

By Senator Grimsley

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1                                   A bill to be entitled  
2       An act relating to ad valorem taxation; amending s.  
3       192.001, F.S.; defining the terms "heavy equipment  
4       rental property," "dealer of heavy equipment rental  
5       property," and "short-term rental," and redefining the  
6       term "inventory," for purposes of provisions relating  
7       to the imposition of ad valorem taxes; amending ss.  
8       112.312, 192.042, 212.08, 220.03, and 624.5105, F.S.;  
9       conforming cross-references; providing an effective  
10      date.

11  
12 Be It Enacted by the Legislature of the State of Florida:

13  
14       Section 1. Present subsections (8) through (19) of section  
15       192.001, Florida Statutes, are redesignated as subsections (9)  
16       through (20), respectively, a new subsection (8) is added to  
17       that section, and paragraph (c) of present subsection (11) of  
18       that section is amended, to read:

19       192.001 Definitions.—All definitions set out in chapters 1  
20       and 200 that are applicable to this chapter are included herein.  
21       In addition, the following definitions shall apply in the  
22       imposition of ad valorem taxes:

23       (8) "Heavy equipment rental property" means any  
24       construction, earthmoving, or industrial equipment that is  
25       mobile and rented by a dealer of heavy equipment rental  
26       property, including attachments for the equipment or other  
27       ancillary equipment or tools. Qualified heavy equipment property  
28       is mobile if it is not permanently affixed to real property and  
29       is moved among worksites. For the purposes of this chapter and

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30 chapter 196, the term "dealer of heavy equipment rental  
31 property" means a person or entity principally engaged in the  
32 business of short-term rental of property as described under  
33 North American Industrial Classification System code 532412, as  
34 published by the Office of Management and Budget, Executive  
35 Office of the President. As used in this subsection, the term  
36 "short-term rental" means the rental of a dealer's heavy  
37 equipment rental property for a period of less than 1 year, for  
38 an undefined period, or under a contract with unlimited terms.

39 (12)~~(11)~~ "Personal property," for the purposes of ad  
40 valorem taxation, shall be divided into four categories as  
41 follows:

42 (c)1. "Inventory" means only those chattels consisting of  
43 items commonly referred to as goods, wares, and merchandise (as  
44 well as inventory) which are held for sale or lease to customers  
45 in the ordinary course of business. Supplies and raw materials  
46 shall be considered to be inventory only to the extent that they  
47 are acquired for sale or lease to customers in the ordinary  
48 course of business or will physically become a part of  
49 merchandise intended for sale or lease to customers in the  
50 ordinary course of business. Partially finished products which  
51 when completed will be held for sale or lease to customers in  
52 the ordinary course of business shall be deemed items of  
53 inventory. All livestock and heavy equipment rental property  
54 shall be considered inventory. Items of inventory held for lease  
55 to customers in the ordinary course of business, rather than for  
56 sale, shall be deemed inventory only prior to the initial lease  
57 of such items. For the purposes of this section, fuels used in  
58 the production of electricity shall be considered inventory.

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59           2. "Inventory" also means construction and agricultural  
60 equipment weighing 1,000 pounds or more that is returned to a  
61 dealership under a rent-to-purchase option and held for sale to  
62 customers in the ordinary course of business. This subparagraph  
63 may not be considered in determining whether property that is  
64 not construction and agricultural equipment weighing 1,000  
65 pounds or more that is returned under a rent-to-purchase option  
66 is inventory under subparagraph 1.

67           Section 2. Paragraph (c) of subsection (12) of section  
68 112.312, Florida Statutes, is amended to read:

69           112.312 Definitions.—As used in this part and for purposes  
70 of the provisions of s. 8, Art. II of the State Constitution,  
71 unless the context otherwise requires:

72           (12)

73           (c) For the purposes of paragraph (a), "intangible personal  
74 property" means property as defined in s. 192.001(12)(b) ~~§~~  
75 ~~192.001(11)(b)~~.

76           Section 3. Subsection (2) of section 192.042, Florida  
77 Statutes, is amended to read:

78           192.042 Date of assessment.—All property shall be assessed  
79 according to its just value as follows:

80           (2) Tangible personal property, on January 1, except  
81 construction work in progress shall have no value placed thereon  
82 until substantially completed as defined in s. 192.001(12)(d) ~~§~~  
83 ~~192.001(11)(d)~~.

