

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

FINANCE AND TAX
Senator Hukill, Chair
Senator Abruzzo, Vice Chair

MEETING DATE: Monday, March 23, 2015
TIME: 4:00 —6:00 p.m.
PLACE: James E. "Jim" King, Jr. Committee Room, 401 Senate Office Building

MEMBERS: Senator Hukill, Chair; Senator Abruzzo, Vice Chair; Senators Altman, Diaz de la Portilla, Flores, Margolis, Simpson, and Soto

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	SB 140 Hukill (Compare H 101)	Tax On Sales, Use, and Other Transactions; Reducing the tax levied on rental or license fees charged for the use of real property, etc. CA 03/04/2015 Favorable FT 03/23/2015 Favorable AP	Favorable Yeas 8 Nays 0
2	SB 142 Dean (Identical H 31)	Nonresidential Farm Buildings; Exempting nonresidential farm buildings, farm fences, and farm signs that are located on lands used for bona fide agricultural purposes from any county or municipal assessment, including a dependent special district assessment, etc. CA 01/21/2015 Favorable FT 03/23/2015 Fav/CS AP	Fav/CS Yeas 8 Nays 0
3	SB 278 Diaz de la Portilla (Similar H 833)	Downtown Development Districts; Authorizing the governing body of a municipality that has created a downtown development district to levy an ad valorem tax on all real and personal property in the district to finance the district's operation; limiting the tax to a specified percentage; providing for limitation of the district's millage, etc. CA 02/03/2015 Favorable FT 02/16/2015 FT 03/02/2015 FT 03/16/2015 FT 03/23/2015 Fav/CS AP	Fav/CS Yeas 7 Nays 1
4	CS/SB 384 Commerce and Tourism / Garcia (Similar CS/H 259)	Small Business Saturday Sales Tax Holiday; Providing that the tax levied under ch. 212, F.S., may not be collected on the sale of certain items or articles of tangible personal property by a small business during a specified period, etc. CM 02/16/2015 Fav/CS FT 03/23/2015 Fav/CS AP	Fav/CS Yeas 7 Nays 0

COMMITTEE MEETING EXPANDED AGENDA

Finance and Tax

Monday, March 23, 2015, 4:00 —6:00 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
5	SB 686 Lee (Similar CS/CS/H 361)	Military Housing Ad Valorem Tax Exemptions; Providing that certain leasehold interests and improvements to land owned by the United States, a branch of the United States Armed Forces, or any agency or quasi-governmental agency of the United States are exempt from ad valorem taxation under specified circumstances; providing that such leasehold interests and improvements are entitled to an exemption from ad valorem taxation without an application being filed for the exemption or the property appraiser approving the exemption, etc.	Fav/CS Yeas 8 Nays 0
		MS 03/04/2015 Favorable FT 03/23/2015 Fav/CS AP	
6	Discussion of Other Tobacco Products Tax		Discussed
7	Discussion of the Enterprise Zone Program		Discussed
Other Related Meeting Documents			

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: SB 140

INTRODUCER: Senators Hukill and Richter

SUBJECT: Tax On Sales, Use, and Other Transactions

DATE: March 20, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Fournier</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Favorable
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 140 reduces the tax imposed on rental or license fees charged for the use of commercial property from six percent to five percent.

The bill reduces sales and use tax revenue by \$110.5 million in Fiscal Year 2015-2016 and \$265.2 million on a recurring basis.¹ It decreases General Revenue and local revenue by \$234.9 million and \$30.3 million, respectively, on a recurring basis. In the first year, the bill reduces General Revenue by \$97.8 million and local revenue by \$12.7 million.

The bill provides for an effective date of January 1, 2016.

II. Present Situation:

The Florida Sales and Use Tax is a six percent levy on retail sales of most tangible personal property, admissions, transient lodgings, commercial rentals, and motor vehicles.² Since enactment in 1949, Florida's sales tax rate has been modified several times. In 1968, the Legislature increased rates on most items from three percent to four percent. In 1982, rates were increased from four percent to five percent. Legislation passed during the 1987 Regular Session integrated the tax on services with the tax on tangible personal property, and provided several exemptions from the tax on services.³ During Special Session D in December 1987, the Legislature increased the general sales tax rate from five percent to six percent.⁴

¹ Office of Economic and Demographic Research, Revenue Estimating Conference, *Reduce state tax rate from 6 percent to 5 percent for commercial rentals: SB140* (Jan. 2015, updated March 2015).

