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Insights

Proposed Tax Changes Could Benefit Space Florida Projects Under SB 1512

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A bill moving through the Florida Legislature, SB 1512, would revise how certain Space Florida–authorized projects are treated for tax purposes and expand a sales-and-use-tax exemption for certain government-owned equipment leased to private entities. The measure is aimed at clarifying tax treatment for common public-private project structures used in Florida's aerospace, defense, and semiconductor sectors.

SB 1512 would update the definition of "governmental purpose" in Florida's property tax statutes. Under the bill, real property and tangible personal property used within Florida by a nongovernmental lessee pursuant to a project authorized by the Space Florida Board of Directors would be deemed to serve an essential governmental purpose and exempt from taxation.

This proposed clarification could be meaningful for companies and developers participating in Space Florida–authorized initiatives, particularly in situations where a government entity holds title to property but a private business occupies, operates, or uses the facility or equipment as part of a board-authorized project.

SB 1512 also proposes a sales-and-use-tax exemption that may reduce costs for companies operating in Florida's high-tech ecosystem. The bill would exempt tangible personal property (including, but not limited to, machinery or equipment) that is leased to a private entity when the equipment is:

- Owned by a federal, state, or local governmental entity;
- Located in Florida;
- Used solely in connection with semiconductor, defense, or aerospace contracts, programs, or projects; and
- Leased under a written lease, license, or similar agreement with the governmental owner.

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The bill also authorizes the Department of Revenue to adopt rules governing the application process and issuance of exemption certificates for this leased-property exemption.

While this provision is not limited to Space Florida arrangements, it could be especially relevant for organizations that rely on specialized, high-value equipment owned by a government entity and leased for use on qualifying projects in Florida.

SB 1512 would also revise Space Florida's procurement rules by clarifying that the agency is not subject to the competitive bidding requirements in section 255.20, Florida Statutes, when it purchases professional or construction services using funds that were not appropriated by the Legislature. In those situations, Space Florida would simply need to keep a short written confirmation in its records stating that the purchase was made with non-appropriated funds.

SB 1512 has been filed and has advanced through its first committee stop with a favorable vote. It is currently before the Senate Finance and Tax Committee. If enacted, the bill would take effect July 1, 2026.

We will continue to monitor SB 1512 as it moves through the legislative process. If you have questions about how these proposed changes may affect your projects or development plans, please contact Brian Stephens at brian.stephens@lowndes-law.com or Cole Oliver at cole.oliver@lowndes-law.com.