

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB EDTS 15-03 Economic Development
SPONSOR(S): Economic Development & Tourism Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Economic Development & Tourism Subcommittee		Collins	Duncan

SUMMARY ANALYSIS

The Proposed Committee Bill (PCB) contains provisions that modify the definitions, processes, and administration of economic development incentive tax refund and grant programs; assists small business development; encourages high-tech and second stage business development; modifies the New Markets Development Program to increase accountability; and creates a new state-administered enterprise zone certification program.

As it relates to economic development incentive programs, the PCB:

- requires “cumulative capital investment” to be considered as part of the evaluation of incentive applications and clarifies that such capital investment does not include state or local government funds;
- clarifies that the model used to determine a project’s “economic benefits” as developed by the Office of Economic and Demographic Research must include all state funds spent to benefit a business;
- requires additional review and evaluation of a project following an incentive agreement amendment or modification and prohibits incentive agreements with terms longer than 10 years;
- specifies that the average wage used to determine incentive eligibility is the average wage of the county where the project is located;
- modifies the definition of “local financial support” and waiver processes across multiple incentive programs for consistency and uniformity;
- defines waiver processes for performance-based cash incentive programs;
- creates a new approval process for performance-based cash incentive programs;
- defines rural areas as “rural areas of opportunity” across multiple incentive programs;
- establishes a job creation component within the Quick Action Closing Fund program;
- removes expired provisions within the Qualified Target Industry Tax Refund program;
- reauthorizes Qualified Defense Contractor and Space Flight Business Tax Refund program through June 30, 2017; and
- repeals the Professional Golf Hall of Fame and International Game Fish Association World Center funding programs.

The PCB also:

- exempts certain new developments from having to comply with impact fee, concurrency, or proportionate share requirements for transportation impacts for three years;
- creates the Startup Florida Initiative directing EFI to foster and encourage high-tech startup and second stage business development;
- makes technical changes to the New Markets Development program, limits the sources of financing for qualified investments, and requires that DEO submit an annual report on the program to the Legislature;
- makes changes to the Florida Development Finance Corporation (FDFC) relating to the need for FDFC to enter into interlocal agreements with public entities to fulfil its purposes and the FDFC’s board of directors;
- extends and renews certain permit extensions previously authorized by the Legislature; and
- creates a new state-administered enterprise zone certification program.

The PCB has not been scored by the Revenue Estimating Conference. However, the PCB does not appear to have a fiscal impact on state funds.

The PCB provides an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

ECONOMIC DEVELOPMENT INCENTIVES

Enterprise Florida, Inc., (EFI) is the primary point of contact for businesses with relocation, expansion, or retention opportunities. As part of the early project development process, EFI sells the value of doing business in the state. When a business is contemplating an expansion or relocation, EFI evaluates the competitive nature of the project in order to determine if incentives are needed and, if so, the appropriate programs for the project. A strong commitment by the local community can also help define the level of commitment on behalf of the state.¹

During the project evaluation process, the needs of the project are identified, and an incentive package is developed. It is during this stage that the Department of Economic Opportunity (DEO) analyzes the risk profile of the company involved, the particular project, and the recommended incentive package prepared by EFI to ensure it is in the best interest of the state. Once the incentive package is finalized, DEO and/or the other appropriate state bodies issue the formal approvals.²

The state's economic development incentives utilize tax refunds and performance-based cash awards. To receive an incentive, businesses must first enter into a contract with DEO which outlines performance expectations such as specific job creation goals, a schedule by which new jobs are to be created, and an average wage to be paid for the new jobs. After the business has commenced the project and begun hiring, it will submit an annual claim form and documentation of taxes paid. The state verifies the claim data with the company's quarterly reemployment assistance and payroll reports and verifies the tax documentation. If the state confirms the contractual obligations have been met and any required local financial support has been received, a refund check is sent to the business. Businesses not filing claims or not meeting the performance obligations of its contract are terminated from the program.

Businesses receiving economic development incentive grant awards must also enter into performance-based contracts with the state, which outline specific milestones for performance and payment. All of the state's incentive grant awards contain penalties for non-performance, and the state may actively pursue the recapture of funds in cases where a business has failed to meet the terms of its contract.

Present Situation

Qualified Target Industry Tax Refund Program (QTI)

- The Qualified Target Industry Tax Refund Program (QTI) was established to serve to attract new high quality, high wage jobs for Floridians.³
- Tax refunds are made to qualifying, pre-approved businesses creating new jobs within Florida's target industries.
- All QTI projects include a performance-based contract with the state, which outlines specific milestones that must be achieved and verified by the state prior to payment of refunds.
- Local Financial Support: Twenty percent of the award must come from the local city or county government.⁴

Prior to June 30, 2014, DEO was authorized to reduce this requirement by one-half for a qualified target industry business located in the counties of Bay, Escambia, Franklin, Gadsden, Gulf, Jefferson, Leon, Okaloosa, Santa Rosa, Wakulla or Walton. The reduction in local match

¹ Florida Department of Economic Opportunity, *2014 Annual Incentives Report*, pg. 3, (Dec. 30, 2014).

² *Id.*

³ *See* s. 288.061(1), F.S.

⁴ *See* s. 288.106(1)(j), F.S.

was determined by DEO and based on a determination that the project facilitates economic development, growth, or new employment within the previously referenced counties, and was in the best interest of the state.⁵

- Economic Recovery Extension: For the period of January 2, 2009, through June 30, 2012, a qualified target industry business could submit a request to DEO for an economic recovery extension. The request must provide quantitative evidence that negative economic conditions in the business's industry, the effects of a named hurricane or tropical storm, or specific acts of terrorism have affected the business and prevented it from complying with the terms and conditions of its incentive agreement with the state. An approved economic recovery extension allowed DEO to prorate a business's tax refund and renegotiate the terms of the incentive agreement. Additionally, DEO was authorized to extend the duration of the incentive agreement up to two years.⁶
- Job and Wage Requirements: A project must propose to create at least 10 new jobs, or in the case of a business expansion must result in a net increase in employment of at least 10 percent at that business. The jobs proposed to be created or retained must pay an average annual wage of at least 115% of the average private sector wage in the area where the business is located, or the statewide private sector average wage.
- The amount of the refund is based on the average wages paid by the business, number of jobs created, and where in the state the eligible business chooses to locate or expand. The minimum tax refund is \$3,000 per employee, and the maximum amount is \$11,000 per employee over the term of the incentive agreement. Jobs created in rural communities and enterprise zones, as well as those paying higher annual average wages, are eligible for more incentives.
- Since the inception of the QTI program, 1,264 applications have been approved, 1,110 contracts have been executed, and 122 agreements have been completed. Of those 1,264 projects, 322 remain active, meaning they are eligible to receive refunds through the QTI program. In fiscal year 2013-2014, \$55,324,300 in QTI incentives were awarded.⁷

Qualified Defense Contractor and Space Flight Tax Refund (QDSC)

- The Qualified Defense Contractor and Space Flight tax refund program (QDSC) was established to attract new high quality, high wage jobs for Floridians in the defense and space industries.⁸
- Tax refunds are made to qualifying, pre-approved businesses bidding on new competitive contracts or consolidating existing defense or space contracts.⁹
- Local Community Support: This incentive is a partnership between the state and local community —20 percent of the award comes from the local city or county government.¹⁰
- All QDSC projects include a performance-based contract with the state, which outlines specific milestones that must be achieved and verified by DEO prior to payment of refunds.¹¹
- Jobs and Wages: The program requires that jobs created by a QDSC project have an average annual wage of at least 115% of the average private sector wage in the area where the business is located, or the statewide private sector average wage.

The amount of the tax refund is based on the average wages paid by the business, number of jobs created, and where in the state the eligible business chooses to locate or expand. The

⁵ Section 288.106(4)(f), F.S.

⁶ Section 288.106(5)(b), F.S.

⁷ *Id.*, pg. 11

⁸ *See* s. 288.1045, F.S.

⁹ *See* s. 288.1045(2), F.S.

¹⁰ Section 288.1045(1)(j), F.S.

¹¹ Section 288.1045(4), F.S. *See supra* note 1 at 9.

minimum tax refund is \$3,000 per employee, and the maximum amount is \$8,000 per employee over the term of the incentive agreement.¹²

- Since the QDSC program's inception 33 QDSC applications have been approved. Of those 33 approved applications 5 remain active. In fiscal year 2013-2014, \$3,208,000 in QDSC incentives were awarded.¹³ Approved applicants may receive up to 25 percent of their total tax refund, not to exceed \$2.5 million, in any given fiscal year.¹⁴
- Applicants may no longer be certified as eligible for the QDSC program as of June 30, 2014.¹⁵

Quick Action Closing Fund (QAC)

- The Legislature created the Quick Action Closing Fund (QAC) in 1999 as a discretionary "deal closing" tool in highly competitive negotiations where the state's traditional incentives are not enough to win the deal. The program was created in reaction to the announcement that the space shuttle program was being discontinued by NASA with expected job losses that would negatively impact families, companies, the state and regional economies.¹⁶
- Jobs and Wages: To be eligible to receive a QAC award, an applicant must be a business that operates within a targeted industry,¹⁷ must propose a project that has a positive ROI of at least five to one,¹⁸ must be induced by the award to locate or expand within the state¹⁹ and must pay an average annual wage of at least 125 percent of the average private sector average.²⁰
- Local Community Support: The project must be supported by the local community in which the project will be located.²¹
- DEO and EFI jointly review applications²² and determine the eligibility of each project. Waivers of eligibility criteria may be granted based on extraordinary circumstances,²³ in order to mitigate the impact of the conclusion of the space shuttle program,²⁴ or if the project would significantly benefit the local or regional economy in a rural area of opportunity.²⁵
- DEO is required to evaluate proposals for high-impact business facilities based on the following criteria:²⁶
 - a description of the type of facility or infrastructure, its operations, and the product or service associated with the facility;²⁷
 - the number of full-time equivalent jobs that will be created by the facility and the total estimated average annual wages of those jobs;²⁸
 - the cumulative amount of capital investment to be made in the facility;²⁹
 - a statement of any special impacts the facility is expected to stimulate in a particular business sector in the state or region or in the state's universities or colleges;³⁰

¹² Section 288.1045(2)(b), F.S.

¹³ See *supra* note 1 at 11.

¹⁴ Section 288.1045(2)(b), F.S.

¹⁵ Section 288.1045(7), F.S.

¹⁶ See s. 288.1088(1)(b), F.S.

¹⁷ As identified by s. 288.106(2)(q), F.S.

¹⁸ Section 288.1088(2)(b), F.S.

¹⁹ Section 288.1088(2)(c), F.S.

²⁰ Section 288.1088(2)(d), F.S.

²¹ Section 288.1088(2)(e), F.S.

²² See s. 288.061, F.S.

²³ Section 288.1088(3)(a)1., F.S.

²⁴ Section 288.1088(3)(a)2., F.S.

²⁵ Section 288.1088(3)(a)3., F.S.

²⁶ Privately developed rural infrastructure projects are evaluated on the types of business activities and jobs stimulated by the state's investment, not for the number of jobs created or average annual wages. S. 288.1088(3)(b)2., F.S.

²⁷ Section 288.1088(3)(b)1., F.S.

²⁸ Section 288.1088(3)(b)2., F.S.

²⁹ Section 288.1088(3)(b)3., F.S.

- a statement of the role the award will play in the decision of the company to locate or expand in the state; and³¹
- a report evaluating the quality and value of the company submitting the proposal.³²
- Performance-Based Approval Process
 - Within seven business days of evaluating a project, DEO must recommend to the Governor that a project be approved or disapproved for an award. Approved projects may be awarded as follows.³³
 - The Governor is authorized to award projects less than \$2 million without Legislative approval.
 - For project awards between \$2 million and \$5 million, the Governor must provide a written description and evaluation of a project award to the chair and vice chair of the LBC at least 10 days prior to giving final approval for a project award.
 - For project award over \$5 million must be approved by the LBC prior to funds being released.
 - Following approval, DEO is required to enter into a contract with the business, which specifies the conditions for payment of funds.³⁴
 - The contract must include the total amount of funds awarded, the performance conditions for the project,³⁵ a baseline of current service with a measure of enhanced capability following the project, methodology for measuring performance, the schedule of payments, and sanctions for failure to meet performance conditions.³⁶

Innovation Incentive Program (IIP)

- The Innovation Incentive Program (IIP) was established to provide financial resources so that the state can “respond expeditiously to extraordinary economic opportunities and to compete effectively for high-value research and development, innovation business, and alternative and renewal energy projects.”³⁷
- To be eligible for consideration to receive an IIP award, an innovation business, a research and development entity, or an alternative and renewable energy company must submit a written application to DEO before making a decision to locate new operations in the state or expand an existing operation in the state.³⁸
- Jobs and Wages: To qualify for review by DEO, the applicant must establish that the jobs created by the project must pay an estimated annual wage of at least 130 percent of the average private sector wage.³⁹
- Waiver of Wage Requirement: DEO is authorized to waive the average wage requirement at the request of Enterprise Florida, Inc., for a project located in a rural area, a brownfield area, or an enterprise zone, when the merits of the individual project or the specific circumstances in the community in relationship to the project warrant such action.⁴⁰

³⁰ Section 288.1088(3)(b)4., F.S.