84           Section 4. Paragraphs (g) and (p) of subsection (5) of  
85 section 212.08, Florida Statutes, are amended to read:

86           212.08 Sales, rental, use, consumption, distribution, and  
87 storage tax; specified exemptions.—The sale at retail, the

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88 rental, the use, the consumption, the distribution, and the  
89 storage to be used or consumed in this state of the following  
90 are hereby specifically exempt from the tax imposed by this  
91 chapter.

92 (5) EXEMPTIONS; ACCOUNT OF USE.—

93 (g) *Building materials used in the rehabilitation of real*  
94 *property located in an enterprise zone.—*

95 1. Building materials used in the rehabilitation of real  
96 property located in an enterprise zone are exempt from the tax  
97 imposed by this chapter upon an affirmative showing to the  
98 satisfaction of the department that the items have been used for  
99 the rehabilitation of real property located in an enterprise  
100 zone. Except as provided in subparagraph 2., this exemption  
101 inures to the owner, lessee, or lessor at the time the real  
102 property is rehabilitated, but only through a refund of  
103 previously paid taxes. To receive a refund pursuant to this  
104 paragraph, the owner, lessee, or lessor of the rehabilitated  
105 real property must file an application under oath with the  
106 governing body or enterprise zone development agency having  
107 jurisdiction over the enterprise zone where the business is  
108 located, as applicable. A single application for a refund may be  
109 submitted for multiple, contiguous parcels that were part of a  
110 single parcel that was divided as part of the rehabilitation of  
111 the property. All other requirements of this paragraph apply to  
112 each parcel on an individual basis. The application must  
113 include:

114 a. The name and address of the person claiming the refund.

115 b. An address and assessment roll parcel number of the  
116 rehabilitated real property for which a refund of previously

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117 paid taxes is being sought.

118 c. A description of the improvements made to accomplish the  
119 rehabilitation of the real property.

120 d. A copy of a valid building permit issued by the county  
121 or municipal building department for the rehabilitation of the  
122 real property.

123 e. A sworn statement, under penalty of perjury, from the  
124 general contractor licensed in this state with whom the  
125 applicant contracted to make the improvements necessary to  
126 rehabilitate the real property, which lists the building  
127 materials used to rehabilitate the real property, the actual  
128 cost of the building materials, and the amount of sales tax paid  
129 in this state on the building materials. If a general contractor  
130 was not used, the applicant, not a general contractor, shall  
131 make the sworn statement required by this sub-subparagraph.  
132 Copies of the invoices that evidence the purchase of the  
133 building materials used in the rehabilitation and the payment of  
134 sales tax on the building materials must be attached to the  
135 sworn statement provided by the general contractor or by the  
136 applicant. Unless the actual cost of building materials used in  
137 the rehabilitation of real property and the payment of sales  
138 taxes is documented by a general contractor or by the applicant  
139 in this manner, the cost of the building materials is deemed to  
140 be an amount equal to 40 percent of the increase in assessed  
141 value for ad valorem tax purposes.

142 f. The identifying number assigned pursuant to s. 290.0065  
143 to the enterprise zone in which the rehabilitated real property  
144 is located.

145 g. A certification by the local building code inspector

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146 that the improvements necessary to rehabilitate the real  
147 property are substantially completed.

148 h. A statement of whether the business is a small business  
149 as defined by s. 288.703.

150 i. If applicable, the name and address of each permanent  
151 employee of the business, including, for each employee who is a  
152 resident of an enterprise zone, the identifying number assigned  
153 pursuant to s. 290.0065 to the enterprise zone in which the  
154 employee resides.

155 2. This exemption inures to a municipality, county, other  
156 governmental unit or agency, or nonprofit community-based  
157 organization through a refund of previously paid taxes if the  
158 building materials used in the rehabilitation are paid for from  
159 the funds of a community development block grant, State Housing  
160 Initiatives Partnership Program, or similar grant or loan  
161 program. To receive a refund, a municipality, county, other  
162 governmental unit or agency, or nonprofit community-based  
163 organization must file an application that includes the same  
164 information required in subparagraph 1. In addition, the  
165 application must include a sworn statement signed by the chief  
166 executive officer of the municipality, county, other  
167 governmental unit or agency, or nonprofit community-based  
168 organization seeking a refund which states that the building  
169 materials for which a refund is sought were funded by a  
170 community development block grant, State Housing Initiatives  
171 Partnership Program, or similar grant or loan program.

