

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 leased to an  
6           exempt entity under a capital lease shall be  
7           deemed "owned" by the entity; defining "capital  
8           lease"; amending s. 196.198, F.S.; providing  
9           that property leased from a governmental agency  
10          is eligible for the exemption for educational  
11          property if the agency continues to use the  
12          property exclusively for educational purposes;  
13          providing an effective date.

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

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17           Section 1. Subsection (20) is added to section  
18          196.012, Florida Statutes, to read:  
19           196.012 Definitions.--For the purpose of this chapter,  
20          the following terms are defined as follows, except where the  
21          context clearly indicates otherwise:

22           (20) For purposes of determining if property is  
23 "owned" by an exempt entity, property leased to an exempt  
24 entity under a capital lease shall be deemed to be owned by  
25 that exempt entity. This subsection does not apply with  
26 respect to determining ownership of property leased by an  
27 exempt entity to another person. For purposes of this  
28 subsection, a "capital lease" is a lease to an exempt entity  
29 which meets at least one of the following criteria:

30           (a) Ownership of the property transfers to the lessee  
31 at the end of the lease term.

1           (b) The lease contains a bargain purchase option which  
2 allows the lessee, at his or her option, to buy the leased  
3 property for a price which is sufficiently lower than the  
4 expected fair market value of the property on the date the  
5 option becomes exercisable that exercise of the option  
6 appears, at the inception of the lease, to be reasonably  
7 assured.

8           (c) The lease term is equal to 75 percent or more of  
9 the estimated useful economic life of the property.

10           (d) At the inception of the lease, the present value  
11 of the minimum lease payments is at least 90 percent of the  
12 fair market value of the leased property. As used in this  
13 paragraph, "minimum lease payments" has the same meaning as is  
14 contained in Statements and Interpretations of the Financial  
15 Accounting Standards Board in regard to capital-type leases.  
16 The interest rate used to calculate the present value shall be  
17 the Prime Rate published in the "Money Rates" section of the  
18 Wall Street Journal on the same date as the inception of the  
19 lease.

20           Section 2. Section 196.198, Florida Statutes, is  
21 amended to read:

22           196.198 Educational property exemption.--Educational  
23 institutions within this state and their property used by them  
24 or by any other exempt entity or educational institution  
25 exclusively for educational purposes shall be exempt from  
26 taxation. Sheltered workshops providing rehabilitation and  
27 retraining of disabled individuals and exempted by a  
28 certificate under s. (d) of the federal Fair Labor Standards  
29 Act of 1938, as amended, are declared wholly educational in  
30 purpose and shall be exempted from certification,  
31 accreditation, and membership requirements set forth in s.

1 196.012. Those portions of property of college fraternities  
2 and sororities certified by the president of the college or  
3 university to the appropriate property appraiser as being  
4 essential to the educational process, shall be exempt from ad  
5 valorem taxation. The use of property by public fairs and  
6 expositions chartered by chapter 616 is presumed to be an  
7 educational use of such property and shall be exempt from ad  
8 valorem taxation to the extent of such use. Property used  
9 exclusively for educational purposes shall be deemed owned by  
10 an educational institution if the entity owning 100 percent of  
11 the educational institution is owned by the identical persons  
12 who own the property. If legal title to property is held by a  
13 governmental agency which leases such property to a lessee,  
14 such property shall be deemed to be owned by the governmental  
15 agency and used exclusively for educational purposes if the  
16 governmental agency continues to use such property exclusively  
17 for educational purposes pursuant to a sublease or other  
18 contractual agreement with that lessee. If the title to land  
19 is held by the trustee of an irrevocable inter vivos trust and  
20 if the trust grantor owns 100 percent of the entity that owns  
21 an educational institution that is using the land exclusively  
22 for educational purposes, the land is deemed to be property  
23 owned by the educational institution for purposes of this  
24 exemption. Property owned by an educational institution shall  
25 be deemed to be used for an educational purpose if the  
26 institution has taken affirmative steps to prepare the  
27 property for educational use. Affirmative steps means  
28 environmental or land use permitting activities, creation of  
29 architectural plans or schematic drawings, land clearing or  
30 site preparation, construction or renovation activities, or  
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1 other similar activities that demonstrate commitment of the  
2 property to an educational use.

3 Section 3. This act shall take effect January 1, 2001.  
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