying research and development.

22 b. "Research and development" means basic and applied
23 research in the science or engineering, as well as the design,
24 development, and testing of prototypes or processes of new or
25 improved products. Research and development does not include
26 market research, routine consumer product testing, sales
27 research, research in the social sciences or psychology,
28 nontechnological activities, or technical services.

29 c. "Silicon technology products" means raw silicon
30 wafers that are transformed into semiconductor memory or logic
31 wafers, including wafers containing mixed memory and logic

1 circuits; related assembly and test operations; active-matrix
2 flat panel displays; semiconductor chips; and related silicon
3 technology products as determined by the Office of Tourism,
4 Trade, and Economic Development.

5 d. "Health technology products" means drugs; surgical,
6 medical, and dental instruments and supplies; ophthalmic
7 goods; laboratory apparatus; laboratory analytical
8 instruments; optical instruments and lenses; and related
9 health technology products as determined by the Office of
10 Tourism, Trade, and Economic Development.

11 Section 3. This act shall take effect July 1, 2000.

12 *****

13 HOUSE SUMMARY

14 Revises the exemption from the tax on sales, use, and
15 other transactions for machinery and equipment used in
16 silicon technology production and research and
17 development, to include machinery and equipment used by
18 health technology facilities to produce health technology
19 products, and machinery and equipment used in research
20 and development or manufacturing in a health technology
21 facility.