



Florida Department of Revenue
Technical Assistance and Dispute Resolution

Jim Zingale
Executive Director

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Question: Whether Taxpayer’s purchases or rentals of items/materials used in the [REDACTED] [REDACTED] at its [REDACTED] project are eligible and qualify for the exemption from Florida sales and use tax provided under s. 212.08(5)(j), F.S.

Answer: Taxpayer’s purchases or rentals of items/materials used in the [REDACTED] [REDACTED] project would be eligible and qualify for the exemption from Florida sales and use tax provided under s. 212.08(5)(j), F.S.

June 27, 2024

[REDACTED]

[REDACTED]

Re: Technical Assistance Advise ment – 24A-008
Sales and Use Tax – Exemption Manufacturing
[REDACTED] (“Taxpayer”)
BP No. [REDACTED]
Section 212.08(5)(j), Florida Statutes (F.S.)

Dear [REDACTED]:

This letter is a response to your petition dated [REDACTED], for the Florida Department of Revenue’s (the “Department’s”) issuance of a Technical Assistance Advise ment (“TAA”) with regard to whether voluntary donations received are subject to Florida sales and use tax. Your petition has been carefully examined and the Department finds it to be in compliance with the requisite criteria set forth in Chapter 12-11, Florida Administrative Code. This response to your request constitutes a TAA and is issued to you under the authority of section 213.22, F.S.

Requested Advise ments

Taxpayer is inquiring whether the exemption provided under s. 212.08(5)(j), F.S., would apply to the entire [REDACTED], including the material required to construct the [REDACTED] [REDACTED] that are necessary for the [REDACTED] to be used as designed. Specifically, Taxpayer is seeking clarification concerning the following items:

1. [REDACTED] – These are concrete structures designed to support the full weight of a [REDACTED]. They physically support the [REDACTED], and integrate conduits and other fixtures used to supply the [REDACTED] with major electrical feeds, a comprehensive fire control system, storm water and hazardous fluids containment and retention, information technologies infrastructure, security systems, and the mounting hardware for trestles and scaffolding to support access to all areas of the [REDACTED].
2. Fire Pump House – The Fire Pump House will be constructed solely to enclose the fire pump system from the weather and salt corrosion. It is used to feed the fire control system. The pump house has no other purpose and would be rendered archaic and be removed upon the pump systems being decommissioned.
3. Motor Control Center and Control Room Structures – Integral to the waterside portion of the [REDACTED] elevating platform are the motor control center which houses the numerous winches necessary to lift a large [REDACTED], and the control room, where the operators monitor the weight distribution of the [REDACTED] while it is being lifted and transferred to an [REDACTED]. These structures would become archaic and be removed if the [REDACTED] was decommissioned.
4. Storm water collection and retention system external to the [REDACTED] – Hazardous fluids are contained within the [REDACTED] and processed in compliance with federal and state statutes. Storm water from the [REDACTED] and [REDACTED] however, exits from the maintenance area and is controlled through various structures on the site external to the [REDACTED]. These are designed specifically to address the outflows from the tool.
5. Utility Feeds – To operate the [REDACTED], utilities will be run from various portions of the [REDACTED] to the [REDACTED]. These include water, electricity, the fire main, the fire pumps, security systems, and information technologies infrastructure.
6. Piles – Concrete and steel piles are installed throughout the [REDACTED] to stabilize the winches and lifting platform to prevent the [REDACTED] from becoming unstable on the platform during lift.
7. Consumable Materials – The installation of the [REDACTED] requires the use of numerous consumable materials such as nails, screws, forms lumber, form oil, cure compounds etcetera, necessary to complete the installation.
8. Rented Equipment – The installation of the [REDACTED] requires the rental of barges, cranes, and other installation equipment.

Facts as Provided

Taxpayer has presented the following information regarding its [REDACTED], project.

[REDACTED]

The new facility replaces the old dry dock and a number of antiquated structures with the [REDACTED].

The primary customer for the [REDACTED]. The new facility will [REDACTED]. [REDACTED]. will be performed at the facility.