172 3. Within 10 working days after receipt of an application,  
173 the governing body or enterprise zone development agency shall  
174 review the application to determine if it contains all the

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175 information required by subparagraph 1. or subparagraph 2. and  
176 meets the criteria set out in this paragraph. The governing body  
177 or agency shall certify all applications that contain the  
178 required information and are eligible to receive a refund. If  
179 applicable, the governing body or agency shall also certify if  
180 20 percent of the employees of the business are residents of an  
181 enterprise zone, excluding temporary and part-time employees.  
182 The certification must be in writing, and a copy of the  
183 certification shall be transmitted to the executive director of  
184 the department. The applicant is responsible for forwarding a  
185 certified application to the department within the time  
186 specified in subparagraph 4.

187 4. An application for a refund must be submitted to the  
188 department within 6 months after the rehabilitation of the  
189 property is deemed to be substantially completed by the local  
190 building code inspector or by November 1 after the rehabilitated  
191 property is first subject to assessment.

192 5. Only one exemption through a refund of previously paid  
193 taxes for the rehabilitation of real property is permitted for  
194 any single parcel of property unless there is a change in  
195 ownership, a new lessor, or a new lessee of the real property. A  
196 refund may not be granted unless the amount to be refunded  
197 exceeds \$500. A refund may not exceed the lesser of 97 percent  
198 of the Florida sales or use tax paid on the cost of the building  
199 materials used in the rehabilitation of the real property as  
200 determined pursuant to sub-subparagraph 1.e. or \$5,000, or, if  
201 at least 20 percent of the employees of the business are  
202 residents of an enterprise zone, excluding temporary and part-  
203 time employees, the amount of refund may not exceed the lesser

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204 of 97 percent of the sales tax paid on the cost of the building  
205 materials or \$10,000. A refund shall be made within 30 days  
206 after formal approval by the department of the application for  
207 the refund.

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

212 7. The department shall deduct an amount equal to 10  
213 percent of each refund granted under this paragraph from the  
214 amount transferred into the Local Government Half-cent Sales Tax  
215 Clearing Trust Fund pursuant to s. 212.20 for the county area in  
216 which the rehabilitated real property is located and shall  
217 transfer that amount to the General Revenue Fund.

218 8. For the purposes of the exemption provided in this  
219 paragraph, the term:

220 a. "Building materials" means tangible personal property  
221 that becomes a component part of improvements to real property.

222 b. "Real property" has the same meaning as provided in s.  
223 192.001 ~~s. 192.001(12)~~, except that the term does not include a  
224 condominium parcel or condominium property as defined in s.  
225 718.103.

226 c. "Rehabilitation of real property" means the  
227 reconstruction, renovation, restoration, rehabilitation,  
228 construction, or expansion of improvements to real property.

229 d. "Substantially completed" has the same meaning as  
230 provided in s. 192.042(1).

231 9. This paragraph expires on the date specified in s.  
232 290.016 for the expiration of the Florida Enterprise Zone Act.



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233 (p) *Community contribution tax credit for donations.*—

234 1. Authorization.—Persons who are registered with the  
235 department under s. 212.18 to collect or remit sales or use tax  
236 and who make donations to eligible sponsors are eligible for tax  
237 credits against their state sales and use tax liabilities as  
238 provided in this paragraph:

239 a. The credit shall be computed as 50 percent of the  
240 person's approved annual community contribution.

241 b. The credit shall be granted as a refund against state  
242 sales and use taxes reported on returns and remitted in the 12  
243 months preceding the date of application to the department for  
244 the credit as required in sub-subparagraph 3.c. If the annual  
245 credit is not fully used through such refund because of  
246 insufficient tax payments during the applicable 12-month period,  
247 the unused amount may be included in an application for a refund  
248 made pursuant to sub-subparagraph 3.c. in subsequent years  
249 against the total tax payments made for such year. Carryover  
250 credits may be applied for a 3-year period without regard to any  
251 time limitation that would otherwise apply under s. 215.26.

252 c. A person may not receive more than \$200,000 in annual  
253 tax credits for all approved community contributions made in any  
254 one year.

255 d. All proposals for the granting of the tax credit require  
256 the prior approval of the Department of Economic Opportunity.

