

By Senator Clary

7-1179-02

See HB

1 A bill to be entitled

2 An act relating to rural economic development;

3 amending s. 212.08, F.S.; expanding an

4 exemption from the tax on sales, use, and other

5 transactions for certain business equipment in

6 enterprise zones; amending s. 288.0655, F.S.;

7 providing for additional uses of moneys in the

8 Rural Infrastructure Fund; amending s. 288.095,

9 F.S.; establishing the Rural Economic

10 Development Account within the Economic

11 Development Trust Fund for certain purposes;

12 specifying nonreversion of moneys in the

13 account; providing an effective date.

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

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17 Section 1. Paragraph (h) 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 (h) Business property used in an enterprise zone.--

27 1. Business property purchased for use by businesses

28 located in an enterprise zone which is subsequently used in an

29 enterprise zone shall be exempt from the tax imposed by this

30 chapter. This exemption inures to the business only through a

31 refund of previously paid taxes. A refund shall be authorized

1 upon an affirmative showing by the taxpayer to the
2 satisfaction of the department that the requirements of this
3 paragraph have been met.

4 2. To receive a refund, the business must file under
5 oath with the governing body or enterprise zone development
6 agency having jurisdiction over the enterprise zone where the
7 business is located, as applicable, an application which
8 includes:

9 a. The name and address of the business claiming the
10 refund.

11 b. The identifying number assigned pursuant to s.
12 290.0065 to the enterprise zone in which the business is
13 located.

14 c. A specific description of the property for which a
15 refund is sought, including its serial number or other
16 permanent identification number.

17 d. The location of the property.

18 e. The sales invoice or other proof of purchase of the
19 property, showing the amount of sales tax paid, the date of
20 purchase, and the name and address of the sales tax dealer
21 from whom the property was purchased.

22 f. Whether the business is a small business as defined
23 by s. 288.703(1).

24 g. If applicable, the name and address of each
25 permanent employee of the business, including, for each
26 employee who is a resident of an enterprise zone, the
27 identifying number assigned pursuant to s. 290.0065 to the
28 enterprise zone in which the employee resides.

29 3. Within 10 working days after receipt of an
30 application, the governing body or enterprise zone development
31 agency shall review the application to determine if it

1 contains all the information required pursuant to subparagraph
2 2. and meets the criteria set out in this paragraph. The
3 governing body or agency shall certify all applications that
4 contain the information required pursuant to subparagraph 2.
5 and meet the criteria set out in this paragraph as eligible to
6 receive a refund. If applicable, the governing body or agency
7 shall also certify if 20 percent of the employees of the
8 business are residents of an enterprise zone, excluding
9 temporary and part-time employees. The certification shall be
10 in writing, and a copy of the certification shall be
11 transmitted to the executive director of the Department of
12 Revenue. The business shall be responsible for forwarding a
13 certified application to the department within the time
14 specified in subparagraph 4.

15 4. An application for a refund pursuant to this
16 paragraph must be submitted to the department within 6 months
17 after the tax is due on the business property that is
18 purchased.

19 5. The provisions of s. 212.095 do not apply to any
20 refund application made pursuant to this paragraph. The amount
21 refunded on purchases of business property under this
22 paragraph shall be the lesser of 97 percent of the sales tax
23 paid on such business property or \$5,000, or, if no less than
24 20 percent of the employees of the business are residents of
25 an enterprise zone, excluding temporary and part-time
26 employees, the amount refunded on purchases of business
27 property under this paragraph shall be the lesser of 97
28 percent of the sales tax paid on such business property or
29 \$10,000. A refund approved pursuant to this paragraph shall be
30 made within 30 days of formal approval by the department of
31 the application for the refund. No refund shall be granted

1 under this paragraph unless the amount to be refunded exceeds
2 \$100 in sales tax paid on purchases made within a 60-day time
3 period.

4 6. The department shall adopt rules governing the
5 manner and form of refund applications and may establish
6 guidelines as to the requisites for an affirmative showing of
7 qualification for exemption under this paragraph.

8 7. If the department determines that the business
9 property is used outside an enterprise zone within 3 years
10 from the date of purchase, the amount of taxes refunded to the
11 business purchasing such business property shall immediately
12 be due and payable to the department by the business, together
13 with the appropriate interest and penalty, computed from the
14 date of purchase, in the manner provided by this chapter.
15 Notwithstanding this subparagraph, business property used
16 exclusively in:

- 17 a. Licensed commercial fishing vessels,
- 18 b. Fishing guide boats, or
- 19 c. Ecotourism guide boats

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21 that leave and return to a fixed location within an area
22 designated under s. 370.28 are eligible for the exemption
23 provided under this paragraph if all requirements of this
24 paragraph are met. Such vessels and boats must be owned by a
25 business that is eligible to receive the exemption provided
26 under this paragraph. This exemption does not apply to the
27 purchase of a vessel or boat.

28 8. The department shall deduct an amount equal to 10
29 percent of each refund granted under the provisions of this
30 paragraph from the amount transferred into the Local
31 Government Half-cent Sales Tax Clearing Trust Fund pursuant to

1 s. 212.20 for the county area in which the business property
2 is located and shall transfer that amount to the General
3 Revenue Fund.

