

By Representatives Hart, Haridopolos, Waters and Miller

1 A bill to be entitled
2 An act relating to the tax on sales, use, and
3 other transactions; amending s. 212.08, F.S.;
4 providing a full, rather than partial,
5 exemption for machinery and equipment used to
6 produce defense or space technology products or
7 used in defense or space research and
8 development activities; providing an effective
9 date.

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

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13 Section 1. Paragraph (j) of subsection (5) of section
14 212.08, Florida Statutes, is amended to read:

15 212.08 Sales, rental, use, consumption, distribution,
16 and storage tax; specified exemptions.--The sale at retail,
17 the rental, the use, the consumption, the distribution, and
18 the storage to be used or consumed in this state of the
19 following are hereby specifically exempt from the tax imposed
20 by this chapter.

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

22 (j) Machinery and equipment used in semiconductor,
23 defense, or space technology production and research and
24 development.--

25 1.a. Industrial machinery and equipment used in
26 semiconductor technology facilities certified under
27 subparagraph 6. to manufacture, process, compound, or produce
28 semiconductor technology products for sale or for use by these
29 facilities are exempt from the tax imposed by this chapter.
30 For purposes of this paragraph, industrial machinery and
31 equipment includes molds, dies, machine tooling, other

1 appurtenances or accessories to machinery and equipment,
2 testing equipment, test beds, computers, and software, whether
3 purchased or self-fabricated, and, if self-fabricated,
4 includes materials and labor for design, fabrication, and
5 assembly.

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

12 2.a. Machinery and equipment are exempt from the tax
13 imposed by this chapter if used predominately in semiconductor
14 wafer research and development activities in a semiconductor
15 technology research and development facility certified under
16 subparagraph 6. For purposes of this paragraph, machinery and
17 equipment includes molds, dies, machine tooling, other
18 appurtenances or accessories to machinery and equipment,
19 testing equipment, test beds, computers, and software, whether
20 purchased or self-fabricated, and, if self-fabricated,
21 includes materials and labor for design, fabrication, and
22 assembly.

23 b. Machinery and equipment are exempt from ~~25 percent~~
24 of the tax imposed by this chapter if used predominately in
25 defense or space research and development activities in a
26 defense or space technology research and development facility
27 certified under subparagraph 6.

28 3. Building materials purchased for use in
29 manufacturing or expanding clean rooms in
30 semiconductor-manufacturing facilities are exempt from the tax
31 imposed by this chapter.

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

6 5. 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 6.a. To be eligible to receive the exemption provided
15 by subparagraph 1., subparagraph 2., or subparagraph 3., a
16 qualifying business entity shall apply to Enterprise Florida,
17 Inc. The application shall be developed by the Office of
18 Tourism, Trade, and Economic Development in consultation with
19 Enterprise Florida, 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 7.a. A business may apply once each year for the
10 exemption.

11 b. The application must indicate, for program
12 evaluation purposes only, the average number of full-time
13 equivalent employees at the facility over the preceding
14 calendar year, the average wage and benefits paid to those
15 employees over the preceding calendar year, the total
16 investment made in real and tangible personal property over
17 the preceding calendar year, and the total value of tax-exempt
18 purchases and taxes exempted during the previous year. The
19 department shall assist the Office of Tourism, Trade, and
20 Economic Development in evaluating and verifying information
21 provided in the application for exemption.

22 c. The Office of Tourism, Trade, and Economic
23 Development may use the information reported on the
24 application for evaluation purposes only and shall prepare an
25 annual report on the exemption program and its cost and
26 impact. The annual report for the preceding fiscal year shall
27 be submitted to the Governor, the President of the Senate, and
28 the Speaker of the House of Representatives by September 30 of
29 each fiscal year. This report may be submitted in conjunction
30 with the annual report required in s. 288.095(3)(c).

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1 8. A business certified to receive this exemption may
2 elect to designate one or more state universities or community
3 colleges as recipients of up to 100 percent of the amount of
4 the exemption for which they may qualify. To receive these
5 funds, the institution must agree to match the funds so earned
6 with equivalent cash, programs, services, or other in-kind
7 support on a one-to-one basis in the pursuit of research and
8 development projects as requested by the certified business.
9 The rights to any patents, royalties, or real or intellectual
10 property must be vested in the business unless otherwise
11 agreed to by the business and the university or community
12 college.

13 9. As used in this paragraph, the term:

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

16 b. "Research and development" means basic and applied
17 research in the science or engineering, as well as the design,
18 development, and testing of prototypes or processes of new or
19 improved products. Research and development does not include
20 market research, routine consumer product testing, sales
21 research, research in the social sciences or psychology,
22 nontechnological activities, or technical services.

23 c. "Semiconductor technology products" means raw
24 semiconductor wafers or semiconductor thin films that are
25 transformed into semiconductor memory or logic wafers,
26 including wafers containing mixed memory and logic circuits;
27 related assembly and test operations; active-matrix flat panel
28 displays; semiconductor chips; semiconductor lasers;
29 optoelectronic elements; and related semiconductor technology
30 products as determined by the Office of Tourism, Trade, and
31 Economic Development.