The [REDACTED] will be built and owned by the [REDACTED], and [REDACTED]. To ensure technical integrity, [REDACTED]. The [REDACTED] will be based on the cost of fabrication and installation of the [REDACTED] and associated necessary support infrastructure. [REDACTED] costs will be a component of [REDACTED]. Therefore, the ultimate beneficiary of any sales tax exemptions/abatement is the [REDACTED] in the form of lower contracting costs for work at the facility. [REDACTED] contracts are also generally competed between shipyards, so "[REDACTED]" is a primary factor in the number of [REDACTED].

The waterside portion of the [REDACTED] is composed of a movable platform that is translated up and down from the seafloor to land-level to lift a ship out of the water for [REDACTED] work. A series of large winches on each side of the platform lift the platform up and down. Operators control the movement of the platform from an integrated motor control center and control room structure at land level. The movable platform [REDACTED].

Trestles with keel/bilge blocks that match the hull shape of the [REDACTED] to be serviced are first placed on the platform at land level, and then lowered to the seabed. The [REDACTED] is then maneuvered into the dock above the movable platform. The platform is then raised slowly to cradle the [REDACTED] as it rises out of the water. Once at land-level, [REDACTED] drive under the [REDACTED] and trestles and lift both off the ground to transport the [REDACTED] to one of [REDACTED] located on the landside portion of the tool. Once the [REDACTED] is in place in the landside [REDACTED], the [REDACTED] lower the [REDACTED] to the ground, and the [REDACTED].

The [REDACTED] function as a tooling fixture for the [REDACTED], and are a critical integral component of the [REDACTED] that have been designed specifically to allow [REDACTED] to perform out-of-water [REDACTED] required by the [REDACTED]. The lifting platform is neither designed nor intended to be used to support the [REDACTED] while [REDACTED]. The [REDACTED].

foundations of the [REDACTED] are formed by heavy concrete to support the weight of the [REDACTED]. Integral to the [REDACTED] and their foundations are: a) major electrical conduits to feed [REDACTED]; b) a fire control system; c) storm water and hazardous fluids containment and retention; d) information technologies infrastructure; e) security systems; and f) the mounting hardware for trestles and scaffolding to support access to all areas of the [REDACTED].

Taxpayer received certification from the Florida Department of Economic Opportunity (DEO)¹ that its business operations in [REDACTED], were eligible for the exemption from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S. [REDACTED]

[REDACTED]

Applicable Law and Discussion

Section 212.08(5)(j), F.S., *Machinery and equipment used in semiconductor, defense, or space technology production*, provide in part, as follows:

1.b. Industrial machinery and equipment used in defense or space technology facilities certified under subparagraph 5. to design, manufacture, assemble, process, compound, or produce defense technology products or space technology products for sale or for use by these facilities are exempt from the tax imposed by this chapter.

7. As used in this paragraph, the term:

c. "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.

¹ Currently the Florida Department of Commerce.

² [REDACTED]

The exemption from Florida sales and use tax provided under s. 212.08(5)(j), F.S., applies to industrial machinery and equipment used at certified defense technology facilities to design, manufacture, assemble, process, compound, or produce defense technology products for sale or for use by these facilities.

It has been determined that Taxpayer is eligible and qualifies for the Florida sales and use tax exemption provided under s. 212.08(5)(j), F.S., for purchases of industrial machinery and equipment used in defense technology production. Industrial machinery and equipment that Taxpayer uses in its certified defense facility that is integral to design, manufacture, assemble, process, compound, or produce defense technology products or for use by these facilities are exempt from Florida sales and use tax. To obtain the exemption from tax, Taxpayer would provide its *Tax Exemption Permit for Machinery and Equipment Used by Certified Semiconductor, Defense or Space Technology Facility* to the selling dealer.

It should be noted that any dealer that takes an exemption document or an exemption permit in good faith would be relieved of the liability to collect tax and the Department would look solely to the purchaser for any tax that may be subsequently determined to be due. A selling dealer accepting the permit in good faith, will not be held liable for any potential tax due; liability will rest with the purchaser/holder of the permit. Taxpayer should document in its books and records that purchases were used at and by the [REDACTED] project rather than elsewhere.

