

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 application of the exemption for
5 machinery and equipment used in silicon
6 technology production and research and
7 development; providing for application to
8 semiconductor, rather than silicon, technology
9 production and research and development;
10 providing a partial exemption for machinery and
11 equipment for use in defense or space
12 technology production and research and
13 development; providing an exemption for
14 building materials used in manufacturing or
15 expanding clean rooms in semiconductor
16 manufacturing facilities; revising exemption
17 application requirements; providing
18 definitions; providing an effective date.

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

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22 Section 1. Paragraph (j) of subsection (5) of section
23 212.08, Florida Statutes, is amended to read:

24 212.08 Sales, rental, use, consumption, distribution,
25 and storage tax; specified exemptions.--The sale at retail,
26 the rental, the use, the consumption, the distribution, and
27 the storage to be used or consumed in this state of the
28 following are hereby specifically exempt from the tax imposed
29 by this chapter.

30 (5) EXEMPTIONS; ACCOUNT OF USE.--
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1 (j) Machinery and equipment used in semiconductor,
2 defense, or space ~~silicon~~ technology production and research
3 and development; building materials used for clean rooms.--

4 1.a. Industrial machinery and equipment used ~~purchased~~
5 ~~for use~~ in semiconductor ~~silicon~~ technology facilities
6 certified under subparagraph 6.5 to manufacture, process,
7 compound, or produce semiconductor ~~silicon~~ technology products
8 for sale or for use by these facilities are exempt from the
9 tax imposed by this chapter.

10 b. Industrial machinery and equipment used in defense
11 or space technology facilities certified under subparagraph 6.
12 to manufacture, process, compound, or produce defense
13 technology products or space technology products for sale or
14 for use by these facilities are exempt from 25 percent of the
15 tax imposed by this chapter.

16 c. For purposes of this subparagraph, "industrial
17 machinery and equipment" includes molds, dies, machine
18 tooling, other appurtenances or accessories to machinery and
19 equipment, testing equipment, test beds, computers, and
20 software, whether purchased or self-fabricated, and, if
21 self-fabricated, includes materials and labor for design,
22 fabrication, and assembly.

23 2.a. Machinery and equipment are exempt from the tax
24 imposed by this chapter if used ~~purchased for use~~
25 predominately in semiconductor ~~silicon~~ wafer research and
26 development activities in a semiconductor ~~silicon~~ technology
27 research and development facility certified under subparagraph
28 6 5.

29 b. Machinery and equipment are exempt from 25 percent
30 of the tax imposed by this chapter if used predominately in
31 defense or space research and development activities in a

1 defense or space technology research and development facility
2 certified under subparagraph 6.

3 c. For purposes of this subparagraph, "machinery and
4 equipment" includes molds, dies, machine tooling, other
5 appurtenances or accessories to machinery and equipment,
6 testing equipment, test beds, computers, and software, whether
7 purchased or self-fabricated, and, if self-fabricated,
8 includes materials and labor for design, fabrication, and
9 assembly.

10 3. Building materials used in manufacturing or
11 expanding clean rooms in semiconductor manufacturing
12 facilities are exempt from the tax imposed by this chapter.

13 ~~4.3.~~ In addition to meeting the criteria mandated by
14 subparagraph 1., ~~or~~ subparagraph 2., or subparagraph 3., a
15 business must be certified by the Office of Tourism, Trade,
16 and Economic Development as authorized in this paragraph in
17 order to qualify for exemption under this paragraph.

18 ~~5.4.~~ For items purchased tax exempt or partially
19 exempt pursuant to this paragraph, possession of a written
20 certification from the purchaser, certifying the purchaser's
21 entitlement to exemption pursuant to this paragraph, relieves
22 the seller of the responsibility of collecting the amount of
23 tax on the sale of such items that is qualified for the
24 exemption under this paragraph, and the department shall look
25 solely to the purchaser for recovery of tax if it determines
26 that the purchaser was not entitled to the exemption.

27 ~~6.5.a.~~ To be eligible to receive the exemption
28 provided by subparagraph 1., ~~or~~ subparagraph 2., or
29 subparagraph 3., a qualifying business entity shall apply to
30 Enterprise Florida, Inc. The application shall be developed by
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1 the Office of Tourism, Trade, and Economic Development in
2 consultation with Enterprise Florida, Inc.