³¹ Section 288.1088(3)(b)5., F.S.

³² Section 288.1088(3)(b)6., F.S.

³³ Section 288.1088(3)(c), F.S.

³⁴ Section 288.1088(3)(d), F.S.

³⁵ Performance conditions include net new employment in the state, average salary, and total capital investment. *See* s. 288.1088(3)(d), F.S.

³⁶ Section 288.1088(3)(d), F.S.

³⁷ Section 288.1089(1), F.S.

³⁸ Section 288.1089(3), F.S.

³⁹ Section 288.1089(4)(a), F.S.

⁴⁰ *Id.*

- Research and development projects must provide the state at least a break-even return-on-investment (ROI) within a 20-year period.⁴¹
- Local Support: A one-to-one match from the local community. The match requirement may be reduced or waived in rural areas of opportunity or reduced in rural areas, brownfield areas, and enterprise zones.⁴²
- Performance-Based Approval Process
 - DEO must make a recommendation to the Governor to approve or deny an IIP award.
 - If the project is recommended, then DEO must include proposed performance conditions that the applicant must meet in order to obtain incentive funds and any other conditions that are required to be met before the receipt of any incentive funds.
 - The Governor must:
 - Approve or deny the award based on the valuation and recommendation received from DEO; and
 - Consult with the President of the Senate and the Speaker of the House of Representatives prior to approving an award. The funds may not be released until the award has been reviewed and approved by the Legislative Budget Commission (LBC).
- Upon approval, DEO and the award recipient must enter into an agreement that specifies the amount of the award, the performance conditions and measures, and a schedule of payments and sanctions for failure to comply with performance conditions, including clawback provisions.⁴³ Agreements signed on or after July 1, 2009, must also include, among other things, provisions related to job creation, reinvestment of royalty revenues, reporting requirements, and a process for amending the agreement.⁴⁴

High-Impact Sector Performance Incentive (HIPI)

- The High-Impact Sector Performance Incentive (HIPI)⁴⁵ is a grant reserved for major facilities operating in designated portions of high-impact sectors including clean energy, life sciences, financial services, information technology, silicon technology, transportation equipment manufacturing, or a corporate headquarters facility.
- This performance-based cash award is paid in two equal installments, one upon commencement of operations and the other upon commencement of full operations.⁴⁶
- An “eligible high-impact business” is a business in one of the high-impact sectors identified by EFI, and certified by DEO, which is making a cumulative investment in the state of at least \$50 million and creating at least 50 new full-time equivalent jobs in the state or a research and development facility making a cumulative investment of at least \$25 million and creating at least 25 new full-time equivalent jobs. Such investment and employment must be achieved in a period not to exceed 3 years after the date the business is certified as a qualified high-impact business.⁴⁷
- DEO reviews an application⁴⁸ received from an eligible business for consideration as a qualified high-impact business before the business has made a decision to locate or expand a facility in this state. The business must provide the following information:

⁴¹ Section 288.1089(4)(b), F.S.

⁴² Section 288.1089(4)(b)4., F.S.

⁴³ Section 288.1089(8)(a), F.S.

⁴⁴ Section 288.1089(8)(b), F.S.

⁴⁵ Ch. 97-278, L.O.F.

⁴⁶ See *supra* note 1 at 10.

⁴⁷ Section 288.108(2)(c), F.S.

⁴⁸ In accordance with Section 288.061, F.S.

- A complete description of the type of facility, business operations, and product or service associated with the project.
- The number of full-time equivalent jobs that will be created by the project and the average annual wage of those jobs.
- The cumulative amount of investment to be dedicated to this project within 3 years.
- A statement concerning any special impacts the facility is expected to stimulate in the sector, the state, or regional economy and in state universities and community colleges.
- A statement concerning the role the grant will play in the decision of the applicant business to locate or expand in this state.
- Any additional information requested by the department.⁴⁹
- In negotiating the amount of a HIPI award, DEO must consider the following guidelines in conjunction with other relevant applicant impact and cost information and analysis:⁵⁰
 - A qualified high-impact business making a cumulative investment of \$50 million and creating 50 jobs may be eligible for a total grant between \$500,000 and \$1 million.
 - A qualified high-impact business making a cumulative investment of \$100 million and creating 100 jobs may be eligible for a total grant between \$1 million and \$2 million.
 - A qualified high-impact business making a cumulative investment of \$800 million and creating 800 jobs may be eligible for a total grant between \$10 million and \$12 million.
 - A qualified high-impact business engaged in research and development making a cumulative investment of \$25 million and creating 25 jobs may be eligible for a total grant between \$700,000 and \$1 million.
 - A qualified high-impact business engaged in research and development making a cumulative investment of \$75 million and creating 75 jobs may be eligible for a total grant between \$2 million and \$3 million.
 - A qualified high-impact business engaged in research and development making a cumulative investment of \$150 million and creating 150 jobs may be eligible for a total grant between \$3.5 million and \$4.5 million.
- The total amount of active performance grants scheduled for payment by DEO in any single fiscal year may not exceed the lesser of \$30 million or the amount appropriated by the Legislature for that fiscal year for qualified high-impact business performance grants.⁵¹
- Within 10 business days after DEO receives the submitted HIPI application, the executive director of DEO must approve or disapprove the application and issue a letter of certification which includes a justification of that decision, unless the business requests an extension of that time.⁵²
- Performance-Based Award
 - Upon approval, DEO and the award recipient must enter into an agreement which specifies the conditions for payment of the qualified high-impact business performance grant.
 - The agreement includes the total amount of the qualified high-impact business facility performance grant award, the performance conditions that must be met to obtain the award, including the employment, average salary, investment, the methodology for determining if the conditions have been met, and the schedule of performance grant payments.⁵³

⁴⁹ Section 288.108(5), F.S.

⁵⁰ Section 288.108(3)(b), F.S.

⁵¹ Section 288.108(4)(a), F.S.

⁵² See s. 288.108(5), F.S.; and s.288.061(3), F.S.

⁵³ Section 288.108(5)(c), F.S.

- DEO has the authority to grant awards to qualifying HIPI projects without approval by the Governor or LBC.⁵⁴

Incentive Application Process

Economic Benefits and Cumulative Capital Investment

Current law requires DEO to review and evaluate each economic development incentive application for the economic benefits of the proposed award of state incentives. The Office of Economic and Demographic Research (EDR) is required to establish the methodology and model used to calculate those economic benefits.⁵⁵

Economic benefits mean the direct, indirect, and induced gains in state revenues as a percentage of the state's investment.⁵⁶ State investment means any state grants, tax exemptions, tax refunds, tax credits, or other state incentives provided to a business under a program administered by DEO, including the capital investment tax credit.⁵⁷ The cumulative capital investment means the total capital investment in land, buildings, and equipment made in connections with a qualifying project from the beginning of construction of the project to the commencement of operations.⁵⁸

The current methodology and model developed by EDR, which only represents state investments directly under the control of EFI or DEO⁵⁹, is used across all economic development incentive programs required by law to be evaluated for economic benefits.⁶⁰

Employ Florida Marketplace

The Employ Florida Marketplace⁶¹ is an automated job-matching or job bank system, implemented by CareerSource Florida, Inc., (formerly Workforce Florida, Inc.), which is accessible to employers, job seekers, and others via the Internet.

Section 445.011, F.S., directs CareerSource Florida, Inc., to implement automated information systems that are necessary for the operation and management of the workforce development system.⁶² In 2005, CareerSource Florida, Inc., contracted to develop a new, integrated information and reporting system for Florida's workforce system. At that time, Florida's workforce data was being collected and reported through the One-Stop Management Information System (OSMIS), which was developed by DEO (formerly Agency for Workforce Innovation) IT staff. The new system, the Employ Florida Marketplace, was fully launched in January 2007.⁶³

Receiving more than 9 million hits per day, EmployFlorida.com also offers labor market statistics, access to training grant information and contact information for any of the state's Regional Workforce Boards and CareerSource Centers. Throughout the life cycle of the Employ Florida Marketplace, nearly 6.5 million individuals have registered in the system, posting more than 4 million resumes and receiving more than 181 million services to assist them with either re-entering the workforce or finding better

⁵⁴ See s. 288.108(3-5), F.S.

⁵⁵ Section 288.061(2), F.S.

⁵⁶ Section 200.005(1), F.S.

⁵⁷ Section 288.076((1)(e)), F.S.

⁵⁸ Section 220.191(1)(b), F.S.

⁵⁹ 2013 Review of the Department of Economic Opportunity's Legacy Economic Impact Model (on file with the House Transportation & Economic Development Appropriations Subcommittee).

⁶⁰ See s. 288.0001, F.S. The Innovation Incentive Program is not required to be evaluated for economic benefits. Innovation Incentive Program projects are required to have a cumulative break-even economic benefit within a 20-year period except for certain exceptions. See s. 288.1089(4)(b)(3), F.S.

⁶¹ Employ Florida Marketplace; available at: www.employflorida.com (last visited Feb. 12, 2015).

⁶² Section 445.011(1), F.S.

⁶³ *Employ Florida Marketplace Background and System Statistics*, Department of Economic Opportunity document prepared for House Economic Development & Tourism Subcommittee staff on Feb. 13, 2015.

employment opportunities. In addition, over 200,000 employers have registered in the Employ Florida Marketplace, posting over 2.1 million job openings and receiving nearly 9.7 million employer services.⁶⁴

Term of Incentive Agreement

Following approval of an incentive package, DEO executes an incentive agreement or contract between the business⁶⁵ and the state. The contract or agreement with the applicant must specify the total amount of the award, the performance conditions that must be met to obtain the award, the schedule for payment, and sanctions that would apply for failure to meet performance conditions. DEO may enter into one agreement covering all of the state incentives that are being provided to the applicant.⁶⁶ The law does not dictate the length of term for incentive agreements between a business and the state.

Incentive Agreement Amendments

Under current law, contact or agreements executed for the Qualified Defense and Space Contractor Refund Program (QDSC), Qualified Target Industry Program (QTI), and the Innovation Incentive Program may be amended under certain circumstances.

Professional Golf Hall of Fame

The World Golf Hall of Fame is a 501(c)(3) nonprofit institution located in St. Augustine, Florida. The hall of fame's mission is to preserve the history of the game of golf and the legacies of its players. Originally, formed in 1974 in Pinehurst, North Carolina, the hall of fame relocated to Florida in 1998⁶⁷ and was certified as a professional golf hall of fame facility pursuant to s. 288.1168, F.S., by the Governor's Office of Tourism, Trade, and Economic Development (OTTED)⁶⁸ that same year. It is the only golf hall of fame in the U.S. recognized by the Professional Golfers' Association Tour, Inc. (PGA). In addition to serving as a golf museum, the facility provides educational programs for local K-12 schools and has a collaborative relationship with several universities in northeast Florida. The hall of fame also works closely with St. Johns County on various community events, including golf festivals and farmers markets. The hall of fame facility is located on privately-owned land and the facility is privately owned and managed.⁶⁹

Section 288.1168, F.S., establishes the Professional Golf Hall of Fame Facility funding program which allows DEO to certify applicants as professional golf hall of fame facilities. To be eligible:

- the applicant facility must be the only professional golf hall of fame in the U.S. recognized by the PGA;⁷⁰
- the applicant is a unit of local government or private sector group that has contracted to construct or operate the professional golf facility on land owned by a unit of local government;
- the municipality or county (if located in an unincorporated area) in which the facility is located,⁷¹ has passed a resolution that states the application serves a public purpose;⁷²
- there are projections that the facility will attract a paid attendance of more than 300,000 annually;⁷³

⁶⁴ *Id.*

⁶⁵ In some instances local governments may enter into a contract with DEO for a project.

