

Florida Department Of Revenue
Tax Information Publication

TIP 99A01-09
DATE ISSUED: Jul 06, 1999

Changes in Machinery and Equipment Exemption for Phosphate and
Other Solid Minerals Severance, Mining, or Processing Operations

Effective July 1, 1999, the sales and use tax exemption available to new and expanding businesses on purchases of machinery and equipment is available to businesses engaged in phosphate or other solid minerals severance, mining, or processing operations. The exemption is contingent upon the following conditions and limitations:

- * To initiate the exemption process the business must submit an Application for Temporary Tax Exemption Permit (Form DR-1214).
- * The business must be registered with Work and Gain Economic Self-sufficiency (WAGES) Program. (For WAGES Program Business Registry information, contact the Florida Department of Labor and Employment Security at 1-800-342-3450.)
- * The business must demonstrate the creation of "new Florida jobs" as certified by the Office of Tourism, Trade, and Economic Development (OTTED). "New Florida jobs" means a new position created and filled within 24 months after completion of construction of the new or expanded facility and includes a transfer of a position from an existing Florida operation so long as the transfer is the result of the closure or reduction of the other Florida operation. For additional information, contact OTTED at 850-487-2568.
- * The exemption is only available by way of a prospective credit against solid minerals severance taxes due under Chapter 211, F.S., as reported on the Solid Mineral Severance Tax Return (Form DR-142). The DR-142 is an

annual return, due by April 1st of each year. When a taxpayer has been approved for taking a sales tax credit on the next annual return, they should recalculate their quarterly estimated payments on Form DR-142ES, accordingly.

NEW BUSINESSES

The amount of the exemption (credit) available to a new phosphate or other solid mineral severance, mining, or processing business is an amount equal to the sales and use taxes paid on purchases of machinery and equipment. Such purchases must be made prior to the date the business first begins its productive operations.

- * The new business must demonstrate to OTTED the creation of at least 100 new Florida jobs. OTTED must document the number of new Florida jobs created by the new business within 24 months of the completion of construction of the business and certify such job creation to the Department of Revenue.

- * No exemption (credit) will be allowed against solid minerals severance taxes until the Department has received the certification of job creation from OTTED.

EXPANDING BUSINESSES

The amount of the exemption (credit) available to an expanding phosphate or other solid minerals severance, mining, or processing business is an amount equal to the sales and use taxes paid in excess of \$50,000 per calendar year on purchases of machinery and equipment. The business must affirmatively show that such items are used to increase the productive output of the business by not less than 10 percent.

- * For an expanding business that has 2,500 or fewer Florida employees, the business must demonstrate the creation of new Florida jobs in an amount equal to at least 5 percent of its Florida employees.

- * For an expanding business that has more than 2,500 Florida

employees, the business must demonstrate the creation of new Florida jobs in an amount equal to at least 3 percent of its Florida employees.

- * OTTED must document the number of persons employed in Florida by the business as of the date of commencement of construction of the expansion and the number of new Florida jobs created by the business within 24 months of the completion of construction of the expansion. OTTED must certify such job creation to the Department of Revenue.

- * No exemption (credit) will be allowed against solid minerals severance taxes until the Department has received certification of job creation from OTTED.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Tax Information Services, 1379 Blountstown Highway, Tallahassee, FL 32304.

For forms and other information, visit our Web site at <http://sun6.dms.state.fl.us/dor/>.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:
Ch. 99-171, L.O.F.

S. 212.08(5)(b), F.S.