

## **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:

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

### **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. **FREIGHT 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**. Heron Street, Egret Street, and Mallard Avenue Seawall Replacement Project located at Heron Street, Egret Avenue, and Mallard Street beach seawalls in Wilbur-by-the-Sea, Florida 32127.

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 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.