⁶⁶ Section 288.061(3)(a), F.S.

⁶⁷ World Golf Hall of Fame, *Our History*; available at: <http://www.worldgolffhalloffame.org/about-the-museum/our-history/> (last accessed on Feb. 14, 2015)

⁶⁸ DEO assumed the responsibilities of OTTED in 2011 pursuant to ch. 2011-142.

⁶⁹ Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations – Year 2, Report No. 15-01*, pg. 51; Jan. 1, 2015

⁷⁰ Section 288.1168(1)(a), F.S.

⁷¹ Section 288.1168(1)(b), F.S.

⁷² Section 288.1168(1)(c), F.S.

⁷³ Section 288.1168(1)(d), F.S.

- there is an independent analysis which demonstrates that the amount of sales tax generated by sales at the facility will at least equal \$2 million annually;⁷⁴
- the applicant has submitted an agreement to provide \$2 million in national and international media promotion of the hall of fame facility, Florida, and Florida tourism, through the PGA, or its affiliates during the period of time that the facility receives state funds;⁷⁵
- documentation exists that demonstrates the applicant has provided, or is capable of providing, more than one-half of the costs associated with the improvement and development of the facility;⁷⁶ and
- the application is signed by an official senior executive of the applicant and is notarized according to state law.⁷⁷

Certified applicants are eligible to receive monthly disbursements from the state in amount equal to \$166,667 for up to 300 months (a total of \$50,000,100).⁷⁸

Every ten years the hall of fame facility must be recertified by demonstrating that it is open, continues to be the only professional golf hall of fame in the country recognized by the PGA, and is meeting at least one of the minimum projections established at the time of original certification: 300,000 annual visitors or \$2 million in annual sales tax revenue. The facility submitted its first 10-year recertification application and reported that annual attendance from 1998 through 2009 had varied between 230,000 and 290,000 visitors, and the facility did not exceed the \$2 million sales tax threshold until 2005. Because the facility did not meet the statutory requirements for recertification in 2009, OTTED required the PGA to increase its required annual advertising contribution from \$2 million to \$2.5 million in lieu of a reduction in state funds. The additional \$500,000 in advertising was to be allocated for generic Florida advertising as determined by the department.⁷⁹

International Game Fish Association World Center

The International Game Fish Association (IGFA) is a nonprofit organization founded in 1939 that focuses on the conservation of game fish and the promotion of responsible and ethical angling practices. The association is housed at the IGFA Museum and Hall of Fame in Dania Beach, Florida. The facility was certified by the state as an IGFA World Center facility in February 2000.

Section 288.1169, F.S., establishes the IGFA World Center facility funding program which allows DEO to certify applicants as IGFA World Center facilities. To be eligible:

- the IGFA World Center must be the only fishing museum, hall of fame, and international administrative headquarters in the U.S. recognized by the IGFA, and that one or more private sector entities have committed to donate to the IGFA land upon which the facility will operate;⁸⁰
- IGFA is a nonprofit Florida corporation that has contracted to construct and operate the facility;⁸¹
- the municipality or county (if located in an unincorporated area) in which the facility is located has passed a resolution that states the facility serves a public purpose;⁸²
- there are existing projections that the facility and co-located privately-owned facilities will attract an attendance of more than 1.8 million annually;⁸³

⁷⁴ Section 288.1168(1)(e), F.S.

⁷⁵ Section 288.1168(1)(f), F.S.

⁷⁶ Section 288.1168(1)(g), F.S.

⁷⁷ Section 288.1168(1)(h), F.S.

⁷⁸ Section 212.20(6)(d)6.c., F.S.

⁷⁹ *Id.*

⁸⁰ Section 288.1169(2)(a), F.S.

⁸¹ Section 288.1169(2)(b), F.S.

⁸² Section 288.1169(2)(c), F.S.

⁸³ Section 288.1169(2)(d), F.S.

- there is an independent analysis which demonstrates that the amount of sales tax generated by sales at the facility will at least equal \$1 million annually;⁸⁴
- there are existing projections that the project will attract more than 300,000 out-of-state visitors annually;⁸⁵
- the applicant has submitted an agreement to provide \$500,000 annually in national and international media promotion of the facility during the period of time that it receives state funds;⁸⁶
- documentation exists that demonstrates the applicant has provided, or is capable of providing, more than one-half of the cost related to the improvements and the development of the facility;⁸⁷ and
- the application is signed by senior officials of the IFGA and is notarized according to state law.⁸⁸

Certified applicants are eligible to receive monthly disbursements from the state in amount equal to \$83,333 for up to 168 months (a total of \$13,999,944).⁸⁹ The state made its last disbursement to the facility in February 2014.⁹⁰

Every ten years the world center facility must be recertified by demonstrating that it is open, continues to be the only international administrative headquarters, fishing museum, and hall of fame in the country recognized by the IGFA, and is meeting at least one of the minimum projections established at the time of original certification: 300,000 annual visitors or \$1 million in annual sales tax revenue. The facility reported an average of \$3.8 million in annual sales tax revenues generated from 2000 through 2010, and it was recertified in 2011.⁹¹

Effect of Proposed Changes

Waivers (QTI, QAC, IIP)

The PCB amends QTI, QAC, and IIP, to prohibit DEO from granting waivers to projects that do not pay an average wage of at least 105 percent of average wage of the county in which the project is located or will be located.

The PCB amends QAC to provide that a QAC project may receive no more than two waivers of eligibility criteria. Additionally, the PCB prohibits DEO from granting a waiver for a QAC project that does not produce an economic benefit ratio of at least two to one. The PCB also prohibits DEO from granting a waiver for a QAC project that does not qualify as a target industry project.⁹²

Average Wage (QDSC, QAC, IIP)

The PCB amends the economic development incentive application process, QDSC, QAC, and IIP to provide that “average private sector wage in the area” means the average of all private sector wages and salaries in the county, in which the project is located or will be located, rather than the state or the standard metropolitan area.

Local Financial Support (QDSC, QTI, HIPI, QAC, IIP)

⁸⁴ Section 288.1169(2)(e), F.S.

⁸⁵ Section 288.1169(2)(f), F.S.

⁸⁶ Section 288.1169(2)(g), F.S.

⁸⁷ Section 288.1169(2)(h), F.S.

⁸⁸ Section 288.1169(2)(i), F.S.

⁸⁹ Section 212.20(6)(d)6.d., F.S.

⁹⁰ Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations – Year 2, Report No. 15-01*, pg. 52; Jan. 1, 2015

⁹¹ *Id.*

⁹² Target industries are defined within s. 288.106, F.S.

The PCB amends the QDSC, QTI, HIPI, QAC, and IIP to create uniform local financial support requirements and waivers across these incentive programs and activities.

QDSC, QTI, HIPI, and QAC

The PCB authorizes DEO to;

- Reduce the required local financial support amount from 20% to 10%.
- Eliminate the required local financial support amount for a project located within a rural area of opportunity (RAO).

The PCB requires a local government that requests a waiver to provide DEO with a resolution adopted by the governing body of the local government notifying DEO of its request, as well as a statement by a state-certified public accountant that describes the financial constraints preventing the local government from providing the required local financial support amount.

QDSC and QTI (Tax Refund Programs)

The PCB provides that a qualified applicant may not receive more than 80% of the total tax refunds approved by DEO from state funds.

HIPI and QAC (Performance-Based Grant Incentives)

The PCB defines “support by the local community” (QAC) and “local financial support” (HIPI) as financial, in-kind, or other quantifiable contributions from local sources that, combined, equal 20% or more of the total investment in the project by state and local sources.

For IIP (Performance-Based Grant Incentive)

A local government that requests a waiver reducing or eliminating the one-to-one match requirement of the program must provide DEO with a written statement, prepared by a state-certified public accountant describing the financial constraints preventing the local government from providing the required local financial support amount.

Performance-Based Grant Approval Process (HIPI, QAC, IIP)

The PCB creates a new uniform approval process for HIPI, QAC, and IIP as follows:

Within seven business days after evaluating an incentive application, DEO must recommend to the Governor approval or disapproval of a project. The recommendation must include a memorandum of understanding (MOU) between the department and the applicant which provides:

- the total proposed award amount; the award’s performance conditions;⁹³
- a baseline of current service and a measure of enhanced capability;
- the methodology used for validating performance;
- a schedule of payments; and
- sanctions for failure to meet performance conditions.

For projects less than \$2 million:

- The Governor is authorized to approve the award. However, a written description and evaluation of the project and the MOU must be provided to the chairman and vice chairman of the

⁹³ Such performance conditions must include, but are not limited to, net new employment in the state, average salary, and total capital investment incurred by the business.

Legislative Budget Commission (LBC), the President of the Senate (President), and the Speaker of the House of Representatives (Speaker) within one business day after approval.

For projects \$2 million and more:

- The Governor must provide a written description and evaluation of the project and the MOU to the chairman and vice chairman of the LBC, the President, and the Speaker at least 14 days prior to granting approval. If any of those four individuals advises the Executive Office of the Governor (EOG) in writing that the award exceeds the authority of the EOG or is contrary to legislative policy or intent, then the EOG must void the release of funds.

QTI

The PCB amends QTI to remove provisions related to economic recovery extensions and local financial support reductions for certain counties. These provisions have expired.

Quick Action Closing Fund

The PCB amends QAC to provide that in order for a business to be eligible for a QAC award, the business must create at least 10 new jobs if the business is newly established, or must increase the number of jobs by at least 10% if the business is expanding.

The required economic benefit ratio must be at least 4 to 1, rather than 5 to 1.

Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC) Reauthorization

The PCB amends the QDSC to allow DEO to certify eligible applicants under the QDSC program until June 30, 2017.

Incentive Application Process

Economic Benefit

The PCB amends the definition of economic benefits and the incentive application process to specify that all state funds spent or forgone to benefit a business must be considered the state's investment for the purposes of establishing the economic benefits of a project.

EDR is directed to establish guidelines for the appropriate use of the economic benefits model used to determine economic benefits. EDR must also develop an amended definition of "economic benefits," for the purposes of creating the model and methodology used for the economic benefits model that includes all state funds spent or forgone to benefit a business.

Cumulative Capital Investment

The PCB amends the capital investment tax credit, the incentive application process, and the return on investment reporting requirements to limit the definition of "cumulative capital investment," to the total capital investment made by or on behalf of a business in conjunction with a qualifying project that does not include appropriated funds from the General Appropriations Act or any funds provided by a state agency or local government. Additionally, "cumulative capital investment" must be considered as part of the evaluation process involving economic development incentive applications.

Employ Florida Marketplace

The PCB amends incentive application process to require that all vacant jobs created as a result of an executed state incentive agreement be posted on the state's job bank system, Employ Florida Marketplace.

Term of Incentive Agreements

The PCB amends the incentive application process to prohibit DEO from entering into incentive agreements with businesses for terms longer than ten years.

Incentive Agreement Amendments

The PCB amends the incentive application process to require DEO to evaluate the projected economic benefits of a project prior to awarding a contract and reevaluate the projected economic benefits of a project each time an amendment or modification is made to a contract. Should a reevaluation result in the reduction of a project's projected economic benefits, DEO is precluded from executing a contract amendment or modification unless the state incentives outlined in the original contract are reduced by an amount proportionate to the reduction in the projected economic benefits. DEO is required to notify the Legislature any time an incentive contract is amended or modified.

The PCB also amends the High-Impact Sector Performance Incentive (HIPI), Quick Action Closing Fund (QAC), and the Innovation Incentive Program (IIP) to provide that if an amended incentive agreement under one of these programs results in a 0.5 or greater reduction in the economic benefit ratio of a project, then the contract or amendment must be reapproved by the new performance-based grant incentive approval process provided for by the PCB. DEO may not amend or modify a contract if the economic benefit ratio would be reduced below 2 to 1.

Rural Areas Definition (QDSC, QTI, IIP)

The PCB amends QDSC, QTI, and IIP to replace various definitions of rural areas with "rural area of opportunity" as defined within s. 288.0656, F.S.⁹⁴

Economic Development Program Repeals

Professional Golf Hall of Fame

The PCB repeals s. 288.1168, F.S., which authorizes the Professional Golf Hall of Fame facility funding program as well as s. 212.20(6)(d)6.c., F.S., which allocates monthly payments of \$166,667 for the program for a total of 300 months.

