

By Senator Smith

14-1171-05

1 A bill to be entitled

2 An act relating to research and development

3 costs; amending s. 212.052, F.S.; defining the

4 term "machinery and equipment"; deleting a

5 limitation on an exemption from the tax on

6 sales, use, and other transactions for property

7 used in research or development; providing an

8 exemption for machinery and equipment used

9 predominantly for research and development

10 activities; allowing a business that has been

11 certified to receive the exemption to designate

12 one or more state universities or community

13 colleges as recipients of part or all of the

14 amount of the exemption under certain

15 conditions; providing that the business retains

16 the rights to patents, royalties, or real or

17 intellectual property unless an agreement

18 specifies otherwise; providing an effective

19 date.

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

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23 Section 1. Subsections (1) and (2) of section 212.052,

24 Florida Statutes, are amended, present subsections (3), (4),

25 and (5) of that section are redesignated as subsections (4),

26 (5), and (6), respectively, and a new subsection (3) is added

27 to that section, to read:

28 212.052 Research or development costs; exemption.--

29 (1) For the purposes of ~~the exemption provided in this~~

30 section, the term:

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1 (a) "Machinery and equipment" means molds, dies,
2 machine tooling, other appurtenances or accessories to
3 machinery and equipment, testing equipment, test beds,
4 computers, and software, whether purchased or self-fabricated,
5 and, if self-fabricated, includes materials and labor for
6 design, fabrication, and assembly.

7 (b) "Product" means any item, device, technique,
8 prototype, invention, or process that is, was, or may be
9 commercially exploitable.

10 ~~(c)(a)~~ ~~The term~~ "Research or development" means
11 research which has one of the following as its ultimate goal:

- 12 1. Basic research in a scientific field of endeavor.
- 13 2. Advancing knowledge or technology in a scientific
14 or technical field of endeavor.
- 15 3. The development of a new product, whether or not
16 the new product is offered for sale.
- 17 4. The improvement of an existing product, whether or
18 not the improved product is offered for sale.
- 19 5. The development of new uses of an existing product,
20 whether or not a new use is offered as a rationale to purchase
21 the product.
- 22 6. The design and development of prototypes, whether
23 or not a resulting product is offered for sale.

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25 The term "research or development" does not include ordinary
26 testing or inspection of materials or products used for
27 quality control, market research, efficiency surveys, consumer
28 surveys, advertising and promotions, management studies, or
29 research in connection with literary, historical, social
30 science, psychological, or other similar nontechnical
31 activities.

1 ~~(b) The term "costs" means cost price as defined in s.~~
2 ~~212.02(4).~~

3 ~~(c) The term "product" means any item, device,~~
4 ~~technique, prototype, invention, or process which is, was, or~~
5 ~~may be commercially exploitable.~~

6 ~~(2) Notwithstanding any provision of this chapter to~~
7 ~~the contrary,~~ Any person, including an affiliated group as
8 defined in s. 1504 of the Internal Revenue Code of 1954, as
9 amended, who manufactures, produces, compounds, processes, or
10 fabricates in any manner tangible personal property for such
11 taxpayer's own use directly and solely in research or
12 development shall not be subject to the tax imposed by this
13 chapter upon the cost of the product so manufactured,
14 produced, compounded, processed, or fabricated. ~~However, the~~
15 ~~tax imposed by this chapter shall be due on the purchase,~~
16 ~~rental, or repair of real property or tangible personal~~
17 ~~property employed in research or development which is subject~~
18 ~~to the tax imposed by this chapter at the time of purchase or~~
19 ~~rental.~~

20 (3) Machinery and equipment used predominantly for
21 research and development activities are not subject to the tax
22 imposed by this chapter. A business certified to receive this
23 exemption may designate one or more state universities or
24 community colleges as recipients of up to 100 percent of the
25 amount of the exemption for which the business qualifies. To
26 receive these funds, the state university or community college
27 must agree to match the funds so earned with equivalent cash,
28 programs, services, or other in-kind support on a one-to-one
29 basis in the pursuit of research and development projects as
30 requested by the certified business. The rights to any
31 patents, royalties, or real or intellectual property must be

1 vested in the business unless the business and the state
2 university or community college agree otherwise.

3 Section 2. This act shall take effect July 1, 2005.
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6 SENATE SUMMARY

7 Amends provisions relating to research and development
8 costs. Defines the term "machinery and equipment."
9 Deletes a limitation on an exemption from the tax on
10 sales, use, and other transactions for property used in
11 research or development. Provides an exemption for
12 machinery and equipment used predominantly for research
13 and development activities. Allows a business that has
14 been certified to receive the exemption to designate one
15 or more state universities or community colleges as
16 recipients of part or all of the amount of the exemption
17 under certain conditions. Provides that the business
18 retains the rights to patents, royalties, or real or
19 intellectual property unless an agreement specifies
20 otherwise.
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