

By Representative Patterson

1 A bill to be entitled
2 An act relating to ad valorem tax exemptions;
3 amending s. 196.012, F.S.; providing that, for
4 purposes of determining eligibility for
5 exemption, property which is owned by an exempt
6 entity under a capital lease shall be deemed
7 "owned" by the entity; defining "capital
8 lease"; providing an effective date.
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10 Be It Enacted by the Legislature of the State of Florida:

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12 Section 1. Subsection (20) is added to section
13 196.012, Florida Statutes, to read:

14 196.012 Definitions.--For the purpose of this chapter,
15 the following terms are defined as follows, except where the
16 context clearly indicates otherwise:

17 (20) For purposes of determining if property is
18 "owned" by an exempt entity, property owned by the entity
19 under a capital lease shall be deemed to be owned by the
20 entity. A "capital lease" is a lease which meets at least one
21 of the following criteria:

22 (a) Ownership of the property transfers to the lessee
23 at the end of the lease term.

24 (b) The lease contains a bargain purchase option,
25 which is a provision allowing the lessee, at his or her
26 choosing, to buy the leased property for a price which is
27 sufficiently lower than the expected fair market value of the
28 property at the date the option becomes exercisable that
29 exercise of the option appears, at the inception of the lease,
30 to be reasonably assured.
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1 (c) The lease term is equal to 75 percent or more of
2 the estimated useful economic life of the property.
3 (d) At the inception of the lease, the present value
4 of the minimum lease payments is at least 90 percent of the
5 fair market value of the leased property. As used in this
6 paragraph, "minimum lease payments" has the same meaning as is
7 contained in Statements and Interpretations of the Financial
8 Accounting Standards Board in regard to capital-type leases.
9 The interest rate used to calculate the present value shall be
10 the Prime Rate published in the "Money Rates" section of the
11 Wall Street Journal on the same date as the inception of the
12 lease.

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

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16 HOUSE SUMMARY

17 Provides that, for purposes of determining eligibility
18 for ad valorem tax exemption, property which is owned by
19 an exempt entity under a capital lease shall be deemed
"owned" by the entity, and defines "capital lease."
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