257 e. The total amount of tax credits which may be granted for  
258 all programs approved under this paragraph, s. 220.183, and s.  
259 624.5105 is \$21.4 million in the 2017-2018 fiscal year and \$10.5  
260 million in each fiscal year thereafter for projects that provide  
261 housing opportunities for persons with special needs or

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262 homeownership opportunities for low-income households or very-  
263 low-income households and \$3.5 million each fiscal year for all  
264 other projects. As used in this paragraph, the term "person with  
265 special needs" has the same meaning as in s. 420.0004 and the  
266 terms "low-income person," "low-income household," "very-low-  
267 income person," and "very-low-income household" have the same  
268 meanings as in s. 420.9071.

269 f. A person who is eligible to receive the credit provided  
270 in this paragraph, s. 220.183, or s. 624.5105 may receive the  
271 credit only under one section of the person's choice.

272 2. Eligibility requirements.—

273 a. A community contribution by a person must be in the  
274 following form:

275 (I) Cash or other liquid assets;

276 (II) Real property, including 100 percent ownership of a  
277 real property holding company;

278 (III) Goods or inventory; or

279 (IV) Other physical resources identified by the Department  
280 of Economic Opportunity.

281

282 For purposes of this sub-subparagraph, the term "real property  
283 holding company" means a Florida entity, such as a Florida  
284 limited liability company, that is wholly owned by the person;  
285 is the sole owner of real property, as defined in s. 192.001 ~~s.~~  
286 ~~192.001(12)~~, located in the state; is disregarded as an entity  
287 for federal income tax purposes pursuant to 26 C.F.R. s.  
288 301.7701-3(b)(1)(ii); and at the time of contribution to an  
289 eligible sponsor, has no material assets other than the real  
290 property and any other property that qualifies as a community

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291 contribution.

292       b. All community contributions must be reserved exclusively  
293 for use in a project. As used in this sub-subparagraph, the term  
294 "project" means activity undertaken by an eligible sponsor which  
295 is designed to construct, improve, or substantially rehabilitate  
296 housing that is affordable to low-income households or very-low-  
297 income households; designed to provide housing opportunities for  
298 persons with special needs; designed to provide commercial,  
299 industrial, or public resources and facilities; or designed to  
300 improve entrepreneurial and job-development opportunities for  
301 low-income persons. A project may be the investment necessary to  
302 increase access to high-speed broadband capability in a rural  
303 community that had an enterprise zone designated pursuant to  
304 chapter 290 as of May 1, 2015, including projects that result in  
305 improvements to communications assets that are owned by a  
306 business. A project may include the provision of museum  
307 educational programs and materials that are directly related to  
308 a project approved between January 1, 1996, and December 31,  
309 1999, and located in an area which was in an enterprise zone  
310 designated pursuant to s. 290.0065 as of May 1, 2015. This  
311 paragraph does not preclude projects that propose to construct  
312 or rehabilitate housing for low-income households or very-low-  
313 income households on scattered sites or housing opportunities  
314 for persons with special needs. With respect to housing,  
315 contributions may be used to pay the following eligible special  
316 needs, low-income, and very-low-income housing-related  
317 activities:

318       (I) Project development impact and management fees for  
319 special needs, low-income, or very-low-income housing projects;

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- 320 (II) Down payment and closing costs for persons with  
321 special needs, low-income persons, and very-low-income persons;
- 322 (III) Administrative costs, including housing counseling  
323 and marketing fees, not to exceed 10 percent of the community  
324 contribution, directly related to special needs, low-income, or  
325 very-low-income projects; and
- 326 (IV) Removal of liens recorded against residential property  
327 by municipal, county, or special district local governments if  
328 satisfaction of the lien is a necessary precedent to the  
329 transfer of the property to a low-income person or very-low-  
330 income person for the purpose of promoting home ownership.  
331 Contributions for lien removal must be received from a  
332 nonrelated third party.
- 333 c. The project must be undertaken by an "eligible sponsor,"  
334 which includes:
- 335 (I) A community action program;
- 336 (II) A nonprofit community-based development organization  
337 whose mission is the provision of housing for persons with  
338 special needs, low-income households, or very-low-income  
339 households or increasing entrepreneurial and job-development  
340 opportunities for low-income persons;
- 341 (III) A neighborhood housing services corporation;
- 342 (IV) A local housing authority created under chapter 421;
- 343 (V) A community redevelopment agency created under s.  
344 163.356;
- 345 (VI) A historic preservation district agency or  
346 organization;
- 347 (VII) A local workforce development board;
- 348 (VIII) A direct-support organization as provided in s.

