

Why eliminating manufacturing equipment sales tax is a plus for your biz

Matthew Richardson, Reporter Orlando Business Journal

The Florida Legislature passed the permanent sales tax exemption on manufacturing machinery and equipment, an act that was included in House Bill 7099 that focused on taxation. The tax exemption that was first put into effect in 2014 was due to expire in 2017, but the bill renews the incentive as a permanent deal.

"This levels out the playing field among our manufacturing companies both big and small," said Sherry Reeves, executive director of the Manufacturing Association of Central Florida. "This helps our economy because they are hiring additional people and putting money back into Florida TaxWatch noted the importance of state lawmakers passing the manufacturing sales tax exemption in a November 2015 report. Taxable sales within the manufacturing industry have experienced growth at a higher rate than the economy as a whole since the implementation of the tax exemption, the report states. Since the tax exemption went into effect, taxable sales within the manufacturing industry have averaged about \$756 million per month — an 11.2 percent growth when compared to the pre-exemption time period.

The bill, while it helps local manufacturing companies save money on equipment, may also help Florida stay competitive with other states that offer incentives to lure in companies — something that the state needs. Currently, Florida is behind the rest of the nation when it comes to the manufacturing industry. Manufacturing jobs make up only 4.2 percent of all Florida jobs, giving the state the seventh-lowest percentage in the nation.

Reeves said that there are 19,000 manufacturing companies established in Florida, with a total of 336,000 employees earning an annual average wage of \$55,000.

Richardson covers technology and general assignments for online and print.