International Game Fish Association World Center

The PCB repeals s. 288.1169, F.S., which authorizes the International Game Fish Association World Center facility program as well as s. 212.20(6)(d)6.d., F.S., which allocates monthly payments of \$83,333 for the program for a total of 168 months.

ENTERPRISE FLORIDA, INC.

Present Situation

Enterprise Florida, Inc. (EFI) Board Composition

The board of directors of EFI is comprised of 19 members from the public and private sectors. Appointed members include the following:

- The Governor or the Governor's designee;
- The Commissioner of Education or the commissioner's designee;
- The Chief Financial Officer or his or her designee;

⁹⁴“Rural area of opportunity” means a rural community, or a region composed of rural communities, designated by the Governor, which has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster or that presents a unique economic development opportunity of regional impact. Section 288.0656(2)(d), F.S.

- The Attorney General or his or her designee;
- The Commissioner of Agriculture or his or her designee;
- The chairperson of the board of directors for CareerSource Florida, Inc.;
- The Secretary of State or his or her designee; and
- Twelve members from the private sector, six of whom are appointed by the Governor, three of whom are appointed by the President of the Senate, and three of whom are appointed by the Speaker of the House of Representatives. Members appointed by the Governor are subject to Senate confirmation.⁹⁵

The twelve members appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives are appointed to 4-year terms and must include at least one director for each of the following areas of expertise:⁹⁶

- International business;
- Tourism marketing;
- The space or aerospace industry;
- Managing or financing a minority-owned business;
- Manufacturing;
- Finance and accounting; and
- Sports marketing.

The board of directors may also appoint at-large members to the board from the private sector, each of whom may serve a term of up to three years. At-large members have the same powers and duties of the other members of the board.⁹⁷

In addition, the board also consists of a member of the Senate, appointed by the President of the Senate, and a member of the House of Representatives, appointed by the Speaker of the House of Representatives, both serving as ex officio members.⁹⁸

The board must meet at least four times each year, upon the call of the chairperson, at the request of the vice chairperson, or at the request of a majority of the membership. A majority of the total number of current voting members constitutes a quorum.⁹⁹

The board of directors is directed to integrate its efforts in business recruitment and expansion, job creation, marketing the state for tourism and sports, and promoting economic opportunities for minority-owned businesses, and promoting economic opportunities for rural and distressed urban communities with those of DEO to create an aggressive, agile, and collaborative effort to reinvigorate the state's economy.¹⁰⁰ The board may also:¹⁰¹

- secure funding for its programs and activities from federal, state, local, and private sources and from fees charged for services and published materials;
- solicit, receive, hold, invest, and administer any grant, payment, or gift of funds or property and make expenditures;
- make and enter into contracts and other instruments necessary or convenient with its powers and functions;

⁹⁵ Section 288.901(5)(a), F.S.

⁹⁶ Section 288.901(5)(b), F.S.

⁹⁷ Section 288.901(6), F.S.

⁹⁸ Section 288.901(7), F.S.

⁹⁹ Section 288.901(8), F.S.

¹⁰⁰ Section 288.9015(1), F.S.

¹⁰¹ Section 288.9015(2), F.S.

- elect or appoint officers, employees, and agents as required for its activities and for its divisions;
- carry forward any unexpended state appropriations into succeeding fiscal years;
- create and dissolve advisory councils, working groups, task forces, or other similar organizations, as necessary to carry out its mission;
- establish an executive committee consisting of the chairperson or a designee, the vice chairperson, and as many additional members of the board of directors as the board deems appropriate (with a minimum of five members);
- sue and be sued, and appear and defend all actions and proceedings;
- adopt, use, and alter a common corporate seal for EFI and its divisions;
- adopt, amend, and repeal bylaws;
- acquire, enjoy, use, and dispose of patents, copyrights, and trademarks and any licenses, royalties, and other rights or interests;¹⁰²
- use the state seal when appropriate for standard corporate identity applications; and
- procure insurance or require bond against any loss in connection with the property of EFI.

Effect of Proposed Changes

The PCB amends s. 288.901, F.S, to require that at least one of the twelve private sector representatives appointed by either the Governor, the President of the Senate, or the Speaker of the House of Representatives possess expertise in the field of rural economic development.

NEW MARKETS DEVELOPMENT PROGRAM

Present Situation

In 2009, the Florida Legislature passed the New Markets Development Program Act (NMDP or program).¹⁰³ The program, which is modeled after the federal New Markets Tax Credit Program, allows taxpayers to earn credits against specified taxes by making qualified investments in qualified community development entities (QCDEs) that, in turn, invest in businesses in low-income communities to create and retain jobs in such communities.¹⁰⁴

A QCDE applies to the Department of Economic Opportunity (DEO) for approval of a proposed investment as a qualified investment.¹⁰⁵ A QCDE is a federally-certified Community Development Entity, which has entered into an allocation agreement with the U.S. Department of Treasury with respect to tax credits and is authorized under the allocation agreement to serve Florida businesses.¹⁰⁶ A qualified investment is an equity investment in, or a long-term debt security issued by, a QCDE that is issued solely in exchange for cash and is approved by DEO.¹⁰⁷ Often, the equity investor will make its investment with the help of a loan.¹⁰⁸

¹⁰² Section 288.9015(2)(k), F.S.

¹⁰³ Chapter 2009-50, L.O.F.

¹⁰⁴ Section 288.9912, F.S.

¹⁰⁵ Section 288.9914, F.S.

¹⁰⁶ Section 288.9913(6), F.S.

¹⁰⁷ Section 288.9913(7), F.S.

¹⁰⁸ The loan allows the taxpayer to make a larger investment, to in turn receive a greater amount of tax credits through the program.

Current law does not dictate where the loan must come from. Accordingly, the loan may come from an affiliate of the qualified active low income community business.

The applications, which DEO reviews and approves on a first-come first-serve basis,¹⁰⁹ must include the following:

- the name, address, and tax identification number of the QCDE;
- proof of certification as a QCDE under 26 U.S.C. s. 45D;
- a copy of an allocation agreement executed by the QCDE, or its controlling entity, and the Community Development Financial Institutions Fund, which authorizes the entity to serve businesses in this state;
- a verified statement by the chief executive officer of the entity that the allocation agreement remains in effect;
- a description of the proposed amount, structure, and purchaser of an equity investment or long-term debt security;
- the name and tax identification number of any person authorized to claim a tax credit earned as a result of the purchase of the proposed qualified investment;
- a detailed explanation of the proposed use of the proceeds from a proposed qualified investment;
- a nonrefundable application fee of \$1,000, payable to the department; and
- a statement that the entity will invest only in the industries designated by the department.¹¹⁰

Once DEO has approved the qualified investment, the taxpayer is eligible to receive tax credits, and the QCDE can invest the proceeds received from the qualified investment in a qualified active low-income community business (up to \$10 million per qualified active low-income community business).¹¹¹ A qualified active low-income community business is a business that, among other requirements, derives at least 50 percent of its total gross income from within a low-income community.¹¹² A low-income community means a population census tract within the state with a particular poverty rate or average median family income (depending on where the tract is).¹¹³

Tax Credit

Taxpayers that make a qualified investment in a QCDE may receive tax credits against the corporate income tax found in s. 220.11, F. S. or the insurance premium tax found in s. 624.509, F.S.¹¹⁴ The taxpayer may not claim the credit in the first two years after the investment.¹¹⁵ In year three after the investment, the credit is worth seven percent of the qualified investment, and from the fourth year through the seventh year the credit is worth eight percent.¹¹⁶ As in the federal program, over seven years the credit totals 39 percent of the total qualified investment in the QCDE.¹¹⁷ Therefore, a taxpayer with qualified investments approved for both the federal and state programs could receive 78 percent of the purchase price of the investment in tax credits over seven years.

Any unused portion of the tax credit may be carried forward for future tax years; however, all tax credits expire on December 31, 2022.¹¹⁸ Moreover, the department may not approve a cumulative amount of qualified investments that may result in the claim of more than \$216.34 million in tax credits during the existence of the program or more than \$36.6 million in tax credits in a single state fiscal year.¹¹⁹

¹⁰⁹ Section 288.9914(3), F.S.

¹¹⁰ Section 288.9914(2), F.S.

¹¹¹ Section 288.9915, F.S.

¹¹² Section 288.9913(5), F.S.

¹¹³ Section 288.9913(3), F.S.

¹¹⁴ Section 288.9916(1), F.S.

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ Section 288.9922, F.S.

¹¹⁹ Section 288.9914(3)(c), F.S.

Time Limits

QCDEs must be aware of the following time limits relating to qualified investment applications and issuance:

- The department must approve or deny an application for a proposed investment to become a qualified investment within 30 days after receipt. If the department intends to deny an application, the department must inform the applicant of the basis of the proposed denial. The applicant then has 15 days after it receives such notice to submit a revised application to the department. The department must issue a final order approving or denying the revised application within 30 days after receipt of the revised application.¹²⁰
- A QCDE must issue a qualified investment in exchange for cash within 60 days after it receives the order approving an investment as a qualified investment.¹²¹
- A QCDE must provide the department with evidence of the receipt of the cash the QCDE received in exchange for the qualified investment within 30 business days after receipt.¹²²
- Within 30 days after a credit allowance date, a QCDE that has issued a qualified investment shall submit extensive information to the department relating to all investments the QCDE made in qualified active low-income community businesses since the last credit allowance date.¹²³

Current law does not specify the type of day—calendar, business or otherwise—by which the NMDP intends the time limits to be measured.

Annual Report

Section 288.9918, F.S., requires QCDEs that have issued a qualified investment to submit an annual report to the department by January 31 after the end of each year that includes a “credit allowance date,” or date on which a qualified investment is made and the six subsequent anniversaries of that date. A summary of the minimum requirements QCDE’s must include in the report is as follows:

- the identity of the types of industries in which qualified low-income community investments were made;
- the names of the counties in which the qualified active low-income businesses are located which received qualified low-income community investments;
- the number of jobs created and retained by qualified active low-income community businesses receiving qualified low-income community investments, including verification that the average wages paid meet or exceed 115 percent of the federal poverty income guidelines for a family of four;
- a description of the relationships that the QCDE has established with community-based organizations and local community development offices and organizations and a summary of the outcomes resulting from those relationships; and
- any other information and documentation required by the department to verify continued certification as a QCDE under 26 U.S.C. s. 45D.¹²⁴

In addition, by April 30 after the end of each year that includes a credit allowance date, each QCDE shall submit to the department annual financial statements for the preceding tax year, audited by an independent certified public accountant.¹²⁵

Effect of Proposed Changes

The PCB makes the following changes to the New Markets Development Program Act:

¹²⁰ Section 288.9914(3), F.S.

¹²¹ Section 288.9914(5), F.S.

¹²² Section 288.9914(6), F.S.

¹²³ Section 288.9917, F.S.

¹²⁴ Section 288.9918(1), F.S.

¹²⁵ Section 288.9918(2), F.S.

The PCB amends certain time limits in the program relating to qualified investment applications and issuance and specifies that the time limits be measured in *calendar* days.

The PCB requires the department to submit to the Legislature, within the department's annual report, a detailed analysis of the data that the department currently receives annually from QCDEs pursuant to s. 288.9918., F.S. The first annual report the department submits that includes such analysis must analyze the data the department has received from the QCDEs since the program's inception.

The PCB creates s. 288.9923, F.S., to specify that any qualified low-income community business that receives a qualified low-income community investment from a QCDE may not directly or indirectly:

- own or have the right to acquire an ownership interest in a QCDE or member or affiliate of a QCDE, including the holder of the qualified investment (i.e., the taxpayer or equity investor); or
- loan to or invest in a QCDE or member or affiliate of a QCDE, including the holder of the qualified investment, where the proceeds of such loan or investment are directly or indirectly used to fund or refinance the purchase of a qualified investment.