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349 1009.983;

350 (IX) An enterprise zone development agency created under s.  
351 290.0056;

352 (X) A community-based organization incorporated under  
353 chapter 617 which is recognized as educational, charitable, or  
354 scientific pursuant to s. 501(c)(3) of the Internal Revenue Code  
355 and whose bylaws and articles of incorporation include  
356 affordable housing, economic development, or community  
357 development as the primary mission of the corporation;

358 (XI) Units of local government;

359 (XII) Units of state government; or

360 (XIII) Any other agency that the Department of Economic  
361 Opportunity designates by rule.

362

363 A contributing person may not have a financial interest in the  
364 eligible sponsor.

365 d. The project must be located in an area which was in an  
366 enterprise zone designated pursuant to chapter 290 as of May 1,  
367 2015, or a Front Porch Florida Community, unless the project  
368 increases access to high-speed broadband capability in a rural  
369 community that had an enterprise zone designated pursuant to  
370 chapter 290 as of May 1, 2015, but is physically located outside  
371 the designated rural zone boundaries. Any project designed to  
372 construct or rehabilitate housing for low-income households or  
373 very-low-income households or housing opportunities for persons  
374 with special needs is exempt from the area requirement of this  
375 sub-subparagraph.

376 e.(I) If, during the first 10 business days of the state  
377 fiscal year, eligible tax credit applications for projects that

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378 provide housing opportunities for persons with special needs or  
379 homeownership opportunities for low-income households or very-  
380 low-income households are received for less than the annual tax  
381 credits available for those projects, the Department of Economic  
382 Opportunity shall grant tax credits for those applications and  
383 grant remaining tax credits on a first-come, first-served basis  
384 for subsequent eligible applications received before the end of  
385 the state fiscal year. If, during the first 10 business days of  
386 the state fiscal year, eligible tax credit applications for  
387 projects that provide housing opportunities for persons with  
388 special needs or homeownership opportunities for low-income  
389 households or very-low-income households are received for more  
390 than the annual tax credits available for those projects, the  
391 Department of Economic Opportunity shall grant the tax credits  
392 for those applications as follows:

393 (A) If tax credit applications submitted for approved  
394 projects of an eligible sponsor do not exceed \$200,000 in total,  
395 the credits shall be granted in full if the tax credit  
396 applications are approved.

397 (B) If tax credit applications submitted for approved  
398 projects of an eligible sponsor exceed \$200,000 in total, the  
399 amount of tax credits granted pursuant to sub-sub-sub-  
400 subparagraph (A) shall be subtracted from the amount of  
401 available tax credits, and the remaining credits shall be  
402 granted to each approved tax credit application on a pro rata  
403 basis.

404 (II) If, during the first 10 business days of the state  
405 fiscal year, eligible tax credit applications for projects other  
406 than those that provide housing opportunities for persons with

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407 special needs or homeownership opportunities for low-income  
408 households or very-low-income households are received for less  
409 than the annual tax credits available for those projects, the  
410 Department of Economic Opportunity shall grant tax credits for  
411 those applications and shall grant remaining tax credits on a  
412 first-come, first-served basis for subsequent eligible  
413 applications received before the end of the state fiscal year.  
414 If, during the first 10 business days of the state fiscal year,  
415 eligible tax credit applications for projects other than those  
416 that provide housing opportunities for persons with special  
417 needs or homeownership opportunities for low-income households  
418 or very-low-income households are received for more than the  
419 annual tax credits available for those projects, the Department  
420 of Economic Opportunity shall grant the tax credits for those  
421 applications on a pro rata basis.

422 3. Application requirements.—

423 a. An eligible sponsor seeking to participate in this  
424 program must submit a proposal to the Department of Economic  
425 Opportunity which sets forth the name of the sponsor, a  
426 description of the project, and the area in which the project is  
427 located, together with such supporting information as is  
428 prescribed by rule. The proposal must also contain a resolution  
429 from the local governmental unit in which the project is located  
430 certifying that the project is consistent with local plans and  
431 regulations.