4 9. For the purposes of this exemption, "business
5 property" means new or used property defined as "recovery
6 property" in s. 168(c) of the Internal Revenue Code of 1954,
7 as amended, except:

8 a. Property classified as 3-year property under s.
9 168(c)(2)(A) of the Internal Revenue Code of 1954, as amended;

10 b. Industrial machinery and equipment as defined in
11 sub-subparagraph (b)6.a. and eligible for exemption under
12 paragraph (b);

13 c. Building materials as defined in sub-subparagraph
14 (g)8.a.; and

15 d. Business property having a sales price of under
16 ~~\$500~~~~\$5,000~~ per unit.

17 10. The provisions of this paragraph shall expire and
18 be void on December 31, 2005.

19 Section 2. Paragraphs (a) and (b) of subsection (2) of
20 section 288.0655, Florida Statutes, are amended to read:

21 288.0655 Rural Infrastructure Fund.--

22 (2)(a) Funds appropriated by the Legislature shall be
23 distributed by the office through ~~a grant~~ programs ~~program~~
24 that maximize ~~maximizes~~ the use of federal, local, and private
25 resources, including, but not limited to, those available
26 under the Small Cities Community Development Block Grant
27 Program.

28 (b) To facilitate access of rural communities and
29 rural areas of critical economic concern as defined by the
30 Rural Economic Development Initiative to infrastructure
31 funding programs of the Federal Government, such as those

1 offered by the United States Department of Agriculture and the
2 United States Department of Commerce, and state programs,
3 including those offered by Rural Economic Development
4 Initiative agencies, and to facilitate local government or
5 private infrastructure funding efforts,the office may award
6 grants to ~~applicants for such federal programs~~ for up to 30
7 percent of the total infrastructure project cost. Eligible
8 projects must be related to specific job-creation or
9 job-retention ~~job-creating~~ opportunities. Eligible projects
10 may also include improving any inadequate infrastructure that
11 has resulted in regulatory action that prohibits economic or
12 community growth or reducing the costs to community users of
13 proposed infrastructure improvements that exceed such costs in
14 comparable communities.Eligible uses of funds shall include
15 improvements to public infrastructure for industrial or
16 commercial sites and upgrades to or development of public
17 tourism infrastructure. Authorized infrastructure may include
18 the following public or public-private partnership facilities:
19 storm water systems; telecommunications facilities; roads or
20 other remedies to transportation impediments; nature-based
21 tourism facilities; or other physical requirements necessary
22 to facilitate tourism, trade, and economic development
23 activities in the community. Authorized infrastructure may
24 also include publicly owned self-powered nature-based tourism
25 facilities and additions to the distribution facilities of the
26 existing natural gas utility as defined in s. 366.04(3)(c),
27 the existing electric utility as defined in s. 366.02, or the
28 existing water or wastewater utility as defined in s.
29 367.021(12), or any other existing water or wastewater
30 facility, which owns a gas or electric distribution system or
31 a water or wastewater system in this state where:

1 1. A contribution-in-aid of construction is required
2 to serve public or public-private partnership facilities under
3 the tariffs of any natural gas, electric, water, or wastewater
4 utility as defined herein; and

5 2. Such utilities as defined herein are willing and
6 able to provide such service.

7 Section 3. Subsection (2) of section 288.095, Florida
8 Statutes, is amended to read:

9 288.095 Economic Development Trust Fund.--

10 (2)(a) There is created, within the Economic
11 Development Trust Fund, the Economic Development Incentives
12 Account. The Economic Development Incentives Account consists
13 of moneys appropriated to the account for purposes of the tax
14 incentives programs authorized under ss. 288.1045 and 288.106,
15 and local financial support provided under ss. 288.1045 and
16 288.106. Moneys in the Economic Development Incentives Account
17 shall be subject to the provisions of s. 216.301(1)(a).

18 (b) There is created, within the Economic Development
19 Trust Fund, the Rural Economic Development Account. The Rural
20 Economic Development Account consists of moneys appropriated
21 to the account for the purposes of ss. 288.018, 288.065, and
22 288.0655, Florida Statutes, all repayments provided for under
23 ss. 288.018, 288.065, and 288.0655, Florida Statutes, and any
24 income associated with the account. Notwithstanding s.
25 216.301, Florida Statutes, funds in the Rural Economic
26 Development Account shall not be subject to reversion.

27 Section 4. This act shall take effect upon becoming a
28 law.

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LEGISLATIVE SUMMARY

Expands an exemption from the tax on sales, use, and other transactions for business property in enterprise zones having a sales price under \$500 rather than under \$5,000. Provides for additional uses of moneys in the Rural Infrastructure Fund. Establishes the Rural Economic Development Account within the Economic Development Trust Fund for purposes of the Regional Rural Development Grants Program, the Rural Community Development Revolving Loan Fund, and the Rural Infrastructure Fund and specifies nonreversion of moneys in the account. (See bill for details.)