² Chapter 212, F.S.

³ Chapter 87-6, 101, Laws of Fla.

⁴ Chapter 87-548, Laws of Fla.

The Legislature has declared that every person is exercising a taxable privilege who engages in the business of renting, leasing, letting, or granting a license for the use of any real property unless specifically exempted.⁵ Section 212.031, F.S., provides for a tax levied in an amount equal to six percent on the total rent or license fee charged for the exercise of the taxable privilege of engaging in the business of renting, leasing, letting, or granting a license for the use of any real property unless the type of property is specifically exempted. Exemptions to the sales and use tax exist for the following types of property:

- Agricultural assessed property,⁶
- Dwelling units,⁷
- Parking, docking, or storage spaces,⁸
- Recreational property or common elements of a condominium that meet certain conditions,⁹
- Streets or right-of-ways with improvements used by a utility or provider of communications services,¹⁰
- Public street or road used for transportation services,¹¹
- Airport property used exclusively for landing, taxiing, passenger movement or fueling,¹²
- Port authority property used exclusively for docking, mooring, passenger movement, or fueling,¹³
- Property used as an integral part of the performance of qualified production services,¹⁴
- Property used by concessionaires at certain venues,¹⁵
- Property declared to be nontaxable pursuant to a Technical Assistance Advisement issued before March 15, 1993,¹⁶ and
- Property used or occupied predominately for space-flight business.¹⁷

In addition to the exemptions specified above, other statutory provisions exempt specific uses of property from sales and use taxes.

- A special provision for air carriers provides for apportionment of the tax on real property rentals used by the carrier for aircraft maintenance.¹⁸
- A limited exemption exists for lease of real property used to provide education services described in s. 212.031 (1)(a)(9), F.S.¹⁹

⁵ Section 212.031 (1)(a), F.S. Additionally, discretionary sales surtax may apply, and the \$5000 discretionary sales surtax cap does not apply to payments made for the lease or license to use real property. Section 212.054, F.S.

⁶ Section 212.031 (1)(a)1, F.S.

⁷ Section 212.031 (1)(a)2, F.S.

⁸ Section 212.031 (1)(a)3, F.S. Parking, docking and storage facilities for boats, and tie-down or storage space for aircraft at airports is taxable under s. 212.03(6), F.S.

⁹ Section 212.031 (1)(a)4, F.S.

¹⁰ Section 212.031 (1)(a)5, F.S.

¹¹ Section 212.031 (1)(a)6, F.S.

¹² Section 212.031 (1)(a)7, F.S.

¹³ Section 212.031 (1)(a)8, F.S.

¹⁴ Section 212.031 (1)(a)9, F.S.

¹⁵ Section 212.031 (1)(a)10, F.S.

¹⁶ Section 212.031 (1)(a)11, F.S. This exemption applied to a limited number of situations that existed before April 1993 and is not available to new lease contracts.

¹⁷ Section 212.031 (1)(a)12, F.S.

¹⁸ Section 212.0598, F.S.

¹⁹ Section 212.0602, F.S.

- Business properties within an enterprise zone are authorized to receive a refund for certain previously paid taxes.²⁰
- Exemptions exist for religious institutions, Section 501(c)(3) organizations, and fair associations.²¹

III. Effect of Proposed Changes:

Section 1 amends s. 212.031(1)(c) and (d), F.S., to reduce the tax rate imposed on the rental of, or license fees charged for, the use of commercial property from six percent to five percent.

Section 2 provides an effective date of January 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference's analysis of the bill finds it will reduce sales and use tax revenue by \$110.5 million in Fiscal Year 2015-2016 and \$265.2 million on a recurring basis.²² It decreases General Revenue and local revenue by \$234.9 million and \$30.3 million, respectively, on a recurring basis. In the first year, the bill reduces General Revenue by \$97.8 million and local revenue by \$12.7 million.