432 b. A person seeking to participate in this program must  
433 submit an application for tax credit to the Department of  
434 Economic Opportunity which sets forth the name of the sponsor, a  
435 description of the project, and the type, value, and purpose of

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436 the contribution. The sponsor shall verify, in writing, the  
437 terms of the application and indicate its receipt of the  
438 contribution, and such verification must accompany the  
439 application for tax credit. The person must submit a separate  
440 tax credit application to the Department of Economic Opportunity  
441 for each individual contribution that it makes to each  
442 individual project.

443 c. A person who has received notification from the  
444 Department of Economic Opportunity that a tax credit has been  
445 approved must apply to the department to receive the refund.  
446 Application must be made on the form prescribed for claiming  
447 refunds of sales and use taxes and be accompanied by a copy of  
448 the notification. A person may submit only one application for  
449 refund to the department within a 12-month period.

450 4. Administration.—

451 a. The Department of Economic Opportunity may adopt rules  
452 necessary to administer this paragraph, including rules for the  
453 approval or disapproval of proposals by a person.

454 b. The decision of the Department of Economic Opportunity  
455 must be in writing, and, if approved, the notification shall  
456 state the maximum credit allowable to the person. Upon approval,  
457 the Department of Economic Opportunity shall transmit a copy of  
458 the decision to the department.

459 c. The Department of Economic Opportunity shall  
460 periodically monitor all projects in a manner consistent with  
461 available resources to ensure that resources are used in  
462 accordance with this paragraph; however, each project must be  
463 reviewed at least once every 2 years.

464 d. The Department of Economic Opportunity shall, in



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465 consultation with the statewide and regional housing and  
 466 financial intermediaries, market the availability of the  
 467 community contribution tax credit program to community-based  
 468 organizations.

469 Section 5. Paragraph (d) of subsection (1) of section  
 470 220.03, Florida Statutes, is amended to read:

471 220.03 Definitions.—

472 (1) SPECIFIC TERMS.—When used in this code, and when not  
 473 otherwise distinctly expressed or manifestly incompatible with  
 474 the intent thereof, the following terms shall have the following  
 475 meanings:

476 (d) "Community Contribution" means the grant by a business  
 477 firm of any of the following items:

478 1. Cash or other liquid assets.

479 2. Real property, which for purposes of this subparagraph  
 480 includes 100 percent ownership of a real property holding  
 481 company. The term "real property holding company" means a  
 482 Florida entity, such as a Florida limited liability company,  
 483 that:

484 a. Is wholly owned by the business firm.

485 b. Is the sole owner of real property, as defined in s.  
 486 192.001 ~~s. 192.001(12)~~, located in the state.

487 c. Is disregarded as an entity for federal income tax  
 488 purposes pursuant to 26 C.F.R. s. 301.7701-3(b)(1)(ii).

489 d. At the time of contribution to an eligible sponsor, has  
 490 no material assets other than the real property and any other  
 491 property that qualifies as a community contribution.

492 3. Goods or inventory.

493 4. Other physical resources as identified by the

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494 department.

495 Section 6. Paragraph (a) of subsection (5) of section  
496 624.5105, Florida Statutes, is amended to read:

497 624.5105 Community contribution tax credit; authorization;  
498 limitations; eligibility and application requirements;  
499 administration; definitions; expiration.—

500 (5) DEFINITIONS.—As used in this section, the term:

501 (a) "Community contribution" means the grant by an insurer  
502 of any of the following items:

503 1. Cash or other liquid assets.

504 2. Real property, including 100 percent ownership of a real  
505 property holding company.

506 3. Goods or inventory.

507 4. Other physical resources which are identified by the  
508 department.

509

510 For purposes of this paragraph, the term "real property holding  
511 company" means a Florida entity, such as a Florida limited  
512 liability company, that is wholly owned by the insurer; is the  
513 sole owner of real property, as defined in s. 192.001 ~~s.~~

514 ~~192.001(12)~~, located in the state; is disregarded as an entity  
515 for federal income tax purposes pursuant to 26 C.F.R. s.

516 301.7701-3(b)(1)(ii); and at the time of contribution to an  
517 eligible sponsor, has no material assets other than the real  
518 property and any other property that qualifies as a community  
519 contribution.

520 Section 7. This act shall take effect July 1, 2018.