Requested Advisements & Determinations

1. [REDACTED] – These are concrete structures designed to support the full weight of a [REDACTED]. They physically support the [REDACTED]

Based on the description provided, [REDACTED] would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

2. Fire Pump House – The Fire Pump House will be constructed solely to enclose the fire pump system from the weather and salt corrosion. It is used to feed the fire control system. The pump house has no other purpose and would be rendered archaic and be removed upon the pump systems being decommissioned.

Based on the description provided, Fire Pump House would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

3. Motor Control Center and Control Room Structures – Integral to the waterside portion of the [REDACTED] are the motor control center which houses the numerous winches necessary to lift a [REDACTED], and the control room, where the operators monitor the weight distribution of the [REDACTED] while it is being lifted and transferred to an [REDACTED]. These structures would become archaic and be removed if the [REDACTED] was decommissioned.

Based on the description provided, Motor Control Center and Control Room Structures would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

4. Storm water collection and retention system external to the [REDACTED] – Hazardous fluids are contained within the [REDACTED] and processed in compliance with federal and state statutes. Storm water from the [REDACTED] however, exits from the maintenance area and is controlled through various structures on the site external to the [REDACTED]. These are designed specifically to address the outflows from the tool.

Based on the description provided, Storm water collection and retention system external to the [REDACTED] would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

5. Utility Feeds – To operate the [REDACTED], utilities will be run from various portions of the [REDACTED]. These include water, electricity, the fire main, the fire pumps, security systems, and information technologies infrastructure.

Based on the description provided, Utility Feeds would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

6. Piles – Concrete and steel piles are installed throughout the [REDACTED] to stabilize the winches and lifting platform to prevent the [REDACTED] from becoming unstable on the platform during lift.

Based on the description provided, Piles would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

7. Consumable Materials – The installation of the [REDACTED] requires the use of numerous consumable materials such as nails, screws, forms lumber, form oil, cure compounds etcetera, necessary to complete the installation.

Based on the description provided, Consumable Materials would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

8. Rented Equipment – The installation of the [REDACTED] requires the rental of barges, cranes, and other installation equipment.

Based on the description provided, Rented Equipment would be exempt from Florida sales and use tax under the provisions of s. 212.08(5)(j), F.S., as industrial machinery and equipment used in a defense technology facility to design, manufacture, assemble, process, compound, or produce defense technology products or for use by the facility.

This response constitutes a TAA under s. 213.22, F.S., which is binding on the Department only under the facts and circumstances described in the request for this advice, as specified in s. 213.22, F.S. Our response is predicated on those facts and the specific situation summarized above. You are advised that subsequent statutory or administrative rule changes, or judicial interpretations of the statutes or rules, upon which this advice is based, may subject similar future transactions to a different treatment than expressed in this response.

You are further advised that this response, your request and related backup documents are public records under Chapter 119, F.S., and are subject to disclosure to the public under the conditions of s. 213.22, F.S. Confidential information must be deleted before public disclosure. In an effort to protect confidentiality, we request you provide the undersigned with an edited copy of your request for TAA, the backup material and this response, deleting names, addresses and any other details which might lead to identification of the Taxpayer. Your response should be received by the Department within ten (10) days of the date of this letter.

If you have any further questions with regard to this matter and wish to discuss them, you may contact me directly at 850-717-6735.

Kind Regards,

Alan R. Fulton

Alan R. Fulton
Revenue Program Administrator I
Technical Assistance & Dispute Resolution

Record ID: 1063296

TADR Satisfaction Survey

The Florida Department of Revenue invites you to complete the online TADR Satisfaction Survey to help us identify ways to improve our service to taxpayers. The survey is an opportunity to provide feedback on your recent experience with the Department's office of Technical Assistance and Dispute Resolution (TADR). To access the survey, place the following address in your browser's address bar:

<https://tadr.questionpro.com>

When you open the survey, you'll be asked to enter the following information. This information will enable you to complete and submit the survey.

Notification number:

Respondent code:

Tax type:

Correspondence type: Technical Assistance

If you need technical assistance accessing the survey, please email Douglas Charity at douglas.charity@floridarevenue.com.

Thank you.