

By the Committee on Commerce, Economic Opportunities, and Consumer Services; and Senators Fasano and Lynn

310-2404-04

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 for a phase-in
 18 of the exemption; providing an effective date.

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

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 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 (c) The exemption provided in this subsection applies
2 as follows:

3 1. Beginning July 1, 2004, the tax imposed by this
4 chapter shall be applicable to 80 percent of the cost of the
5 machinery and equipment.

6 2. Beginning July 1, 2005, the tax imposed by this
7 chapter shall be applicable to 60 percent of the cost of the
8 machinery and equipment.

9 3. Beginning July 1, 2006, the tax imposed by this
10 chapter shall be applicable to 40 percent of the cost of the
11 machinery and equipment.

12 4. Beginning July 1, 2007, the tax imposed by this
13 chapter shall be applicable to 20 percent of the cost of the
14 machinery and equipment.

15 5. Beginning July 1, 2008, the entire cost of the
16 machinery and equipment is exempt from the tax imposed by this
17 chapter.

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

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20 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
21 COMMITTEE SUBSTITUTE FOR
22 Senate Bill 2934

23 The committee substitute establishes a scheduled phase-in of
24 the proposed exemption from sales and use tax for machinery
25 and equipment used predominantly for research and development.
26 Beginning July 1, 2004, the tax imposed will be applicable to
27 80 percent of the cost of the machinery and equipment. Over
28 the next three years, the schedule lowers the tax to 60
29 percent, 40 percent, and 20 percent, respectively, and then
30 completely exempts from the tax machinery and equipment used
31 predominantly for research and development beginning July 1,
 2008.