

SALES TAX EXEMPTION PROCEDURE FOR CONSTRUCTION MANAGEMENT PROJECTS

Background

The State of Florida Department of Revenue has issued the County of Volusia (hereinafter "County") a Consumer's Certificate of Exemption. This Certificate exempts the County from the payment of Florida sales and use tax on real property rented, transient rental property rented, tangible personal property purchased or rented, or services purchased.

The following is a sample sales tax savings computation:

<i>Description</i>	<i>Value</i>
<i>Roofing materials from vendor (paid by County):</i>	<i>\$100,000.00</i>
<i>6.5% Sales tax savings (on the first \$5,000.00):</i>	<i>\$325.00</i>
<i>6.0% Sales tax savings (on remaining price):</i>	<i><u>\$5,700.00</u></i>
<i>Total:</i>	<i>\$106,025.00</i>
 <i>Deductive change order to Prime Contractor's awarded contract price for the project :</i>	 <i>\$106,025.00</i>
 <i>Total sales tax savings:</i>	 <i><u>\$6,025.00</u></i>

Code Compliance

This Procedure complies with the Rule 12A-1.094 of Florida Administrative Code.

Definitions

1. CONSTRUCTION CHANGE ORDER ("CO"). A document issued to the Prime Contractor by County's Purchasing and Contracts Division modifying the contract price or time.
2. FRIEGHT ON BOARD. F.O.B. Destination. Title shall pass to the County of Volusia on delivery of the conforming goods to the designated location. The risk of loss or damage in transit shall be upon the vendor/seller, delivery shall not be complete until the goods and/or services have been received, inspected, and accepted by the County of Volusia.
3. PROJECT. Volusia County Life Safety Systems Inspection, Testing and Repairs
 - **Daytona Beach Emergency Operations Center (EOC)**
3825 Tiger Bay Road, Daytona Beach, FL 32124
 - **Deland Administration Center (TCK)** 123 W Indiana Ave, Deland, FL 32720
 - **DeLand IT Facility** - 119 W. Indiana Avenue, DeLand, FL 32720
 - **Daytona Beach Medical Examiner** – 3891 Tiger Bay Rd, Daytona Beach, FL 32124
 - **DeLand Supervisor of Elections** – 1588 N Woodland Blvd, Deland, FL 32720

4. PURCHASE ORDER ("PO"). A document issued to the Vendor by the County Purchasing and Contracts Division, after receipt of a properly completed and executed REQUISITION.
5. REQUISITION. A document issued by the County and submitted by the Prime Contractor to the County Construction Manager for material qualified for sales tax exemption.
6. RQS. Electronic request through the County's accounting system for goods and/or services with information necessary to create a PURCHASE ORDER.

FLOW OF DOCUMENTS

Step 1. REQUISITION ORIGINATION. Within fifteen (15) calendar days of the Notice to Proceed, the Prime Contractor shall submit to the Consultant and County Construction Manager the completed REQUISITION form(s) for approval. The REQUISITION shall be completed and signed by the designated authorized representative of the Prime Contractor. If the vendor(s) listed on the REQUISITION form(s) is/are not registered with the County, the Prime Contractor shall instruct them to register and request copies of the Vendor's Taxpayer Identification Number (TIN) and Certification to attach to the REQUISITION form (s). Note: REQUISITION forms may be submitted prior to the Notice to Proceed, but will not be processed until after the Notice to Proceed is issued.

Step 2. RECEIPT OF REQUISITION BY COUNTY. The REQUISITION shall be date stamped, reviewed and delivered for processing into a PO along with a deductive CHANGE ORDER to Prime Contractor's contract price for the material **plus applicable sales tax**.

Step 3. PROCESSING THE REQUISITION. Upon receipt of an executed deductive CHANGE ORDER, the County Construction Manager shall initiate an RQS in the County's accounting system, which will be processed into a PO to the Vendor. Purchasing and Contracts will then mail the PO to the Vendor and the CO to the Prime Contractor. A copy of any special instructions and County Tax Exemption Certificate will be mailed with the PO.

Step 4. INVOICE PROCESSING. The Vendor shall issue an invoice to the County after the material is delivered to the site. The Prime Contractor shall receive the invoice, verify it against the delivered material via physical inspection, approve it by signature, and then forward it, within five (5) business days of the date receipt of the invoice, to the County Construction Manager. The County Construction Manager shall then verify, approve by signature, and submit it for payment by the County.

