

To receive the exemption, an eligible business must apply to Enterprise Florida Inc. (EFI), who is responsible for reviewing the applications and making the recommendation of approval or disapproval to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) within a specified time period. OTTED must either approve the application within 5 working days or notify the applicant of its denial and reasons why within 10 working days. Businesses must apply annually to OTTED for the exemption and provide to OTTED documents on the sales and use taxes otherwise payable, the average number of full-time equivalent employees at the facility, the average wage and benefits paid to those employees over the preceding calendar year, and the total investment made in real and tangible personal property over the preceding calendar year since the date of certification. OTTED is responsible for using this information to prepare an annual report on the exemption program and its cost and impact.

The exemption program allows certified businesses to designate one or more state universities or community colleges as recipients of up to 100 percent of the amount of the exemption for which they may qualify. To receive these funds, the institution agrees to match the funds with equivalent cash, programs, services, or other in-kind support on a one-to-one basis in the pursuit of research and development projects as requested by the certified business. Rights to patents, royalties, or real or intellectual property must be vested in the business unless otherwise agreed to by the business and the university or community college.

Language in the section providing the exemption for machinery and equipment used "predominately" in silicon wafer research and development defines "predominately" to mean such use of the equipment is at least 50 percent of the time. "Research and development" is defined as basic and applied research in the science, engineering, design, development, and testing of prototypes or processes for new products or improvement of products. It does not include market or sales research, routine consumer product testing, research in the social sciences or psychology, non technological activities, or technical services.

III. Effect of Proposed Changes:

The bill amends s. 212.08(5)(j), F.S., which revises the application of the sales tax exemption provided for machinery and equipment used in silicon technology production and research and development by replacing the term "silicon" with the term "semiconductor".

The bill takes effect January 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Revenue Estimating Conference estimates that the impact of changing the term “silicon” to the term “semiconductor” will have a recurring loss to the General Revenue Fund of \$0.1 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
	\$	\$	\$	\$	\$	\$	\$	\$
Semiconductors	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Any firm that will qualify for this exemption will realize a savings on purchases of qualified machinery and equipment of 7 percent.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.