STARTUP FLORIDA INITIATIVE

Present Situation

In June 2014, the U.S. Chamber of Commerce Foundation issued its fifth annual *Enterprising States* report¹²⁶ which uses a performance set of metrics to identify the top 10 state performers in each of five economic development policy areas (talent pipeline, exports and international trade, business climate, infrastructure, and technology and entrepreneurship). The 2013 edition of the *Enterprising States* report¹²⁷ noted:

Recognizing the importance of new business, small business, and stage-2 gazelle firms, economic development policy execution is rapidly shifting toward programs and investments targeting these firms and away from high-cost incentive packages designed to convince large firms to relocate. States are investing in business accelerator programs, co-location and assistance programs for the self-employed, and economic gardening initiatives that provide high-end research and advisement services for growing companies.¹²⁸

Florida ranked 10th in the entrepreneurship policy area in 2013 as it received high scores in business birthrate and increase in self-employed workers.¹²⁹ However, the state did not score as well in areas of high-tech and STEM industry entrepreneurship¹³⁰, which led to a drop in the rankings in 2014. States that were ranked in the top 10 in 2013 and 2014 include Maryland, Colorado, Virginia, Washington, Utah, Texas, and Massachusetts.¹³¹

In December 2014, the Small Business & Entrepreneurship Council released the 19th annual Small Business Policy Index report,¹³² which ranks the states on policy measures and costs impacting small

¹²⁶ U.S. Chamber of Commerce Foundation, *Enterprising States 2014*, available at: http://www.uschamberfoundation.org/sites/default/files/legacy/foundation/Enterprising%20States%202014_0.pdf (last accessed on Feb. 15, 2015)

¹²⁷ U.S. Chamber of Commerce Foundation, *Enterprising States 2013*, available at: <http://www.uschamberfoundation.org/sites/default/files/legacy/foundation/ES2013.pdf> (last accessed on Feb. 15, 2015)

¹²⁸ *Id.*, pg. 20

¹²⁹ *Id.*, pg. 41

¹³⁰ U.S. Chamber of Commerce Foundation, *Enterprising States 2014*, available at: http://www.uschamberfoundation.org/sites/default/files/legacy/foundation/Enterprising%20States%202014_0.pdf, pg. 27, (last accessed on Feb. 15, 2015)

¹³¹ *Id.*

¹³² Small Business & Entrepreneurship Council, *Small Business Policy Index 2014*, available at: <http://www.sbecouncil.org/wp-content/uploads/2014/12/SBPI2014Final.pdf>, (last accessed on Feb. 15, 2015)

business and entrepreneurship. The report listed Florida as the 5th most friendly state to small business and entrepreneurship based on metrics that included a variety tax rates, energy regulation, health savings accounts, workers' compensation costs, total crime rate, state and local government debt, spending trends, per capital spending, and education reform.¹³³

The Kauffman Index of Entrepreneurial Activity¹³⁴, published in April 2014, identified Florida as having one of the highest rates of entrepreneurship in the nation in 2013 with 340 per 100,000 adults creating businesses each month. That placed the state 10th among the 50 states and the District of Columbia.¹³⁵ The report also found the Miami-Fort Lauderdale-Miami Beach metropolitan area had the third highest entrepreneurial activity among the fifteen largest metropolitan areas in the nation during 2013.¹³⁶

Florida Economic Gardening Institute (GrowFL)

In 2009, the Executive Office of the Governor's Office of Tourism, Trade, and Economic Development¹³⁷ contracted with the University of Central Florida (UCF) to implement the Economic Gardening Technical Assistance Pilot Program.¹³⁸ UCF then established the Florida Economic Gardening Institute (GrowFL) in 2009 to focus on assisting second-stage growth companies throughout the state.

The GrowFL Program provides strategies, resources, and support to second-stage companies for next level growth through strategic research, peer learning, and leadership development. These activities are targeted to support the second-stage CEOs with operational and revenue-increasing strategies to improve business performance. As of June 30, 2013, GrowFL assisted companies representing 13,493 jobs across the state with an estimated sales output of \$1.14 billion contributing \$2.33 billion to the state economy.¹³⁹

The Florida Institute for the Commercialization of Public Research

The Florida Institute for the Commercialization of Public Research (Institute) was created by the Legislature in 2007¹⁴⁰ as a non-profit organization tasked with working collaboratively with the technology licensing and commercialization offices of Florida's publicly supported universities and research institutions. It focuses on assisting in the creation of investable companies that in turn create jobs in innovation industries within the state. The Institute's mission is economic development through the commercialization of new discoveries generated from publicly funded research. The Institute supports new company formation and growth activities that result in increased job creation, capital investment, and revenue generation.

Florida universities and research institutions are conducting ground-breaking research and discovery that spurs the creation of new products and companies. Competing with 38 states that have similar initiatives, Institute programs seek to enhance Florida's entrepreneurship and innovation ecosystem at the early stages, encouraging company growth and assisting in the creation of high-wage, high-skill jobs. The Institute evaluates roughly 100 potential new company creation opportunities annually in science and technology-based industry fields.¹⁴¹

¹³³ *Id.*

¹³⁴ Ewing Marion Kauffman Foundation, *Kauffman Index of Entrepreneurial Activity*, April 2014, available at: http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2014/04/kiea_2014_report.pdf (last accessed on Feb. 15, 2015)

¹³⁵ *Id.*, pg. 21

¹³⁶ *Id.*, pg. 24

¹³⁷ In 2011, the Legislature merged the Office of Tourism, Trade, and Economic Development into the newly created Department of Economic Opportunity. See s.4, ch. 2011-142, L.O.F.

¹³⁸ Section 288.1082, F.S.

¹³⁹ Florida Economic Gardening Institute at the University of Central Florida, *About GrowFL*, Available at: <http://www.growfl.com/about> (last accessed on Feb. 24, 2015)

¹⁴⁰ Section 288.9625, F.S.

¹⁴¹ The Florida Institute for the Commercialization of Public Research, *2013-2014 Annual Report*; available at: http://www.florida-institute.com/sites/default/files/FICPR_AR_2014.pdf (last accessed on Feb. 24, 2015)

Effect of Proposed Changes

The PCB amends s. 288.901, F.S., to direct EFI to "foster and encourage high-tech startup and second stage business development within the state."

The PCB creates s. 288.913, F.S. which establishes the "Startup Florida Initiative" that declares successful high-tech startup and second stage businesses as critical to the state's economic growth. The initiative requires EFI to develop a statewide strategic plan for fostering and encouraging high-tech startup and second stage businesses in coordination with its economic development partners. The strategic plan must include actionable steps to provide technical support to local and regional economic development organizations to enhance high-tech startup and second stage business growth at the local and regional levels. The plan must evaluate the accessibility of the state's economic development incentive and loan programs to high-tech startups and second stage businesses. Finally, the plan must analyze industrywide best practices, competitor state programs related to startup, entrepreneurship, and second stage business programs, and survey high-tech startups and second stage businesses and support organizations both within and outside the state. The strategic plan must be delivered to the Governor, President of the Senate, and the Speaker of the House of Representatives by January 1, 2016.

The PCB defines the term "advanced technology products" to mean specified high-tech products produced by a business employing a high proportion of scientists, engineers, and technicians. The term "high-tech startup" is defined to mean a business unit having existed for less than five years and employing less than 10 employees that produces a high proportion of advanced technology products. A "second stage business" is defined as a business unit that employs between 10 and 50 employees, generates between \$1 million and \$25 million in annual revenue, and produces a high proportion of advanced technology products.

The initiative requires EFI to market the state's economic development activities related to high-tech startups and second stage businesses. EFI is required to provide information regarding its activities related to the development of high-tech startups and second stage businesses in its annual report.

SMALL BUSINESS DEVELOPMENT CONCURRENCY AND PROPORTIONATE SHARE

Present Situation

Transportation Concurrency and Proportionate Share

Concurrency requires public facilities and services to be available "concurrent" with the impacts of new development. Under Florida law, concurrency for sanitary sewer, solid waste, drainage, and potable water is required,¹⁴² and concurrency for transportation, schools, and parks and recreation is optional.¹⁴³ However, if a local government decides to implement concurrency for one of the optional facilities, it must do so according to state law.¹⁴⁴

A local government that implements transportation concurrency must define what constitutes an adequate level of service (LOS) for its transportation system, adopt a plan and improvement program to achieve and maintain adequate LOS standards, and measure whether the service needs of a new development exceed existing capacity of the transportation system.¹⁴⁵ Unless and until LOS standards are met, a local government may not issue a development permit without an applicable exception.¹⁴⁶

If adequate transportation facilities are not currently available to support the impacts of a proposed development (i.e., if LOS standards are not currently met), the local government may require the

¹⁴² Section 163.3180(1), F.S.

¹⁴³ Section 163.3180, F.S.

¹⁴⁴ Section 163.3180(1), F.S.

¹⁴⁵ Section 163.3180(5), F.S.

¹⁴⁶ *E.g.* s. 163.3180(5)(h)1.b., F.S., which exempts public transit facilities from concurrency.

developer to contribute his or her “proportionate share.” Proportionate share is a tool local governments use to require developers to contribute to or build facilities necessary to offset a new development’s impacts to ensure LOS standards are met.¹⁴⁷ The State provides requirements that local governments must follow when implementing proportionate share, including specific formulas local governments must use when calculating proportionate share and criteria for when developers have satisfied proportionate share.¹⁴⁸ One such requirement prevents local governments from ordering a developer to contribute to or construct transportation facilities where the developer’s costs exceed the developer’s proportionate share of the improvements necessary to mitigate the development’s impact.¹⁴⁹

Impact Fees

Local governments and certain special districts may use their constitutional or statutory home rule powers to enact “impact fees.”¹⁵⁰ Impact fees are total or partial payments charged to cover the cost of additional infrastructure necessary as a result of new development. As local governments tailor impact fees to meet the infrastructure needs of new growth, impact fee calculations vary from jurisdiction to jurisdiction and from fee to fee. Impact fees also vary extensively depending on local costs, capacity needs, resources, and a local government’s determination to charge the full cost of a fee’s earmarked purposes.

The Legislature has found that impact fees are an important source of revenue for local governments to use in funding the infrastructure necessitated by growth.¹⁵¹ However, due to the growth of impact fee collections and local governments’ reliance on impact fees, the Legislature imposes minimum standards local governments must comply with when adopting impact fees.¹⁵²

At minimum, a county, municipality, or special district that adopts an impact fee must abide by the following statutory requirements:

- require that the calculation of the impact fee be based on the most recent and localized data;
- provide for accounting and reporting of impact fee collections and expenditures;
- limit administrative charges for the collection of impact fees to actual costs; and
- require that notice be provided no less than 90 days before the effective date of an ordinance or resolution imposing a new or increased impact fee.¹⁵³

In addition to the Legislature’s requirements, Florida courts have held that impact fees must meet the “dual rational nexus test.”¹⁵⁴ That is, there must be (1) a reasonable connection between the need for infrastructure improvements and the population growth generated by new development and (2) a reasonable connection between the expenditure of fees collected and the benefit to the development from those expenditures.¹⁵⁵

58 Florida jurisdictions had impact fees in place as of the 2012 National Impact Fee Survey.¹⁵⁶

Effect of Proposed Changes

¹⁴⁷ Section 163.3180(5)(h), F.S.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.*

¹⁵⁰ *See* s. 163.31801, F.S.

¹⁵¹ Section 163.31801, F.S.

¹⁵² *Id.*

¹⁵³ Section 163.31801(3), F.S.

¹⁵⁴ *See Hollyhock, Inc. v. Broward County*, 431 So. 2d 606, 611-12 (Fla. 4th DCA 1983); *St. Johns County v. N.E. Fla. Builders Assoc.*, 583 So. 2d 635 (Fla. 1991).

¹⁵⁵ *Id.*

¹⁵⁶ The 2012 National Impact Fee Survey is available at www.impactfees.com/publications%20pdf/2012_survey.pdf (last visited Feb. 15, 2015).

The PCB creates a three year window exempting certain new development from satisfying transportation concurrency requirements and contributing to its corresponding proportionate share. The bill also exempts certain transportation impact fees from being imposed on new development.

The exemption window will apply to any new business development beginning on or after July 1, 2015, and before July 1, 2018. The exemption does not apply to business developments that consist of more than 6,000 square feet or new business developments that will include a business that employs more than 12 full-time employees. In addition, to maintain the exemption, a new business development must receive a certificate of occupancy on or before July 1, 2019.

The exemption window will not apply to a new development in a local government's jurisdiction where such local government, by super-majority vote of its governing body, revokes the exemption. The exemption window will also not apply if the exemption alters a local government's financing contracts or bonds, or the developer elects to not have the exemption applied.