B. Private Sector Impact:

Landlords and tenants will benefit from a reduction in the tax on commercial rentals. A 2014 study, "The Economic Impact of Sales Tax on the Rental of Real Property,"²³ found that "since the leasing market has demonstrated a history of growth and manageable vacancies over the long run, it is unlikely on its face that the rental tax had materially driven a significant number of the economic actors into other paths."²⁴ The report

²⁰Section 212.08(5)(h), F.S.

²¹Sections 212.08(7)(m),(p),and (gg), F.S.

²² Office of Economic and Demographic Research, Revenue Estimating Conference, *Reduce state tax rate from 6 percent to 5 percent for commercial rentals: SB140* (Jan. 2015).

²³ Office of Economic and Demographic Research, The Florida Legislature (Nov. 15, 2014).

²⁴ *Id.* p. 3.

analyzed the impact of a total repeal of the tax on commercial rentals and concluded that “property owners would likely gain the greatest benefit from eliminating the tax (on commercial rentals), but this effect would be masked for a period of at least three to five years by the length of existing contracts.”²⁵ The report adds “A straight reduction in the tax rate is analyzed in the same manner as complete elimination.”²⁶

C. **Government Sector Impact:**

See Tax/Fee Issues, above.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 212.031 of the Florida Statutes.

IX. Additional Information:

A. **Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

²⁵ *Id.* p. 5.

²⁶ *Id.*

By Senator Hukill

8-00120-15

2015140__

1 A bill to be entitled
2 An act relating to the tax on sales, use, and other
3 transactions; amending s. 212.031, F.S.; reducing the
4 tax levied on rental or license fees charged for the
5 use of real property; making technical changes;
6 providing an effective date.

7
8 Be It Enacted by the Legislature of the State of Florida:

9
10 Section 1. Paragraphs (c) and (d) of subsection (1) of
11 section 212.031, Florida Statutes, are amended to read:

12 212.031 Tax on rental or license fee for use of real
13 property.—

14 (1)

15 (c) For the exercise of such privilege, a tax is levied in
16 an amount equal to 5 ~~6~~ percent of and on the total rent or
17 license fee charged for such real property by the person
18 charging or collecting the rental or license fee. The total rent
19 or license fee charged for such real property must ~~shall~~ include
20 payments for the granting of a privilege to use or occupy real
21 property for any purpose and must ~~shall~~ include base rent,
22 percentage rents, or similar charges. Such charges must ~~shall~~ be
23 included in the total rent or license fee subject to tax under
24 this section whether or not they can be attributed to the
25 ability of the lessor's or licensor's property as used or
26 operated to attract customers. Payments for intrinsically
27 valuable personal property such as franchises, trademarks,
28 service marks, logos, or patents are not subject to tax under
29 this section. If ~~In the case of~~ a contractual arrangement ~~that~~

Page 1 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

8-00120-15

2015140__

30 provides for ~~both~~ payments that are taxable as total rent or
31 license fee and payments that are not taxable ~~subject to tax~~,
32 the tax shall be based on a reasonable allocation of such
33 payments and does ~~shall~~ not apply to the ~~that~~ portion ~~which is~~
34 for ~~the~~ nontaxable payments.

35 (d) If ~~When~~ the rental or license fee of any such real
36 property is paid by way of property, goods, wares, merchandise,
37 services, or other thing of value, the tax shall be at the rate
38 of 5 ~~6~~ percent of the value of the property, goods, wares,
39 merchandise, services, or other thing of value.

40 Section 2. This act shall take effect January 1, 2016.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

140
Bill Number (if applicable)

Topic Commercial Lease Tax

Amendment Barcode (if applicable)

Name Doug Bell

Job Title _____

Address 101 N. Marsee St.

Phone _____

Street

Tall

Email _____

City

State

Zip

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing McDonald's Corp.

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015
Meeting Date

SB140
Bill Number (if applicable)

Topic Tax on Sales, Use, & Other Transactions

Amendment Barcode (if applicable)

Name Melissa Fause

Job Title Policy Analyst

Address 200 W. College Ave Ste 113

Phone 850-408-1218

Street

Tallahassee

FL

32301

Email mfause@afphq.org

City

State

Zip

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing Americans for Prosperity

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-23-15

Meeting Date

SB 140

Bill Number (if applicable)

Topic TAXES

Amendment Barcode (if applicable)

Name DOUG MANN

Job Title

Address 310 W. College Ave.

Phone 222-7535

Tallahassee FL 32301

Email

Speaking: [X] For [] Against [] Information

Waive Speaking: [X] In Support [] Against (The Chair will read this information into the record.)

Representing AIF

Appearing at request of Chair: [] Yes [] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

Meeting Date

SB 140

Bill Number (if applicable)

Topic Phase out Sales Tax on COMMERCIAL LEASES

Amendment Barcode (if applicable)

Name DAVID DANIEL

Job Title

Address 311 EAST PARK AVE

Phone 224-5081

Tallahassee FL 32301

Email

Speaking: [X] For [] Against [] Information

Waive Speaking: [X] In Support [] Against (The Chair will read this information into the record.)

Representing INTERNATIONAL COUNCIL OF SHOPPING CENTERS

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

140

Bill Number (if applicable)

Topic Sales Tax on Commercial Lease

Amendment Barcode (if applicable)

Name Trey Price

Job Title Public Policy Representative

Address 200 S. Monroe St

Phone 224-1400

Tallahassee FL 32301

Email Trey.P@floridarealtors.org

Speaking: [X] For [] Against [] Information

Waive Speaking: [] In Support [] Against (The Chair will read this information into the record.)

Representing Florida Realtors

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

SB 140

Bill Number (if applicable)

Topic TAX ON SALES, USE & OTHER TRANSACTIONS

Amendment Barcode (if applicable)

Name RICHARD TURNER

Job Title General Counsel

Address 230 S. ADAMS

Phone 850 224-2250

Tallahassee FL 32301

Email RTURNER@FLA.AORG

Speaking: [] For [] Against [] Information

Waive Speaking: [X] In Support [] Against (The Chair will read this information into the record.)

Representing Florida Restaurant & Lodging Assn.

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

140

Meeting Date

Bill Number (if applicable)

Topic Sales Tax on Commercial Leases

Amendment Barcode (if applicable)

Name H. Lee Moffitt

Job Title Attorney at Law

Address 3327 NW Perimeter Road

Phone 813 760-5712

Street

Palm City

FL

34990

Email lee.moffitt@arlaw.com

City

State

Zip

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing BOMA (Building Owners and Managers Association) of Florida

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

3/23/15

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

SB 140

Meeting Date

Bill Number (if applicable)

Topic Commercial Rental Sales Tax

Amendment Barcode (if applicable)

Name CAROLYN JOHNSON

Job Title Policy Director

Address _____

Phone _____

Street

City

State

Zip

Email _____

Speaking: ~~For~~ For Against Information

Waive Speaking: ~~In Support~~ In Support Against
(The Chair will read this information into the record.)

Representing FLORIDA CHAMBER

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-23-15

Meeting Date

140

Bill Number (if applicable)

Topic Sales Tax on Commercial Leases

Amendment Barcode (if applicable)

Name Amber Hughes

Job Title Legislative Advocate

Address PO Box 1757

Phone 701-3621

Tallahassee

Email ahughes@flcities.com

City State Zip

Speaking: For Against Information

Waive Speaking: In Support Against

Representing Florida League of Cities

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

Meeting Date

SB 140

Bill Number (if applicable)

Topic Sales Tax on Commercial Leases

Amendment Barcode (if applicable)

Name Tim Nungesser

Job Title Legislative Director

Address 110 E. Jefferson St.

Phone 850-445-5367

Tallahassee FL 32301

Email tim.nungesser@fib.org

City State Zip

Speaking: For Against Information

Waive Speaking: In Support Against

Representing National Federation of Independent Business

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015

Meeting Date

Topic _____

Bill Number 140
(if applicable)

Name BRIAN PITTS

Amendment Barcode _____
(if applicable)

Job Title TRUSTEE

Address 1119 NEWTON AVNUE SOUTH

Phone 727-897-9291

Street

SAINT PETERSBURG FLORIDA 33705

City

State

Zip

E-mail JUSTICE2JESUS@YAHOO.COM

Speaking: For Against Information

Representing JUSTICE-2-JESUS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

Meeting Date

SB 148

Bill Number (if applicable)

Topic Commercial Rental Tax

Amendment Barcode (if applicable)

Name RANDY MILLER

Job Title EX VICE PRESIDENT

Address 227 S. ADAMS ST

Phone 850-222-4082

Street

TALLAHASSEE, FL 32312

City

State

Zip

Email RMILLER@FRF.ORG

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing FLORIDA RETAIL FEDERATION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: CS/SB 142

INTRODUCER: Finance and Tax Committee and Senator Dean

SUBJECT: Nonresidential Farm Buildings

DATE: March 24, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 142 exempts nonresidential farm buildings, farm fences, and farm signs from county or municipal special assessments, including assessments by a dependent special district, except those arising from floodplain management regulations.

The Revenue Estimating Conference has determined the bill will reduce local government revenues by at least \$6.6 million annually.

The bill is effective on July 1, 2015.

II. Present Situation:

Nonresidential Farm Building Exemptions

A nonresidential farm building is a temporary or permanent structure on a farm, or on land used primarily for agricultural purposes, that is not intended to be used as a residential dwelling.¹ Examples include barns, greenhouses, shade houses, farm offices, storage buildings, and poultry houses.²

¹ Section 604.50(2)(d), F.S.

² *Id.*

Section 604.50, F.S., exempts nonresidential farm buildings,³ farm fences, and farm signs from the Florida Building Code,⁴ any county or municipal code, and any county or municipal fee.⁵ Currently, these structures are not exempt from assessments.

Special Districts

Special districts are local units of special purpose government, within limited geographical areas, which are utilized to manage, own, operate, maintain, and finance basic capital infrastructure, facilities, and services.⁶ Special districts may be created by general law, by special act, by local ordinance, or by rule of the Governor and Cabinet.⁷ The Uniform Special District Accountability Act of 1989,⁸ provides requirements for the creation, operation, and dissolution of most special districts.

Some types of special districts include: community development districts, community redevelopment districts, downtown development districts, drainage and water control districts, economic development districts, fire control and rescue districts, mosquito control districts, and soil and water conservation districts. The Special District Information Program (SDIP) within the Department of Economic Opportunity maintains a list of special districts categorized by function.⁹ There are 1,634 active special districts, including 633 dependent and 1,001 independent special districts.

Dependent Special Districts

A dependent district meets at least one of the following criteria:

- The special district governing body members are the same as the governing body members of the county or city that created the district;
- The special district governing board members are appointed by the governing body of the county or city that created the district;
- During the terms of membership, the governing board members of the special district are subject to removal at will by the governing body of the county or city that created the district;
- The special district budget must be approved by an affirmative vote of the governing body of the county or city that created the district; or
- The special district budget can be vetoed by the governing body of the county or city that created the district.¹⁰

³ To qualify for the exemption, the nonresidential farm buildings must be located on lands used for bona fide agricultural purposes, as defined in s. 193.461(3)(b), F.S.

⁴ See also s. 553.73(10)(c), F.S.

⁵ Section 604.50(1), F.S. However, this exemption does not extend to any code provisions implementing floodplain management regulations.

⁶ See generally s. 189.012(6), F.S.

⁷ See *Id.*

⁸ Sections 189.01 through 189.082, F.S.

⁹ Information relating to special districts and their functions can be found in the SDIP online publication "Florida Special District Handbook Online" available at <http://www.floridaspecialdistricts.org/handbook/>

¹⁰ Section 189.012(2), F.S.

Independent Special Districts

An independent special district does not have any of the characteristics of a dependent district, may encompass more than one county unless the district lies wholly within the boundaries of one city, and generally is created by an act of the Legislature.¹¹

Revenue Sources Based on Home Rule Authority

The Florida Constitution provides local governments with expansive home rule powers. Given these powers, local governments may impose proprietary fees, regulatory fees, and special assessments to pay the cost of providing a facility or service or regulating an activity. The validity of these fees and assessments depends on requirements established in Florida case law.¹²

