

By Senator Fasano

11-1748-04

1                                   A bill to be entitled  
2           An act relating to the tax on sales, use, and  
3           other transactions; amending s. 212.052, F.S.;  
4           deleting an exception to an exemption from the  
5           tax for research or development costs;  
6           providing an exemption for machinery and  
7           equipment used predominantly for research and  
8           development activities; defining the term  
9           "machinery and equipment"; allowing a business  
10          certified to receive the exemption to designate  
11          one or more state universities or community  
12          colleges as recipients of part or all of the  
13          amount of the exemption under specified  
14          conditions; providing that the business retains  
15          the rights to patents, royalties, or real or  
16          intellectual property unless an agreement  
17          specifies otherwise; providing an effective  
18          date.

19  
20 Be It Enacted by the Legislature of the State of Florida:

21  
22           Section 1. Subsection (2) of section 212.052, Florida  
23 Statutes, is amended, present subsections (3), (4), and (5) of  
24 that section are redesignated as subsections (4), (5), and  
25 (6), respectively, and a new subsection (3) is added to that  
26 section, to read:

27           212.052 Research or development costs; exemption.--

28           (2) Notwithstanding any provision of this chapter to  
29 the contrary, any person, including an affiliated group as  
30 defined in s. 1504 of the Internal Revenue Code of 1954, as  
31 amended, who manufactures, produces, compounds, processes, or

1 fabricates in any manner tangible personal property for such  
2 taxpayer's own use directly and solely in research or  
3 development shall not be subject to the tax imposed by this  
4 chapter upon the cost of the product so manufactured,  
5 produced, compounded, processed, or fabricated. ~~However, the~~  
6 ~~tax imposed by this chapter shall be due on the purchase,~~  
7 ~~rental, or repair of real property or tangible personal~~  
8 ~~property employed in research or development which is subject~~  
9 ~~to the tax imposed by this chapter at the time of purchase or~~  
10 ~~rental.~~

11 (3)(a) Machinery and equipment are exempt from the tax  
12 imposed by this chapter if used predominantly for research and  
13 development activities. For the purposes of this subsection,  
14 the term "machinery and equipment" includes molds, dies,  
15 machine tooling, other appurtenances or accessories to  
16 machinery and equipment, testing equipment, test beds,  
17 computers, and software, whether purchased or self-fabricated,  
18 and, if self-fabricated, includes materials and labor for  
19 design, fabrication, and assembly.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

Section 2. This act shall take effect July 1, 2004.

\*\*\*\*\*

SENATE SUMMARY

Deletes an exception to the exemption from the tax on sales, use, and other transactions which applies to research or development costs. Provides an exemption from the tax for machinery and equipment used predominantly for research and development activities. Defines the term "machinery and equipment." Allows a business certified to receive the exemption to designate one or more state universities or community colleges as recipients of part or all of the amount of the exemption under specified conditions. Provides that the business retains the rights to patents, royalties, or real or intellectual property unless an agreement specifies otherwise.