FLORIDA DEVELOPMENT FINANCE CORPORATION

Present Situation

In 1993, the Florida Legislature created the Florida Development Finance Corporation ("FDFC") to enhance economic activity and development throughout the state by assisting in the financing of certain projects and facilitating the commercial interaction and cooperation between public and private organizations.¹⁵⁷ To undertake such responsibility, s. 288.9605, F.S., grants FDFC many powers, some of which include the following:

- to enter into interlocal agreements with public agencies for the exercise of any power, privilege, or authority consistent with the purposes of FDFC's enacting law;
- to issue revenue bonds for the purpose of financing and refinancing any capital projects for approved applicants;
- to issue bond anticipation notes in connection with the issuance and sale of such revenue bonds;
- to invest funds held in reserve or sinking funds or any such funds not required for immediate disbursement in property or securities in such manner as the board determines, subject to the authorizing resolution on any bonds issued, and to terms established in an investment agreement; and
- to borrow money and apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the Federal government or the state, county, or other public body or from any sources, public or private, pursuant to the purposes of FDFC's enacting law.

Specifically, one of FDFC's primary functions is to issue revenue bonds throughout Florida to in turn offer low interest financing to qualified, financially sound, manufacturing and 501(c)(3) non-profit organizations.¹⁵⁸ FDFC may not issue a bond without the authorization of a public agency, which authorization is granted through an interlocal agreement.¹⁵⁹ Additional information about the revenue bonds includes as follows:

- tax exempt bond issuance amounts can be up to \$10,000,000 per project for qualifying manufacturers;
- total capital investment in a community cannot exceed \$20,000,000 in a six-year period;

¹⁵⁷ See s. 288.9602, F.S.

¹⁵⁸ Information obtained from Enterprise Florida, Inc. website at: <http://www.enterpriseflorida.com/small-business/florida-development-finance-corporation/> (last visited on Feb. 22, 2015).

¹⁵⁹ Section 288.9606(1), F.S.

- smaller size bond issuance fees may be around 4% to 5% of the bond amount, and larger size bond issuance fees may be around 2% to 3% of the bond amount;
- bond rates can be fixed or variable; and
- taxable bonds do not have a dollar issuance limit.¹⁶⁰

To receive such financing from FDFC, businesses must submit applications (along with an application fee) to FDFC.¹⁶¹ In addition to manufacturers, 501(c)(3) organizations that have been financed with FDFC issued revenue bonds include charter and private schools, homes for the aged, daycare facilities, and recreation centers.¹⁶²

Effect of Proposed Changes

The PCB:

- removes the need for FDFC to enter into interlocal agreements with public entities throughout the state to fulfil its purposes;
- specifies that FDFC's board of directors is able to take binding action during the pendency of one or more vacancies on the board;
- removes the requirement that FDFC receive authorization by a public entity to issue bonds; and
- removes the requirement that FDFC submit an annual report to all the public entities with which FDFC has entered into an interlocal agreement.

TWO-YEAR EXTENSIONS FOR BUILDING AND DEVELOPMENT PERMITS

Present Situation

In 2009, the Legislature provided a retroactive two-year extension and renewal from the date of expiration for the following permits or development orders:

- any permit issued by the Department of Environmental Protection (DEP) or a water management district (WMD) under Part IV of ch. 373, F.S.;
- any development order issued by the Department of Community Affairs¹⁶³ pursuant to s. 380.06, F.S.; and
- any development order, building permit, or other land use approval issued by a local government that expired on or after September 1, 2008, but before January 1, 2012.¹⁶⁴

The extension applied to phase, commencement, and buildout dates, including a buildout date extension previously granted under s. 380.016(19)(c), F.S., for development orders and land use approvals, including but not limited to certificates of concurrency and development agreements.

Those requesting an extension were required to notify the authorizing agency in writing. The notification was required to specify which permit was intended to be extended, and the timeframe for acting on the authorization. Requests were due no later than December 31, 2009.¹⁶⁵

¹⁶⁰ Information obtained from "General FDFC Brochure" on file with staff and available on Enterprise Florida, Inc.'s website at : <http://www.enterpriseflorida.com/small-business/florida-development-finance-corporation/> (last visited on Feb. 22, 2015).

¹⁶¹ Information obtained from Enterprise Florida, Inc. website at: <http://www.enterpriseflorida.com/small-business/florida-development-finance-corporation/> (last visited on Feb. 22, 2015).

¹⁶² *Id.*

¹⁶³ Most of the programs administered by the Department of Community Affairs are now administered by the Department of Economic Opportunity. *See* Ch. 2011-142, L.O.F.

¹⁶⁴ Section 14, Ch. 2009-96, L.O.F. (CS/CS/SB 360 by Policy and Steering Committee on Ways and Means; Community Affairs; Bennett and others)

¹⁶⁵ *Id.*

The extension did not apply to a permit or authorization:

- under a programmatic or regional general permit issued by the United States Army Corps of Engineers;
- for owners and operators who are determined to be in significant noncompliance with the conditions of a permit eligible for an extension; or
- that would delay or prevent compliance with a court order if extended.

The rules in place at the time the initial permit or authorization was issued applied to the extension. Modifications to the permits and authorizations were also governed by rules in place at the time the permit or authorization was issued. However, a modification could not extend the time limit beyond two years.¹⁶⁶

In 2010,¹⁶⁷ the Legislature reauthorized the two-year time extension granted in 2009 because the underlying law was being challenged in court.¹⁶⁸ Entities requesting an extension and renewal of the permit were required to notify the authorizing agency in writing.¹⁶⁹

Chapter 2010-147, L.O.F., also extended and renewed the expiration date for permits that expired between September 1, 2008, and January 1, 2012. This extension was in addition to the extension granted in 2009 and applied to the same types of permits. The permit holder was required to request the extension in writing from DEP no later than December 31, 2010. The request was to include the authorization the permit holder intended to use the extension for and the timeframe for acting on the authorization.¹⁷⁰

In 2011, the Legislature extended and renewed the permits that were previously extended in 2009 and 2010 for an additional two years from their previously scheduled expiration date. The permit holder was required to request the extension in writing from DEP no later than December 31, 2011. The request was to include the authorization the permit holder intended to use the extension for and the timeframe for acting on the authorization.¹⁷¹

The legislation included a provision to extend and renew a building permit or environmental resource permit that had an expiration date of January 1, 2012, through January 1, 2014. The extension included any development order or building permit issued by a local government, including certificates or levels of services. The extension was in addition to any existing permit extension. DRI order extensions under s. 380.06(19)(c)2., F.S., were not eligible for this extension and any permit that received a cumulative extension of four years due to previous extension was not eligible for this extension.¹⁷²

In 2012, the Legislature again provided that any building permit, and any permit issued by the DEP or a WMD, which has an expiration date from January 1, 2012, through January 1, 2014, is extended and renewed for two years after its previously scheduled date of expiration.¹⁷³ The extension included any local government-issued development order or building permit including certificates of levels of service. This permit extension did not prohibit conversion from the construction phase to the operation phase upon completion of construction. Further, any permit extensions granted pursuant to the 2012 law, section 14 of chapter 2009-96, L.O.F. (as reauthorized by section 47 of chapter 2010-147, L.O.F.),

¹⁶⁶ *Id.*

¹⁶⁷ Sections 46 and 47, Ch. 2010-147, L.O.F. (CS/SB 1752 by Policy and Steering Committee on Ways and Means; Gaetz and others).

¹⁶⁸ CS/CS/SB 360 codified as Ch. 2009-96, L.O.F., was challenged by a group of local governments. The lawsuit, filed in Leon County Circuit Court was based on two counts: violation of the single subject provision in Article III, section 6 of the Florida Constitution and a violation of Article VII, section 18(a) charging the law constituted an unfunded mandate. *See City of Weston v. Crist*, Case No. 09-CA-2639 (Fla. 2d Cir. Ct. 2010).

¹⁶⁹ Section 46, Ch. 2010-147, L.O.F.

¹⁷⁰ Section 46, Ch. 2010-147, L.O.F.

¹⁷¹ Section 79, Ch. 2011-139, L.O.F.

¹⁷² *Id.*

¹⁷³ Section 24, Ch. 2012-205, L.O.F.

section 46 of chapter 2012-147, L.O.F., or section 74 or section 79 of chapter 2011-139, L.O.F., could not exceed four years in total.

In 2014, the Legislature provided for an additional two year permit extension—for permits with expiration dates between January 1, 2014 and January 1, 2016.¹⁷⁴ Other than the date change, the 2014 extension mirrored the 2012 extension described above.¹⁷⁵

Effect of Proposed Changes

The PCB creates an unnumbered section of Florida law to extend and renew the permit extensions from previous years. The bill extends the expiration date by two years for any environmental resource permit issued by DEP or a WMD with an expiration date from January 1, 2016, through January 1, 2018. The extension includes local government-issued development orders or building permits, including certificates of level of service. The bill does not prohibit the conversion from the construction phase to the operation phase upon completion of construction. The extension is in addition to any existing permit extensions; however, the total permit extension time for this bill or the 2009,¹⁷⁶ 2010,¹⁷⁷ 2011,¹⁷⁸ 2012,¹⁷⁹ and 2014¹⁸⁰ extensions cannot exceed four years in total.

The PCB requires that the dates for commencement and completion of any required mitigation associated with a phased construction project are also extended so that mitigation occurs in the same timeframe relative to the phase as originally permitted. The eligible permit holder must notify the authorizing agency in writing by December 31, 2015.

The extension provided by the bill does not apply to the following permits:

- a permit or authorization under a programmatic or regional permit issued by the United States Army Corps of Engineers;
- a permit or authorization held by an owner or operator determined to be in significant noncompliance with the conditions of the permit or authorization; or
- a permit authorization that would be out of compliance with a court order if extended.

The PCB provides that permits extended under this section are subject to the rules in effect at the time the permit was issued, unless the rules would create an immediate threat to public safety or health. This provision applies to any modification of the plans, terms, and conditions of the permit, which lessens the environmental impact. A modification cannot extend the time limit beyond two additional years.

The PCB does not prevent a county or municipality from requiring a property owner that has requested an extension to maintain and secure the property in a safe and sanitary condition in compliance with applicable laws.

FLORIDA ENTERPRISE ZONE PROGRAM

Present Situation

¹⁷⁴ Section 46, Ch. 2014-218, L.O.F.

¹⁷⁵ *Id.*

¹⁷⁶ Section 14, Ch. 2009-96, L.O.F.

¹⁷⁷ Sections 46 or 47, Ch. 2010-47, L.O.F.

¹⁷⁸ Sections 73 or 79, Ch. 2011-139, L.O.F.

¹⁷⁹ Section 24, Ch. 2012-205, L.O.F.

¹⁸⁰ Section 46, Ch. 2014-218, L.O.F.

The 1982 Florida Legislature created the Florida Enterprise Zone Program (Program) to encourage private investment in economically distressed areas by providing access to certain incentives and benefits to businesses within such areas. The Department of Economic Opportunity (DEO) oversees the Program at the state level and approves zone designation applications, and local governments administer enterprise zones locally. The Program is codified in sections 290.001-290.016, F.S. as the “Florida Enterprise Zone Act” (Act).

The following chart displays the history of the Program.¹⁸¹ Notably, the Legislature has required all zones to reapply for designation as enterprise zones upon the Program’s sunset on two separate occasions—in 1994 and 2005.

Year	Activity
1982	The Florida Legislature created the Florida Enterprise Zone Program to be administered by the Department of Community Affairs.
1994	The Florida Legislature repealed existing enterprise zones, created requirements for designation of new zones, and established a sunset date of June 20, 2005.
1995	Local governments submitted competitive applications for new enterprise zone designations. 19 new enterprise zones were designated.
1996	Administrative responsibilities of the Program transferred from the Department of Community Affairs to the Governor’s Office of Tourism, Trade and Economic Development (OTTED).
2005	The Florida Legislature extended the Program for 10 years and provided existing enterprise zones an opportunity to have their zones re-designated.
2006	OTTED approved 53 re-designations and 9 new designations.
2010	The Legislature amended the definition of “Real property” in the enterprise zone statute to exclude condominiums from the building materials sales tax refund, which significantly cut the amount of the state’s investment in the Program.
2011	As a result of reorganization, DEO is responsible for administering the Program.
2012	DEO approved three additional enterprise zones, which brought the total number of enterprise zones to 65.
	DEO approved 4 enterprise zone Boundary Amendment Requests.
2013	DEO approved 10 enterprise zone Boundary Amendment Requests.

