

By Senators Klein and King

28-1317A-00

See HB 1573

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A bill to be entitled  
An act relating to tax on sales, use, and other transactions; providing intent; amending s. 212.08, F.S.; revising the exemption for machinery and equipment used in silicon technology production and research and development, to include machinery and equipment used by health technology facilities to produce health technology products, and machinery and equipment used in research and development or manufacturing in a health technology facility; providing a definition; providing an effective date.

WHEREAS, Enterprise Florida, Inc., has a sector strategy devoted to Florida's health technology industry, and

WHEREAS, the health technology industry represents a valued and growing sector of Florida's economy, and

WHEREAS, this industry employs over 250,000 Floridians at a high average wage, and

WHEREAS, this industry is dominated by small employers and entrepreneurs that look to the state, its communities, economic development organizations, and community colleges and universities to provide an environment that will nurture its development, and

WHEREAS, this industry improves the quality of life for all Floridians, and

WHEREAS, the Florida Legislature recognizes the importance of this industry to our state, NOW, THEREFORE,

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.

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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.

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14 LEGISLATIVE SUMMARY

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