

By Representative Johnson

1 A bill to be entitled
2 An act relating to tax on sales, use, and other
3 transactions; amending s. 212.08, F.S.;
4 revising the exemption for machinery and
5 equipment used in silicon technology production
6 and research and development to include
7 machinery and equipment used by defense
8 technology facilities to produce defense
9 technology products, and machinery and
10 equipment used in defense technology research
11 and development in a defense technology
12 research and development facility; providing a
13 definition; 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. Paragraph (j) of subsection (5) of section
18 212.08, Florida Statutes, is amended to read:

19 212.08 Sales, rental, use, consumption, distribution,
20 and storage tax; specified exemptions.--The sale at retail,
21 the rental, the use, the consumption, the distribution, and
22 the storage to be used or consumed in this state of the
23 following are hereby specifically exempt from the tax imposed
24 by this chapter.

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

26 (j) Machinery and equipment used in silicon technology
27 and defense technology production and research and
28 development.--

29 1. Industrial machinery and equipment purchased for
30 use in silicon technology or defense technology facilities
31 certified under subparagraph 5. to manufacture, process,

1 compound, or produce silicon technology products or defense
2 technology products for sale or for use by these facilities
3 are exempt from the tax imposed by this chapter.

4 2. Machinery and equipment are exempt from the tax
5 imposed by this chapter if purchased for use predominately in
6 silicon wafer or defense technology research and development
7 activities in a silicon technology or defense technology
8 research and development facility certified under subparagraph
9 5.

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

15 4. For items purchased tax exempt pursuant to this
16 paragraph, possession of a written certification from the
17 purchaser, certifying the purchaser's entitlement to exemption
18 pursuant to this paragraph, relieves the seller of the
19 responsibility of collecting the tax on the sale of such
20 items, and the department shall look solely to the purchaser
21 for recovery of tax if it determines that the purchaser was
22 not entitled to the exemption.

23 5.a. To be eligible to receive the exemption provided
24 by subparagraph 1. or subparagraph 2., a qualifying business
25 entity shall apply to Enterprise Florida, Inc. The application
26 shall be developed by the Office of Tourism, Trade, and
27 Economic Development in consultation with Enterprise Florida,
28 Inc.

29 b. Enterprise Florida, Inc., shall review each
30 submitted application and information and determine whether or
31 not the application is complete within 5 working days. Once an

1 application is complete, Enterprise Florida, Inc., shall,
2 within 10 working days, evaluate the application and recommend
3 approval or disapproval of the application to the Office of
4 Tourism, Trade, and Economic Development.

5 c. Upon receipt of the application and recommendation
6 from Enterprise Florida, Inc., the Office of Tourism, Trade,
7 and Economic Development shall certify within 5 working days
8 those applicants who are found to meet the requirements of
9 this section and notify the applicant, Enterprise Florida,
10 Inc., and the department of the certification. If the Office
11 of Tourism, Trade, and Economic Development finds that the
12 applicant does not meet the requirements of this section, it
13 shall notify the applicant and Enterprise Florida, Inc.,
14 within 10 working days that the application for certification
15 has been denied and the reasons for denial. The Office of
16 Tourism, Trade, and Economic Development has final approval
17 authority for certification under this section.

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

20 b. The first claim submitted by a business may include
21 all eligible expenditures made after the date the business was
22 certified.

23 c. To apply for the annual exemption, the business
24 shall submit a claim to the Office of Tourism, Trade, and
25 Economic Development, which claim indicates and documents the
26 sales and use taxes otherwise payable on eligible machinery
27 and equipment. The claim must also indicate, for program
28 evaluation purposes only, the average number of full-time
29 equivalent employees at the facility over the preceding
30 calendar year, the average wage and benefits paid to those
31 employees over the preceding calendar year, and the total

1 investment made in real and tangible personal property over
2 the preceding calendar year or, for the first claim submitted,
3 since the date of certification. The department shall assist
4 the Office of Tourism, Trade, and Economic Development in
5 evaluating and verifying information provided in the
6 application for exemption.

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

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

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

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

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1 b. "Research and development" means basic and applied
2 research in the science or engineering, as well as the design,
3 development, and testing of prototypes or processes of new or
4 improved products. Research and development does not include
5 market research, routine consumer product testing, sales
6 research, research in the social sciences or psychology,
7 nontechnological activities, or technical services.

8 c. "Silicon technology products" means raw silicon
9 wafers that are transformed into semiconductor memory or logic
10 wafers, including wafers containing mixed memory and logic
11 circuits; related assembly and test operations; active-matrix
12 flat panel displays; semiconductor chips; and related silicon
13 technology products as determined by the Office of Tourism,
14 Trade, and Economic Development.

15 d. "Defense technology products" means products with a
16 military application, including, but not limited to, weapons,
17 weapons systems, guidance systems, munitions, aircraft,
18 vessels, boats, or other implements of war or components
19 thereof.

20 Section 2. This act shall take effect July 1, 2000.

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23 HOUSE SUMMARY

24 Revises the sales tax exemption for machinery and
25 equipment used in silicon technology production and
26 research and development to include machinery and
27 equipment used by defense technology facilities to
28 produce defense technology products, and machinery and
29 equipment used in defense technology research and
30 development in a defense technology research and
31 development facility.