

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

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

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 19 Section 1. Subsection (2) of section 212.052, Florida
 20 Statutes, is amended, present subsections (3), (4), and (5) of
 21 said section are renumbered as subsections (4), (5), and (6),
 22 respectively, and a new subsection (3) is added to said section,
 23 to read:

24 212.052 Research or development costs; exemption.--

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

29 any manner tangible personal property for such taxpayer's own
30 use directly and solely in research or development shall not be
31 subject to the tax imposed by this chapter upon the cost of the
32 product so manufactured, produced, compounded, processed, or
33 fabricated. ~~However, the tax imposed by this chapter shall be
34 due on the purchase, rental, or repair of real property or
35 tangible personal property employed in research or development
36 which is subject to the tax imposed by this chapter at the time
37 of purchase or rental.~~

38 (3)(a) Machinery and equipment are exempt from the tax
39 imposed by this chapter if used predominantly for research and
40 development activities. For the purposes of this subsection, the
41 term "machinery and equipment" includes molds, dies, machine
42 tooling, other appurtenances or accessories to machinery and
43 equipment, testing equipment, test beds, computers, and
44 software, whether purchased or self-fabricated, and, if self-
45 fabricated, includes materials and labor for design,
46 fabrication, and assembly.

47 (b) A business certified to receive this exemption may
48 elect to designate one or more state universities or community
49 colleges as recipients of up to 100 percent of the amount of the
50 exemption for which the business qualifies. To receive these
51 funds, the state university or community college must agree to
52 match the funds so earned with equivalent cash, programs,
53 services, or other in-kind support on a one-to-one basis in the
54 pursuit of research and development projects as requested by the
55 certified business. The rights to any patents, royalties, or
56 real or intellectual property must be vested in the business

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57 | unless otherwise agreed to by the business and the state
58 | university or community college.

59 | Section 2. This act shall take effect July 1, 2005.