Step 5. DIRECT PAYMENT. County Accounting shall pay Vendor directly.

County Responsibilities

1. County shall issue POs in a timely fashion.
2. County shall provide the proper REQUISITION and CO forms to the Prime Contractor, if needed; however, the Prime Contractor's forms are acceptable provided it contains all the information required in paragraph 2 of Prime Contractor's Responsibilities.
3. County shall assign, process, and issue POs and COs as required.
4. County shall return to the Prime Contractor all documents that are incomplete or incorrect.
5. County shall provide a designated contact person with whom direct inquiries may be made regarding the status of REQUISITIONS, POs, and COs.

Prime Contractor Responsibilities

1. Prior to the Notice to Proceed, the pre-construction meeting will be conducted. At the meeting the Contractor shall provide a list of typed names, signatures and contact information of those representatives duly authorized to act on behalf of the Prime Contractor to process requisition and change order requests for purchases made for this project.
2. Contractor shall submit a complete and correct requisition for processing. The REQUISITION shall include, but not be limited to:
 - a. Firm name, contact, address, telephone, fax and email
 - b. Shipping address
 - c. Item no., Quantity, Unit, and Unit Price of each item to be ordered
 - d. Description (Brand, model & specification number)
 - e. Extended and total price of order
 - f. Authorized signatures
 - g. Any special instructions
 - h. Completed TIN and Certification form, required
4. Contractor shall submit PO changes to the County construction manager for approval as required using approved format.
5. Contractor shall receive, inspect, test (if appropriate), store, and secure material ordered. Approve invoices after verifying receipt of conforming material.
6. Contractor shall advise County of any discrepancies in a timely manner prior to payment by County Finance. All prompt payment discounts will accrue solely to the

County's benefit. All payments by the County are subject to Florida's Prompt Payment Act (ss. 218.70-218.80, Florida Statutes).

7. Contractor shall add to the Builder's Risk insurance, the "County of Volusia is a **loss payee** for the Project." Such insurance shall cover the full value of items received and accepted.
8. Contractor shall maintain records of all items purchased under this Procedure. These records shall be available for inspection upon County's request.

COUNTY OF VOLUSIA, FLORIDA
REQUISITION FOR MATERIALS AND SUPPLIES FOR CONSTRUCTION PROJECTS

Contract Number: _____

Vendor TIN:		Ship To:	
Vendor:		C/O:	
Address:		Address:	
Contact:		Contact:	
Phone:	Fax:	Phone:	
E-mail:		Page _____ of _____	

ITEM NO.	QTY	UNIT	DESCRIPTION (Brand, Model & Specification number)	UNIT PRICE	TOTAL
Shipping, handling and insurance (F.O.B. Destination):					\$
Subtotal:					\$
Subtotal from previous page(s):					\$
Total Purchase Order to vendor (A):					\$
Sales Tax Savings (Note: The first \$5K is 6.5%, then 6% on remaining amount) (B):					\$

TOTAL DEDUCTION FROM PRIME CONTRACTOR'S CONTRACT PRICE (A + B): _____

Contractor's signature	Architect/Engineer's signature	County Construction Manager's signature
By: _____	By: _____	By: _____
(Name)	(Name)	(Name)
Date: _____	Date: _____	Date: _____

CERTIFICATE OF ENTITLEMENT

The undersigned authorized representative of the County of Volusia, a body corporate and politic and a political subdivision of the State of Florida, located at 123 West Indiana Avenue, DeLand, Florida 32720-4613 (hereinafter "Governmental Entity"), Florida Consumer's Certificate of Exemption Number _____, affirms that the tangible personal property purchased pursuant to Purchase Order Number _____ from _____ (hereinafter "Vendor") on or after _____ will be incorporated into or become a part of a public facility as part of a public works contract pursuant to Contract Number _____ with _____ (hereinafter "Contractor") for the construction of _____.

Governmental Entity affirms that the purchase of the tangible personal property contained in the attached Purchase Order meets the following exemption requirements contained in Section 212.08(6), F.S., and Rule 12A-1.094, F.A.C.:

You must initial each of the following requirements.