In FY 2013-14, the state awarded \$15,767,111 in state incentives to 1,497 businesses and individuals in enterprise zones throughout the state.¹⁸² Local governments report that they awarded \$11,373,610 over the same period.¹⁸³ In addition, during fiscal years 2009-10 through 2011-12, seven zones received 84% of the incentives received state wide. The Program currently has a negative return on investment (ROI) to the state of -0.05.¹⁸⁴

Florida has 65 enterprise zones in 52 of the state’s 67 counties. The Act is set to repeal on December 31, 2015.¹⁸⁵

¹⁸¹ Florida Department of Economic Opportunity, *Florida Enterprise Zone Briefing Document*, October 22, 2014, p.2.

¹⁸² OPPAGA Research Memorandum, “Florida’s Enterprise Zone Program,” January 5, 2015.

¹⁸³ *Id.*

¹⁸⁴ 2013-2014 EDR Return on Investment Analysis

¹⁸⁵ Section 290.016, F.S.

Designation Process

Sections 290.0055-290.0067, F.S. lay out the requirements and procedure for an area to receive designation as an enterprise zone.

Ultimately, a governing body of a county or municipality or the governing bodies of a county and one or more municipalities jointly is responsible for applying to the department for designation of an area as an enterprise zone.¹⁸⁶ However, the governing body must first ensure that it has the Florida Legislature's authorization to apply.¹⁸⁷

If the governing body has or is granted such authorization, the governing body seeking designation of an area as an enterprise zone must follow certain procedures and ensure the area meets certain requirements.¹⁸⁸

Prior to applying for designation, the governing body must pass a resolution which:

- finds that the area “chronically exhibits extreme and unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment;”¹⁸⁹
- “determines that the rehabilitation, conservation, or redevelopment” of such area is necessary for the public health, safety, and welfare of the governing body's residents,¹⁹⁰ and
- “determines that the revitalization of such area can occur only if the private sector can be induced to invest its own resources in productive enterprises that build or rebuild the economic viability of the area.”¹⁹¹

In addition, the area must suffer from “pervasive poverty, unemployment, and general distress” as defined in s. 290.0058, F.S., must not exceed 20 square miles, and must have a continuous boundary, or consist of not more than three contiguous parcels.¹⁹² Moreover, the selected area must not exceed the following mileage limitations relative to its population:¹⁹³

Community Population	Mileage Limitation
150,000 or more	20 sq. mi.
50,000 – 149,999	10 sq. mi.
20,000 – 49,999	5 sq. mi.
7,500 – 19,999	3 sq. mi.
7,499 or less	3 sq. mi.

The governing body or bodies must also create an “enterprise zone development agency” and adopt a strategic plan, pursuant to sections 290.0056 and 290.0057, respectively.¹⁹⁴

Section 290.0056, F.S. requires an enterprise zone development agency to have a board of commissioners of at least eight, and no more than 13. Broadly, the agency has the following powers and responsibilities:

- to assist in the development, implementation, and annual review and update of the strategic plan or measureable goals;
- to oversee the progress in implementing the strategic plan or measurable goals;

¹⁸⁶ Section 290.0065, F.S.

¹⁸⁷ *Id.*

¹⁸⁸ Section 290.0055(1), F.S.

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² Section 290.0055(4)(a), F.S.

¹⁹³ *Id.*

¹⁹⁴ Section 290.0055(1)(b),(c), F.S.

- to identify and recommend to the governing body ways to remove regulatory barriers;
- to identify the financial needs of, and local resources or assistance available to, eligible businesses within the zone;
- to promote the enterprise zone incentives to residents and businesses within the zone;
- to recommend boundary changes of the zone to the governing body;
- to work with nonprofit organizations that provide development consulting; and
- to ensure the enterprise zone coordinator (who the agency appoints) receives annual training and works with Enterprise Florida, Inc.

Section 290.0057, F.S. requires that an enterprise zone development plan (or strategic plan) accompany an application. At a minimum, the plan must:

- describe the community's goals for revitalizing the area;
- describe how the community will address concerns related to its social and human resources, including transportation, housing, community development, public safety, education, and the environment;
- identify key community goals and barriers to such goals;
- outline how the community is a full partner in the process of developing and implementing the plan;
- commit the local governing body to enact and maintain local fiscal and regulatory incentives;
- identify the amount of available local and private resources and potential private/public partnerships;
- indicate how the enterprise zone tax incentives and other local, state, and federal resources will be utilized;
- identify funding requested under any state or federal program to support the proposed plan; and
- identify baselines, methods, and benchmarks for measuring the plan's success.

The department determines which nominated areas are most appropriate for designation as enterprise zones by competitively ranking applications as follows:

- pervasive poverty, unemployment, and general distress are weighted 35 percent;
- the strategic plan and local fiscal and regulatory incentives are weighted 40 percent; and
- prospects for new investment are weighted 25 percent.¹⁹⁵

The department may revoke the designation of an enterprise zone if the department determines that a governing body or bodies failed to follow its strategic plan.¹⁹⁶ In addition, an enterprise zone will lose its designation automatically if the governing body or bodies fails to enact and maintain its committed-to local fiscal and regulatory incentives pursuant to s. 290.0057(1)(e) for two consecutive years.¹⁹⁷

Enterprise Zone State Incentives

Businesses located within enterprise zones¹⁹⁸ have access to various incentives. As demonstrated below, certain incentives differ for businesses within "rural enterprise zones." A rural enterprise zone is

¹⁹⁵ Section 290.0065(2), F.S.

¹⁹⁶ Section 290.0066(1), F.S.

¹⁹⁷ *Id.*

¹⁹⁸ One incentive—the Community Contribution Tax Credit Program—is also available to Florida businesses located outside of zones.

“an enterprise zone that is nominated by a county having a population of 75,000 or fewer, or a county having a population of 100,000 or fewer which is contiguous to a county having a population of 75,000 or fewer, or by a municipality in such a county, or by such a county and one or more municipalities.”¹⁹⁹

The Florida Department of Revenue (DOR) is responsible for processing all incentive applications. Available state incentives for businesses located within enterprise zones include the following:

- *Sales Tax Refund for Building Materials*²⁰⁰
A refund is available for sales taxes paid on the purchase of certain building materials used to rehabilitate real property located in a zone. The amount refunded is the lesser of 97 percent of the sales tax paid on the building materials or \$5,000 (or \$10,000 if at least 20 percent of the employees of the business are residents of an enterprise zone).
- *Sales Tax Refund for Business Machinery and Equipment*²⁰¹
A refund is available for sales taxes paid on the purchase of certain business property, (e.g., tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), which is used exclusively in a zone for at least three years. The amount refunded is the lesser of 97 percent of the sales tax paid on the business property or \$5,000 (or \$10,000 if at least 20 percent of the employees of the business are residents of an enterprise zone).
- *Enterprise Zone Jobs Tax Credit (Sales & Use Tax)*²⁰²
Businesses located within a zone that collect and pay Florida sales and use taxes, are allowed a monthly credit against their sales tax due on wages paid to certain new employees. The credit is calculated as 20 or 30 percent of wages paid to new employees, unless the business is located in a rural enterprise zone, in which case the credit is calculated as 30 or 45 percent of wages paid to new employees.
- *Sales Tax Exemption for Electrical Energy*²⁰³
A 50 percent sales tax exemption is available to qualified businesses located in a zone on the purchase of electrical energy. The exemption is only available if the municipality in which the business is located has passed an ordinance to exempt qualified enterprise zone businesses from 50 percent of the municipal utility tax.
- *Enterprise Zone Jobs Tax Credit (Corporate Income Tax)*²⁰⁴
Businesses located in a zone that pay Florida Corporate Income Tax are allowed a corporate income tax credit for wages paid to certain new employees. The credit is calculated as 20 or 30 percent of wages paid to new employees, unless the business is located in a rural enterprise zone, in which case the credit is calculated as 30 or 45 percent of wages paid to new employees.
- *Enterprise Zone Property Tax Credit (Corporate Income Tax)*²⁰⁵
Certain new or expanded businesses located in an enterprise zone are allowed a credit on the Florida Corporate Income Tax calculated from the amount of ad valorem tax paid on the new or improved property for each eligible location. The maximum amount of credit allowed in any one year is \$25,000 or \$50,000 if more than 20 percent of the business' employees reside in an enterprise zone.
- *Exemption for a Licensed Child Care Facility operating in an Enterprise Zone*²⁰⁶

¹⁹⁹ Section 290.004(5), F.S.

²⁰⁰ Section 212.08(5)(g), F.S.

²⁰¹ Section 212.08(5)(h), F.S.

²⁰² Section 212.096, F.S.

²⁰³ Section 212.08(15), F.S.

²⁰⁴ Section 220.181, F.S.

²⁰⁵ Section 220.182, F.S.

²⁰⁶ Section 196.095, F.S.

An exemption from ad valorem property taxes is available for certain childcare facilities operating in an enterprise zone.

- *Community Contribution Tax Credit Program*²⁰⁷
Businesses located anywhere in Florida are eligible for certain tax credits for eligible donations made to approved community development projects.

In addition to state incentives, counties and municipalities may offer businesses enterprise zone benefits, including:

- reduction in occupational license fees;
- reduction in building permit or land development fees;
- utility tax abatement;
- façade/commercial rehabilitation grants;
- local option economic development property tax exemptions;
- ad valorem tax exemptions; and
- local funds for capital projects.

Florida's Enterprise Zone Program also provides indirect benefits to businesses located within enterprise zones by enhancing the incentives for other economic development programs available to such businesses. Examples include as follows:

- Qualified Target Industry Tax Refund Program
 - Increases per job tax refund from \$3,000 per job to up to \$6,000
 - Waives certain job creation requirements
- Economic Development Transportation Projects (Road Fund)
 - Increases per job award from up to \$7,000 to up to \$10,000
 - Waives Capital Investment Cap (which prevents awards from exceeding an investment)

The following chart displays how much the state spends on each incentive and which incentives businesses in enterprise zones took most advantage of between July 1, 2013 and June 30, 2014.

State Incentive	Tax Incentive Type	Approved Amount	Number of Approvals
Sales Tax Exemption for Electrical Energy	Sales Tax	\$751,485	79
Property Tax Credit	Corporate Income Tax	\$1,191,181	17
Building Materials Sales Tax Refund	Sales Tax	\$1,194,130	317
Business Equipment Sales Tax Refund	Sales Tax	\$1,561,339	834
Jobs Tax Credit	Corporate Income Tax	\$4,237,163	47
Jobs Tax Credit	Sales Tax	\$6,831,758	203
TOTALS		\$15,767,116	1,497

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²⁰⁷ Section 212.08(5)(p), s. 220.183, F.S., and s. 624.5105, F.S.
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The Office of Program Policy Analysis and Government Accountability (OPPAGA) released a research memorandum on January 5, 2015, which analyzed the performance of Florida's Enterprise Zone Program. Specifically, the report analyzed changes in seven selected enterprise zones over a three year period and compared such zones to similar non-zone areas. The report also included findings from an OPPAGA survey sent to all enterprise zone stakeholders, requesting feedback on the Program.

The report's summary findings were as follows: For economic indicators (median home value, median household income, unemployment rate, and poverty rate), the seven enterprise zones generally underperformed when compared to similar non-zone areas. For social indicators (infant mortality, educational attainment, crime rate, and population density), the seven enterprise zones showed mixed results, with few zones outperforming comparison non-zone areas for some indicators.

Most businesses that responded to the OPPAGA survey did not know that they are located in an enterprise zone, and very few had taken advantage of Program incentives. According to stakeholders, incentive eligibility thresholds constitute a significant barrier to program participation, especially for small businesses.

In its closing, the report offers the following three options for legislative consideration:

- 1) Require local governments to reapply for enterprise zone designation and periodically monitor performance goals. Such performance goals should be objectively measurable;
- 2) To make program incentives more accessible to small businesses, the Legislature could create a tiered program with eligibility requirements and incentive amounts based on business size; and
- 3) Target program incentives to encourage job creation. To focus the program on job creation, the Legislature could eliminate all Program incentives except jobs tax credits. Under this option, the Legislature could also amend current law to allow businesses to claim part-time employees and non-zone residents for jobs tax credits (which would also assist small businesses).