Special Assessments

Counties and municipalities utilize special assessments as a home rule revenue source to fund certain services and to construct and maintain capital facilities. Section 125.01(1)(r), F.S., authorizes the levy of special assessments for county government. Chapter 170, F.S., authorizes the levy of special assessments for municipal governments. Section 125.271, F.S., authorizes the levy of special assessments for county emergency medical services. Special districts derive their authority to levy special assessments through general law or special act creating the district.¹³

As established by case law, two requirements exist for the imposition of a valid special assessment: 1) the property assessed must derive a special benefit from the improvement or service provided; and 2) the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit.¹⁴

The test to be applied in evaluating whether a special benefit is conferred on property by the provision of a service is whether there is a “logical relationship” between the services provided and the benefit to real property.¹⁵ Many assessed services and improvements have been upheld as providing the requisite special benefit. Such services and improvements include: garbage disposal,¹⁶ fire protection,¹⁷ fire and rescue services,¹⁸ and stormwater management services.¹⁹

Once an identified service or capital facility satisfies the special benefit test, the assessed amount is required to be fairly apportioned among the benefited property in a manner consistent with the logical relationship embodied in the special benefit requirement.

¹¹ See generally ss. 189.012(3) and 189.031, F.S.

¹² See Office of Economic and Demographic Research, *Local Government Financial Information Handbook*, at 9-15 (2013).

¹³ For example, s. 153.73, F.S., for county water and sewer districts; s. 163.514, F.S., for neighborhood improvement districts; s. 190.021, F.S., for community development districts; and s. 191.009, F.S., for independent special fire control districts.

¹⁴ See *City of Boca Raton v. State*, 595 So. 2d 25, 29 (Fla. 1992).

¹⁵ *Whisnant v. Stringfellow*, 50 So. 2d 885 (Fla. 1951) (citing *Crowder v. Phillips*, 146 Fla. 428 (Fla. 1941)).

¹⁶ *Harris v. Wilson*, 693 So. 2d 945 (Fla 1997).

¹⁷ *South Trail Fire Control Dist., Sarasota County v. State*, 273 So. 2d 380 (Fla. 1973).

¹⁸ *Lake County v. Water Oak Mgmt Corp.*, 695 So. 2d 667 (Fla. 1997).

¹⁹ *Sarasota County v. Sarasota Church of Christ*, 667 So. 2d 180 (Fla. 1995).

Special assessments may be collected on an annual ad valorem tax bill. Under such statutory collection procedure, the special assessment is characterized as a “non-ad valorem assessment.”²⁰

Assessments by Independent Fire Control Districts

Chapter 2013-183, Laws of Fla.,²¹ amended s. 191.009, F.S., to authorize independent special fire control districts to levy non-ad valorem assessments for emergency medical and emergency transport services. The provision of such services is recognized, in law, as constituting a benefit to real property. The legislation also provided that if a district levies a non-ad valorem assessment for either service, then the district must cease charging an ad valorem tax for the service. Additionally, the legislation provided that a district can levy non-ad valorem assessments on lands within the district without demonstrating a special benefit to the real property.

III. Effect of Proposed Changes:

Section 1 amends s. 604.50, F.S., to exempt nonresidential farm buildings, farm fences, and farm signs from county or municipal special assessments, including assessments by dependent special districts. The bill provides this exemption in addition to, and not replacing, the presently existing exemption from county or municipal fees. Fees arising from floodplain management regulations still apply.

Section 2 provides an effective date of July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill reduces the authority of counties and municipalities to raise revenues because it eliminates their ability to collect assessments on nonresidential agricultural buildings. Article VII, section 18(b) of the Florida Constitution requires a two-thirds vote of the membership of each house of the Legislature in order to enact a general law that reduces the authority of municipalities and counties to raise revenues in the aggregate. Article VII, section 18(d) of the Florida Constitution provides an exemption if the law is determined to have an insignificant fiscal impact. If it is determined that this bill has more than an insignificant fiscal impact, the bill will require a two-thirds vote of the membership of each house of the Legislature for passage.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

²⁰ See s. 197.3632(1)(d), F.S.

²¹ CS/CS/SB 1410 (2013).

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The REC has determined that the bill will reduce local government revenues by at least \$6.6 million annually.

B. Private Sector Impact:

Owners of nonresidential farm buildings will benefit monetarily by being exempt from county and municipal assessments.