3 b. Enterprise Florida, Inc., shall review each
4 submitted application and information and determine whether or
5 not the application is complete within 5 working days. Once an
6 application is complete, Enterprise Florida, Inc., shall,
7 within 10 working days, evaluate the application and recommend
8 approval or disapproval of the application to the Office of
9 Tourism, Trade, and Economic Development.

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

23 7.6.a. A business certified to receive this exemption
24 may apply once each year for the exemption.

25 ~~b. The first claim submitted by a business may include~~
26 ~~all eligible expenditures made after the date the business was~~
27 ~~certified.~~

28 b.c. To apply for the annual exemption, the business
29 shall submit a claim to the Office of Tourism, Trade, and
30 Economic Development, which claim indicates and documents the
31 sales and use taxes otherwise payable on eligible machinery

1 ~~and equipment.~~ The application claim must also indicate, for
2 program evaluation purposes only, the average number of
3 full-time equivalent employees at the facility over the
4 preceding calendar year, the average wage and benefits paid to
5 those employees over the preceding calendar year, ~~and~~ the
6 total investment made in real and tangible personal property
7 over the preceding calendar year, and the total value of
8 tax-exempt purchases and taxes exempted during the previous
9 year or, for the first claim submitted, since the date of
10 certification. The department shall assist the Office of
11 Tourism, Trade, and Economic Development in evaluating and
12 verifying information provided in the application for
13 exemption.

14 ~~c.d.~~ The Office of Tourism, Trade, and Economic
15 Development may use the information reported on the
16 application claims for evaluation purposes only and shall
17 prepare an annual report on the exemption program and its cost
18 and impact. The annual report for the preceding fiscal year
19 shall be submitted to the Governor, the President of the
20 Senate, and the Speaker of the House of Representatives by
21 September 30 of each fiscal year. This report may be submitted
22 in conjunction with the annual report required in s.
23 288.095(3)(c).

24 ~~8.7.~~ A business certified to receive this exemption
25 may elect to designate one or more state universities or
26 community colleges as recipients of up to 100 percent of the
27 amount of the exemption for which they may qualify. To receive
28 these funds, the institution must agree to match the funds so
29 earned with equivalent cash, programs, services, or other
30 in-kind support on a one-to-one basis in the pursuit of
31 research and development projects as requested by the

1 certified business. The rights to any patents, royalties, or
2 real or intellectual property must be vested in the business
3 unless otherwise agreed to by the business and the university
4 or community college.

5 ~~9.8.~~ As used in this paragraph, the term:

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

8 b. "Research and development" means basic and applied
9 research in the science or engineering, as well as the design,
10 development, and testing of prototypes or processes of new or
11 improved products. Research and development does not include
12 market research, routine consumer product testing, sales
13 research, research in the social sciences or psychology,
14 nontechnological activities, or technical services.

15 c. "Semiconductor ~~Silicon~~ technology products" means
16 raw semiconductor ~~silicon~~ wafers or semiconductor thin films
17 that are transformed into semiconductor memory or logic
18 wafers, including wafers containing mixed memory and logic
19 circuits; related assembly and test operations; active-matrix
20 flat panel displays; semiconductor chips; semiconductor
21 lasers; optoelectronic elements; and related semiconductor
22 ~~silicon~~ technology products as determined by the Office of
23 Tourism, Trade, and Economic Development.

24 d. "Clean rooms" means manufacturing facilities
25 enclosed in a manner that meets the clean manufacturing
26 requirements necessary for high technology semiconductor
27 manufacturing environments.

28 e. "Defense technology products" means products that
29 have a military application, including, but not limited to,
30 weapons, weapons systems, guidance systems, surveillance
31 systems, communications or information systems, munitions,

1 aircraft, vessels, or boats, or components thereof, which are
2 intended for military use and manufactured in performance of a
3 contract with the United States Department of Defense or the
4 military branch of a recognized foreign government or a
5 subcontract thereunder which relates to matters of national
6 defense.

7 f. "Space technology products" means products that are
8 specifically designed or manufactured for application in space
9 activities, including, but not limited to, space launch
10 vehicles, missiles, satellites or research payloads, avionics,
11 and associated control systems and processing systems. The
12 term does not include products that are designed or
13 manufactured for general commercial aviation or other uses,
14 even though those products may also serve an incidental use in
15 space applications.

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