2014 and 2015 Office of Economic and Demographic Research (EDR) Reports²⁰⁸

EDR released a report on Florida's Enterprise Zone Program in January, 2014, which evaluated the program's return on investment (ROI) to the state and performed a property tax analysis of the zones. The highlights of the report's finding were as follows:

- The program produces a negative ROI to the state (-.05) for a number of reasons. Most importantly, the Program converts previously taxable activity to non-taxable activity.
- Unless bundled with other incentives, enterprise zone incentives are an insufficient inducement to relocate to Florida.
- The analysis supported the conclusion that enterprise zones have a direct and positive impact on property values over an extended period of time and that there is a potential benefit to local governments through increased ad valorem revenue.

EDR released a subsequent report on the program on January 1, 2015, which: expanded on its previous property value analysis of enterprise zones; discussed ways to improve the program's ROI; discussed approaches to improve the program's induced and indirect benefits; discussed alternatives to the program's structure; and analyzed the option of shifting the funding responsibility for the program to local governments. A brief summary of the report's findings and analyses for each topic is as follows:

Extended Analysis of Property Tax Values

- The greatest long term benefit to property values is largely concentrated in commercial and industrial parcels in urban enterprise zones.

²⁰⁸ The Report is an expansion of a 2014 EDR report.
STORAGE NAME: pcb03.EDTS
DATE: 2/27/2015

- Rural enterprise zones generally do not benefit from long term increases in property values as is seen in the urban zones.
- Residential properties do not detectably benefit from being in a zone, whether the zone is rural or urban.
- To the extent there is benefit to property values in a zone, such value would accrue to local governments, not the state.

Improving the Program's ROI²⁰⁹

- Require specific capital investment (such as construction)
- Create a specific new/retained job requirement
- Create a high wage requirement
- Create a job training requirement
- Target industries with high multipliers (i.e., industries that create more economic activity)
- Create a market or resource independence requirement. That is, do not provide incentives to businesses that would have created or retained jobs regardless of the incentive. Such businesses include those that are dependent on Florida's population growth or resources.
- Target businesses with strong export capability or that bring in federal dollars
- Target businesses that would not have existed "but for" the incentive
- Limit the state investment to no more than needed to accomplish the Program's goals. One avenue to accomplish this would be to consider local participation in the Program's funding.

Approaches to Improve the Program's Induced and Indirect Benefits

- Improve direct effects of the Program primarily through facilitating new business establishments in targeted industries, promoting higher salaries, and promoting additional capital expenditures
- Requiring incentive-recipients to demonstrate backward linkages. An industry has significant backward linkages when its production of output requires substantial intermediate inputs from many local industries.
- Incentivize the creation of strong pools of local suppliers in key locations. Suppliers will in turn attract businesses that would benefit from the suppliers' output (thereby creating a stronger web of backward linkages).

Alternatives to the Program's Structure

- Consider encouraging the inclusion of arts and culture in some (not too many) enterprise zones. These "creative districts" are defined as "well-recognized, labeled, mixed-use areas of a city in which a high concentration of cultural facilities serves as the anchor of attraction and robust economic activity."
- Consider creating "industry specific zones" that foster clusters of specific industries such as healthcare, high technology, manufacturing or research and development. (This is in stark contrast to current zone formations, which are predominantly residential in use.)
- Consider tying enterprise zones to "foreign trade zones" (or free trade zones) where goods may be landed, handled, manufactured or reconfigured, and re-exported without incurring customs duties. Over 200 communities in the US have free trade zones, 20 of which are in Florida. The free trade zones could provide a good foundation for enterprise zone incentives to build upon.
- Consider making zone geographically compact. This could help focus attention on the Legislature's most important policy goals.

²⁰⁹ Note: increasing the ROI will not necessarily cure blight or improve a severely distressed area.

Shifting Funding Responsibility to Local Governments

- Consider shifting funding responsibility of the Program to Local Governments. To assist local governments with such responsibility, the Legislature could expand the authorized uses of the Local Government Infrastructure Surtax²¹⁰ and Small County Surtax²¹¹ to include enterprise zone funding, or replace the Emergency Fire Rescue Services and Facilities Surtax²¹² with a surtax to fund local economic development efforts.

Effect of Proposed Changes

The PCB creates ss. 290.50 and 290.60, F.S., which establish the Local Enterprise Zone program and the Enterprise Zone Certification program respectively.

Local Enterprise Zone Program

A local government may adopt a resolution establishing a local enterprise zone program through which it grants exemptions from specified local taxes, fees, permits, and licenses for newly established²¹³ or expanding businesses²¹⁴ located within designated enterprise zone areas. A local government that establishes a local enterprise zone program must submit a copy of the resolution creating the program to DEO within 20 days.

A local enterprise zone program must exempt all newly established or expanding businesses from the following taxes and fees imposed by the local government for a minimum of 24 consecutive months:

- business taxes;
- impact fees;
- business, professional, and occupational regulatory fees;
- green utility fees;
- building permit fees;
- special assessments, including, but not limited to, services associated with beach renourishment and restoration, downtown redevelopment, solid waste disposal, fire and rescue services, fire protection, parking facilities, sewer improvements, stormwater management services, street improvements, and water and sewer line extensions;
- sign ordinance requirements, permits, and fees; and
- tree and landscape ordinance requirements, permits, and fees.

For 24 consecutive months following the creation of a designated enterprise zone area, a local government may not issue a citation for a civil code or ordinance infraction on any business located within the designated enterprise zone. Additionally, newly established businesses may not be cited for civil code or ordinance infractions during the first 24 months of operation. For 24 months following an expansion that results in a 10% or greater increase in the number of full time employees, an expanding business may also be exempt from such citations. However, violations of civil code or ordinance which pose a direct threat to the health and safety of the public are not exempted.

²¹⁰ All of Florida's 67 counties may levy the Local Government Infrastructure Surtax, for up to one percent, subject to referendum approval. 17 counties currently levy the surtax.

²¹¹ 31 of Florida's counties are eligible to levy the Small County Surtax, for up to one percent, by extraordinary vote of the county commission if the proceeds are used for operating purposes. If the proceeds are used to service bonded indebtedness, it requires referendum approval. Currently, 29 of the eligible 31 counties levy the surtax.

²¹² 65 Florida counties are authorized to levy the Emergency Fire Rescue Services and Facilities Surtax for up to one percent, subject to referendum approval. Only those counties that have already imposed two separate discretionary surtaxes without expiration are restricted from levying the surtax. However, no county in the past five and one-half years has levied the surtax.

²¹³ Defined within the PCB as "any business entity authorized to do business within the state that has established new operations in a designated enterprise zone area within the previous 12 months."

²¹⁴ Defined within the PCB as "a business entity authorized to do business in the state that increases its total number of full-time employees by at least 10 percent and is located within a designated enterprise zone area."

Enterprise Zone Certification Program

The governing body of a county or municipality or the governing bodies of a county and one or more municipalities together may submit an application to DEO for certification of an area as an enterprise zone. Applications must be submitted to the department no later than January 1 of each year, and must include:

- an aerial map and legal description of the proposed enterprise zone area;
- demographic information regarding the proposed zone area;²¹⁵
- verification that the applicant makes available on its website a list of all local tax, license, and fee data related to the creation of a new business, the expansion of an existing business, and the operation of an existing business located within the applicant's jurisdiction;
- a list and description of the local financial incentives that have been or will be enacted by the applicant for the purpose of assisting in the redevelopment of the enterprise zone; and
- a copy of the resolution adopted by the local governing body creating the local enterprise zone program and designating the enterprise zone area.

All timely submitted and completed applications will be certified by DEO and assigned a unique identification number by June 30 of each year. Previously certified enterprise zones are not required to reapply.

DEO is required to develop a marketing and advertising plan in coordination with local governments for the purpose of highlighting the benefits of the program and encouraging increased business activity within certified enterprise zones.

Before October 1 of each year each local government containing a certified enterprise zone within its jurisdiction is required to submit the following information for inclusion in the department's annual report:

- the number and types of businesses established within the certified enterprise zone during the previous fiscal year;
- the number of jobs created within the certified enterprise zone during the previous fiscal year;
- a detailed description of the local and state financial incentives granted to businesses located within the certified enterprise zone during the previous fiscal year;
- a detailed description of the local regulatory incentives granted to businesses within the certified enterprise zone during the previous fiscal year; and
- any other information requested by DEO.

A certified enterprise zone will be decertified if the resolution creating the local enterprise zone program is repealed by the local government or the local government submits written notification to the department, along with a resolution adopted by the governing body of the local government after a public hearing, requesting that the certified enterprise zone be decertified.

B. SECTION DIRECTORY:

Section 1: Amends s. 20.60, F.S., revising required elements of a report prepared by the Department of Economic Opportunity.

Section 2: Amends s. 163.3180, F.S., prohibiting a local government from applying transportation concurrency within its jurisdiction unless certain conditions are met.

²¹⁵ Such information must include unemployment, poverty, crime, income, and property value metrics. DEO is required to consult with EDR to develop or identify standard sources and metrics, and plus such information on its website.

- Section 3: Amends s. 163.31801, F.S., prohibiting a county, municipality, or special district from applying certain impact fees or other fees within its jurisdiction unless certain conditions are met.
- Section 4: Amends s. 212.20, F.S., conforming provisions to changes made by the act.
- Section 5: Amends s. 220.191, F.S., excluding certain funds from the definition of “cumulative capital investment.”
- Section 6: Amends s. 288.005, F.S., revising the definition of “economic benefits” to include all state funds.
- Section 7: Amends s. 288.061, F.S., revising evaluation and contract requirements of the economic development incentive application process.
- Section 8: Amends s. 288.076, F.S., conforming a cross-reference; revising the definition of “state investment” to include all state funds spent or forgone to benefit a business.
- Section 9: Amends s. 288.1045, F.S., relating to the Qualified Defense Contractor and Space Flight Business tax refund program.
- Section 10: Amends s. 288.106, F.S., relating to the Qualified Target Industry tax refund program.
- Section 11: Amends s. 288.108, F.S., relating to the High-Impact Performance Incentive.
- Section 12: Amends s. 288.1088, F.S., relating to the Quick Action Closing Fund.
- Section 13: Amends s. 288.1089, F.S., relating to the Innovation Incentive Program.
- Section 14: Repeals ss. 288.1168 and 288.1169, F.S., relating to the Professional Golf Hall of Fame and the International Game Fish Association World Center.
- Section 15: Amends s. 288.901, F.S., relating to Enterprise Florida, Inc.
- Section 16: Creates s. 288.913, F.S., directing Enterprise Florida, Inc., to foster and encourage more high-technology startup and second-stage business development within the state.
- Section 17: Amends s. 288.9602, F.S., relating to the Florida Development Finance Corporation.
- Section 18: Amends s. 288.9604, F.S., relating to the Florida Development Finance Corporation.
- Section 19: Amends s. 288.9605, F.S., relating to the Florida Development Finance Corporation.
- Section 20: Amends s. 288.9606, F.S., relating to the Florida Development Finance Corporation.
- Section 21: Amends s. 288.9610, F.S., relating to the Florida Development Finance Corporation.
- Section 22: Amends s. 288.991, F.S., relating to the New Markets Development Program
- Section 23: Amends s. 288.9914, F.S., relating to the New Markets Development Program
- Section 24: Amends s. 288.9917, F.S., relating to the New Markets Development Program.
- Section 25: Creates s. 288.9923, F.S., relating to the New Markets Development Program.
- Section 26: Amends s. 189.033, F.S., conforming a cross-reference.

- Section 27: Amends s. 196.012, F.S., conforming a cross-reference.
- Section 28: Amends s. 288.001, F.S., conforming a cross-reference.
- Section 29: Amends s. 288.11625, F.S., conforming a cross-reference.
- Section 30: Amends s. 288.11631, F.S., conforming a cross-reference.
- Section 31: Creates an unnumbered section of Florida law relating to the extension of certain permits subject to certain expiration dates.
- Section 32: Creates s. 288.50, F.S., providing for the creation and operation of local enterprise zone designation programs.
- Section 33: Creates s. 290.60, F.S., providing for the Department of Opportunity to certify and decertify designated local enterprise zone areas.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
See FISCAL COMMENTS.
2. Expenditures:
See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
The fiscal impact on local governments depends upon the use of the various economic development incentives and programs addressed in the PCB.
2. Expenditures:
The fiscal impact on local governments depends upon the use of the various economic development incentives and programs addressed in the PCB.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The provisions of this PCB may positively impact various business sectors throughout the state.

D. FISCAL COMMENTS:

The PCB has not been scored by the Revenue Estimating Conference. However, the PCB does not appear to have a fiscal impact on state funds.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

DEO may require rulemaking authority to establish the new enterprise zone certification program.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES