

By Representative Johnson

1                                   A bill to be entitled  
2           An act relating to tax on sales, use, and other  
3           transactions; amending s. 212.08, F.S.;  
4           revising application of the exemption for  
5           machinery and equipment used in silicon  
6           technology production and research and  
7           development; including within said exemption  
8           machinery and equipment used by defense or  
9           space technology facilities to produce defense  
10          or space technology products, and machinery and  
11          equipment used in defense or space research and  
12          development in a defense or space technology  
13          research and development facility; providing  
14          definitions; providing an effective date.

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

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18           Section 1. Paragraph (j) of subsection (5) of section  
19 212.08, Florida Statutes, is amended to read:

20           212.08 Sales, rental, use, consumption, distribution,  
21 and storage tax; specified exemptions.--The sale at retail,  
22 the rental, the use, the consumption, the distribution, and  
23 the storage to be used or consumed in this state of the  
24 following are hereby specifically exempt from the tax imposed  
25 by this chapter.

26           (5) EXEMPTIONS; ACCOUNT OF USE.--

27           (j) Machinery and equipment used in silicon, defense,  
28 or space technology production and research and development.--

29           1. Industrial machinery and equipment used ~~purchased~~  
30 ~~for use~~ in silicon, defense, or space technology facilities  
31 certified under subparagraph 5. to manufacture, process,

1 compound, or produce silicon technology products, defense  
2 technology products, or space technology products for sale or  
3 for use by these facilities are exempt from the tax imposed by  
4 this chapter.

5         2. Machinery and equipment are exempt from the tax  
6 imposed by this chapter if used ~~purchased for use~~  
7 predominately in silicon wafer, defense, or space research and  
8 development activities in a silicon, defense, or space  
9 technology research and development facility certified under  
10 subparagraph 5.

11         3. In addition to meeting the criteria mandated by  
12 subparagraph 1. or subparagraph 2., a business must be  
13 certified by the Office of Tourism, Trade, and Economic  
14 Development as authorized in this paragraph in order to  
15 qualify for exemption under this paragraph.

16         4. For items purchased tax exempt pursuant to this  
17 paragraph, possession of a written certification from the  
18 purchaser, certifying the purchaser's entitlement to exemption  
19 pursuant to this paragraph, relieves the seller of the  
20 responsibility of collecting the tax on the sale of such  
21 items, and the department shall look solely to the purchaser  
22 for recovery of tax if it determines that the purchaser was  
23 not entitled to the exemption.

24         5.a. To be eligible to receive the exemption provided  
25 by subparagraph 1. or subparagraph 2., a qualifying business  
26 entity shall apply to Enterprise Florida, Inc. The application  
27 shall be developed by the Office of Tourism, Trade, and  
28 Economic Development in consultation with Enterprise Florida,  
29 Inc.

30         b. Enterprise Florida, Inc., shall review each  
31 submitted application and information and determine whether or

1 not the application is complete within 5 working days. Once an  
2 application is complete, Enterprise Florida, Inc., shall,  
3 within 10 working days, evaluate the application and recommend  
4 approval or disapproval of the application to the Office of  
5 Tourism, Trade, and Economic Development.

6 c. Upon receipt of the application and recommendation  
7 from Enterprise Florida, Inc., the Office of Tourism, Trade,  
8 and Economic Development shall certify within 5 working days  
9 those applicants who are found to meet the requirements of  
10 this section and notify the applicant, Enterprise Florida,  
11 Inc., and the department of the certification. If the Office  
12 of Tourism, Trade, and Economic Development finds that the  
13 applicant does not meet the requirements of this section, it  
14 shall notify the applicant and Enterprise Florida, Inc.,  
15 within 10 working days that the application for certification  
16 has been denied and the reasons for denial. The Office of  
17 Tourism, Trade, and Economic Development has final approval  
18 authority for certification under this section.

19 6.a. A business certified to receive this exemption  
20 may apply once each year for the exemption.

21 b. The first claim submitted by a business may include  
22 all eligible expenditures made after the date the business was  
23 certified.

24 c. To apply for the annual exemption, the business  
25 shall submit a claim to the Office of Tourism, Trade, and  
26 Economic Development, which claim indicates and documents the  
27 sales and use taxes otherwise payable on eligible machinery  
28 and equipment. The claim must also indicate, for program  
29 evaluation purposes only, the average number of full-time  
30 equivalent employees at the facility over the preceding  
31 calendar year, the average wage and benefits paid to those

1 employees over the preceding calendar year, and the total  
2 investment made in real and tangible personal property over  
3 the preceding calendar year or, for the first claim submitted,  
4 since the date of certification. The department shall assist  
5 the Office of Tourism, Trade, and Economic Development in  
6 evaluating and verifying information provided in the  
7 application for exemption.

8           d. The Office of Tourism, Trade, and Economic  
9 Development may use the information reported on the claims for  
10 evaluation purposes only and shall prepare an annual report on  
11 the exemption program and its cost and impact. The annual  
12 report for the preceding fiscal year shall be submitted to the  
13 Governor, the President of the Senate, and the Speaker of the  
14 House of Representatives by September 30 of each fiscal year.  
15 This report may be submitted in conjunction with the annual  
16 report required in s. 288.095(3)(c).

17           7. A business certified to receive this exemption may  
18 elect to designate one or more state universities or community  
19 colleges as recipients of up to 100 percent of the amount of  
20 the exemption for which they may qualify. To receive these  
21 funds, the institution must agree to match the funds so earned  
22 with equivalent cash, programs, services, or other in-kind  
23 support on a one-to-one basis in the pursuit of research and  
24 development projects as requested by the certified business.  
25 The rights to any patents, royalties, or real or intellectual  
26 property must be vested in the business unless otherwise  
27 agreed to by the business and the university or community  
28 college.

29           8. As used in this paragraph, the term:

30           a. "Predominately" means at least 50 percent of the  
31 time in qualifying research and development.

1           b. "Research and development" means basic and applied  
2 research in the science or engineering, as well as the design,  
3 development, and testing of prototypes or processes of new or  
4 improved products. Research and development does not include  
5 market research, routine consumer product testing, sales  
6 research, research in the social sciences or psychology,  
7 nontechnological activities, or technical services.

8           c. "Silicon technology products" means raw silicon  
9 wafers that are transformed into semiconductor memory or logic  
10 wafers, including wafers containing mixed memory and logic  
11 circuits; related assembly and test operations; active-matrix  
12 flat panel displays; semiconductor chips; and related silicon  
13 technology products as determined by the Office of Tourism,  
14 Trade, and Economic Development.

15           d. "Defense technology products" means products with a  
16 military application, including, but not limited to, weapons,  
17 weapons systems, guidance systems, surveillance systems,  
18 communications or information systems, munitions, aircraft,  
19 vessels, boats, or other implements and components thereof  
20 intended for military use or national defense, but does not  
21 include handguns, shotguns, or other items intended primarily  
22 for civilian rather than military use.

23           e. "Space technology products" means products with a  
24 space application, including, but not limited to, space launch  
25 vehicles, missiles, satellites or research payloads, avionics,  
26 and associated control systems and processing systems.

27           f. "Machinery and equipment" means machines and  
28 equipment, including testing equipment, computers, and other  
29 tangible personal property, whether purchased or  
30 self-fabricated, and, if self-fabricated, includes design and  
31 fabrication labor.

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Section 2. This act shall take effect July 1, 2000.

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HOUSE SUMMARY

Revises application of the sales tax exemption for machinery and equipment used in silicon technology production and research and development, and includes within said exemption machinery and equipment used by defense or space technology facilities to produce defense or space technology products, and machinery and equipment used in defense or space research and development in a defense or space technology research and development facility.