



INCENTIVE INFORMATION SHEET

SEMICONDUCTOR, DEFENSE & SPACE TECHNOLOGY SALES TAX EXEMPTION

Florida recognizes that **semiconductor, defense, and space technology** facilities make significant annual investments in high-tech replacement equipment to keep pace with rapid advances in technology and heavy usage. This is an **exemption of sales and use taxes** that would otherwise be paid by the qualifying business on **machinery and equipment used in production and research and development**.

A business certified to receive this exemption may elect 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. If the university or college agrees to receive the funds, it must further agree to match them equally and use the proceeds in pursuit of research and development projects as requested by the certified business.

ELIGIBILITY

In order to participate in the program, a company must apply annually to Enterprise Florida and be certified by the Governor's Office of Tourism, Trade and Economic Development (OTTED) as a semiconductor, defense, or space technology facility.

Semiconductor Technology

Industrial machinery and equipment used in semiconductor technology facilities to manufacture, process, compound, or produce semiconductor technology products for sale or for use by these facilities are **exempt from 100 percent of the tax imposed**. Machinery and equipment used predominately in semiconductor wafer research and development activities in a semiconductor technology research and development facility are also fully exempt from the tax imposed.

- "Semiconductor technology products" means raw semiconductor wafers or semiconductor thin films that are transformed into semiconductor memory or logic wafers, including wafers containing mixed memory and logic circuits; related assembly and test operations; active-matrix flat panel displays; semiconductor chips; semiconductor lasers; optoelectronic elements; and related semiconductor technology products as determined by (OTTED).

Defense or Space Technology

- Industrial machinery and equipment used in defense or space technology facilities to manufacture, process, compound, or produce defense technology products or space technology products for sale or for use by these facilities are **exempt from 25 percent of the tax imposed**. Machinery and equipment used predominately in defense or space research and development activities in a defense or space technology research and development facility are also exempt from 25 percent of the tax imposed.
- "Defense technology products" means products that have a military application, including, but not limited to, weapons, weapons systems, guidance systems, surveillance systems, communications or information systems, munitions, aircraft, vessels, or boats, or components thereof, which are intended for military use and manufactured in performance of a contract with the United States Department of

Defense or the military branch of a recognized foreign government or a subcontract thereunder which relates to matters of national defense.

- "Space technology products" means products that are specifically designed or manufactured for application in space activities, including, but not limited to, space launch vehicles, missiles, satellites or research payloads, avionics, and associated control systems and processing systems. The term does not include products that are designed or manufactured for general commercial aviation or other uses even though those products may also serve an incidental use in space applications.

APPLICATION PROCESS

- EFI staff will shepherd businesses through the certification process, ensuring that the company understands the certification application and what information is required for a complete application.
- Enterprise Florida reports its recommendation to the Director of OTTED within ten (10) working days.

APPROVAL PROCESS

The Director of OTTED will make the final decision on the certification within five (5) working days. The business will receive written notification of OTTED's approval or disapproval. If approved, the certification will be transmitted to the Department of Revenue (DOR).

TAX EXEMPTION PERMIT

The DOR issues the business a tax exemption permit that the business shall extend to dealers or suppliers for tax exempt purchasing or leasing of machinery and equipment for use in semiconductor, defense, or space technology production and research and development. Defense and space technology businesses would use this permit to make tax-exempt purchases and then remit 75% of the sales and use tax to the DOR. Tax-exempt purchases are subject to audit by DOR. *Reference: 212.08 (5) (j).*

Statutory Reference: Section 212.08, Florida Statutes