

By the Committee on Fiscal Resource and Senator Sebesta

314-1981-00

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

A bill to be entitled
An act relating to the tax on sales, use, and
other transactions; amending s. 212.08, F.S.;
revising provisions providing an exemption for
machinery and equipment used in semiconductor
technology production and research and
development; provides an effective date.

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

Section 1. Paragraph (j) of subsection (5) of section
212.08, Florida Statutes, is amended to read:

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

(5) EXEMPTIONS; ACCOUNT OF USE.--

(j) Machinery and equipment used in semiconductor
~~silicon~~ technology production and research and development.--

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

2. Machinery and equipment are exempt from the tax
imposed by this chapter if purchased for use predominately in
semiconductor ~~silicon~~ wafer research and development

1 activities in a semiconductor ~~silicon~~ technology research and
2 development facility certified under subparagraph 5.

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

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

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

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

29 c. Upon receipt of the application and recommendation
30 from Enterprise Florida, Inc., the Office of Tourism, Trade,
31 and Economic Development shall certify within 5 working days

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

11 6.a. A business ~~certified to receive this exemption~~
12 may apply once each year for the exemption.

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

16 b.c. ~~To apply for the annual exemption, the business~~
17 ~~shall submit a claim to the Office of Tourism, Trade, and~~
18 ~~Economic Development, which claim indicates and documents the~~
19 ~~sales and use taxes otherwise payable on eligible machinery~~
20 ~~and equipment.~~The application claim must also indicate, for
21 program evaluation purposes only, the average number of
22 full-time equivalent employees at the facility over the
23 preceding calendar year, the average wage and benefits paid to
24 those employees over the preceding calendar year, ~~and~~ the
25 total investment made in real and tangible personal property
26 over the preceding calendar year, and the total value of
27 tax-exempt purchases and taxes exempted during the previous
28 year ~~or, for the first claim submitted, since the date of~~
29 ~~certification.~~ The department shall assist the Office of
30 Tourism, Trade, and Economic Development in evaluating and
31

1 verifying information provided in the application for
2 exemption.

3 ~~c.d.~~ The Office of Tourism, Trade, and Economic
4 Development may use the information reported on the
5 application ~~claims~~ for evaluation purposes only and shall
6 prepare an annual report on the exemption program and its cost
7 and impact. The annual report for the preceding fiscal year
8 shall be submitted to the Governor, the President of the
9 Senate, and the Speaker of the House of Representatives by
10 September 30 of each fiscal year. This report may be submitted
11 in conjunction with the annual report required in s.
12 288.095(3)(c).

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

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

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

28 b. "Research and development" means basic and applied
29 research in the science or engineering, as well as the design,
30 development, and testing of prototypes or processes of new or
31 improved products. Research and development does not include

1 market research, routine consumer product testing, sales
2 research, research in the social sciences or psychology,
3 nontechnological activities, or technical services.

4 c. "Semiconductor ~~Silicon~~ technology products" means
5 raw semiconductor ~~silicon~~ wafers or semiconductor thin films
6 that are transformed into semiconductor memory or logic
7 wafers, including wafers containing mixed memory and logic
8 circuits; related assembly and test operations; active-matrix
9 flat panel displays; semiconductor chips; semiconductor
10 lasers; optoelectronic elements;and related semiconductor
11 ~~silicon~~ technology products as determined by the Office of
12 Tourism, Trade, and Economic Development.

13 Section 2. This act shall take effect January 1, 2001.

14
15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
16 COMMITTEE SUBSTITUTE FOR
17 SB 2402

18 Revises the application of the sales tax exemption provided
19 for machinery and equipment used in silicon technology
20 production and research and development by replacing the term
21 "silicon" with the term "semiconductor".
22
23
24
25
26
27
28
29
30
31