- ___ 1. The attached Purchase Order is issued directly to the Vendor supplying the tangible personal property the Contractor will use in the identified public works.
- _____ 2. The Vendor's invoice will be issued directly to Governmental Entity.
- _____ 3. Payment of the Vendor's invoice will be made directly by Governmental Entity to the Vendor from public funds.
- ___ 4. Governmental Entity will take title to the tangible personal property from the Vendor upon the Governmental Entity's or Governmental Entity's Authorized Representative's inspection and acceptance of the goods delivered which will constitute delivery and ownership of the goods by the Governmental Entity.

Governmental Entity affirms that if the tangible personal property identified in the attached Purchase Order does not qualify for the exemption provided in Section 212.08(6), F.S., and Rule 12A-1.094, F.A.C., Governmental Entity will be subject to the tax, interest, and penalties due on the tangible personal property purchased. If the Florida Department of Revenue determines that the tangible personal property purchased tax-exempt by issuing this Certificate of Entitlement does not qualify for the exemption, Governmental Entity will be liable for any tax, penalty, and interest determined to be due.

Governmental Entity's Authorized Representative understands that if he/she fraudulently issues this Certificate of Entitlement to evade the payment of sales tax, he/she may be liable for payment of the sales tax plus a penalty of 200% of the tax and may be subject to conviction of a third-degree felony.

Under the penalties of perjury, the Governmental Entity's Authorized Representative declares that he/she has read the foregoing Certificate of Entitlement and the facts stated herein are true.

COUNTY OF VOLUSIA

By: _____
Authorized Representative

Printed Name: _____

Title: _____

Date: _____

FEIN: 59-6000885

Telephone No.: 386-736-5935

You must attach a copy of the Purchase Order to this Certificate of Entitlement. Do not send to the Florida Department of Revenue. This Certificate of Entitlement must be retained in the Vendor's and the Contractor's books and records.

Owner Direct Purchases: The County reserves the right to direct purchase equipment which is recommended by proposer as part of the turn-key system, as part of this RFP and resulting contract. This process will be referred to as Owner Direct Purchase (ODP), and is a method that may be utilized to create savings for the County. This saves the amount of sales tax when purchased directly from the manufacturer or supplier, and simultaneously decreases the amount of the contract for the cost of the equipment.

1. The Contractor will include the cost of all equipment as specified in the RFP pricing. The price will include all Florida taxes normally applicable to such equipment. All cost associated with the purchase of this equipment is to be included in the RFP submittal, including any handling and shipping charges.
2. The Contractor shall furnish the County with a requisition identifying all components of the equipment to be purchased; this shall be acceptable to the Project Manager. This form at minimum shall include:
 - The name, address, telephone number, FEIN and contact of supplier.
 - Manufacturer brand, model or specification number of the item.
 - Quantity estimated by the Contractor.
 - The price quoted by supplier.
 - Any sales taxes quoted.
 - Shipping, handling and insurance costs.
 - Delivery date as established by the Contractor.
 - Any special terms negotiated.
3. The County will issue a purchase order for the items which the County will purchase and the purchase order will be sent to the Contractor for verification.
4. The Contractor shall prepare and the County will execute a deductive change order to reflect the purchases made by the County. The deductive change order must be complete before issuing purchase order.
5. Nothing in this section shall modify the original submittal by the Contractor.
6. The Contractor shall be fully responsible for the receipt and acceptance of the ODP equipment. At a minimum, the Contractor shall verify quantities, documentation, coordinate and expedite delivery, obtain and verify warranties, required by the contract documents, unload, handle and securely store equipment.
7. The Contractor shall inspect ODP items prior to acceptance. If the Contractor discovers defective or non-conforming equipment, the Contractor shall not utilize equipment and promptly notify the County Project Manager. The Contractor shall be fully responsible if the Contractor fails to perform such inspection or otherwise accepts defective or non-conforming material or equipment. The Contractor shall ensure that equipment received is per proposed specifications.
8. The Contractor warrants ODP equipment the same as all other materials furnished by the Contractor, and nothing in this section shall alter or modify the Contractor obligations under the Contract relative to warranties.
9. The Contractor shall be liable for any interruption or delay in connection with ODP equipment.
10. The Contractor shall maintain records of all ODP equipment and the records shall be available for inspection by the County upon request.