C. Government Sector Impact:

The bill will eliminate the ability of counties and municipalities to collect assessments on certain agricultural structures.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 604.50 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Finance and Tax on March 23, 2015:

The CS provides that the type of assessments that the property is exempt from are special assessments.

B. Amendments:

None.



972468

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/24/2015	.	
	.	
	.	
	.	

The Committee on Finance and Tax (Altman) recommended the following:

Senate Amendment (with title amendment)

Delete line 20
and insert:
municipal code, ~~or~~ fee, or special assessment, including a dependent

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete line 6



972468

11 and insert:
12 purposes from any county or municipal special
13 assessment,

By Senator Dean

5-00157-15

2015142__

1 A bill to be entitled
2 An act relating to nonresidential farm buildings;
3 amending s. 604.50, F.S.; exempting nonresidential
4 farm buildings, farm fences, and farm signs that are
5 located on lands used for bona fide agricultural
6 purposes from any county or municipal assessment,
7 including a dependent special district assessment;
8 providing an exception; providing an effective date.
9

10 Be It Enacted by the Legislature of the State of Florida:

11
12 Section 1. Subsection (1) of section 604.50, Florida
13 Statutes, is amended to read:

14 604.50 Nonresidential farm buildings; farm fences; farm
15 signs.-

16 (1) Notwithstanding any ~~provision of~~ law to the contrary, a
17 ~~any~~ nonresidential farm building, farm fence, or farm sign that
18 is located on lands used for bona fide agricultural purposes is
19 exempt from the Florida Building Code and any county or
20 municipal code, ~~or~~ fee, or assessment, including a dependent
21 special district assessment, except for code provisions that
22 implement ~~implementing~~ local, state, or federal floodplain
23 management regulations. A farm sign located on a public road may
24 not be erected, used, operated, or maintained in a manner that
25 violates any of the standards provided in s. 479.11(4), (5) (a),
26 and (6)-(8).

27 Section 2. This act shall take effect July 1, 2015.



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Environmental Preservation and
Conservation, *Chair*
Agriculture, *Vice Chair*
Appropriations Subcommittee on General
Government
Children, Families, and Elder Affairs
Community Affairs
Ethics and Elections

SENATOR CHARLES S. DEAN, SR.
5th District

January 21, 2015

The Honorable Dorothy Hukill
305 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Dear Chairman Hukill,

I respectfully request you place Senate Bill 142, relating to Nonresidential Farm Buildings, on your Finance and Tax Committee agenda at your earliest convenience.

If you have any concerns, please do not hesitate to contact me personally.

Sincerely,

A handwritten signature in black ink that reads "Charles S. Dean".

Charles S. Dean
State Senator District 5

cc: Jose Diez-Arguelles, Staff Director

REPLY TO:

- 405 Tompkins Street, Inverness, Florida 34450 (352) 860-5175
- 311 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5005
- 315 SE 25th Avenue, Ocala, Florida 34471-2689 (352) 873-6513

Senate's Website: www.flsenate.gov

ANDY GARDINER
President of the Senate

GARRETT RICHTER
President Pro Tempore



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Environmental Preservation and Conservation, *Chair*
Agriculture, *Vice Chair*
Appropriations Subcommittee on General Government
Children, Families, and Elder Affairs
Communications, Energy, and Public Utilities
Community Affairs

SENATOR CHARLES S. DEAN, SR.
5th District

March 18, 2015

The Honorable Dorothy L. Hukill
305 Senate Office Building
404 South Monroe St.
Tallahassee, FL 32399-1100

Dear Chairwoman Hukill:

Thank you for allowing Senate Bill 142, relating to Nonresidential Farm Buildings, to be placed on your agenda. Unfortunately, I will be unable to attend the Committee meeting and would like to request your permission to allow my aide, Drew Aldikacti, to present this bill in my place.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Charles S. Dean
State Senator, District 5

Cc: Jose Diez-Arguelles, Staff Director

SENATE APPROPRIATIONS
RECEIVED
15 MAR 19 PM 4:36
CLINT J. CHAMBERLAIN
STAFF DIR. STAFF

REPLY TO:

- 405 Tompkins Street, Inverness, Florida 34450 (352) 860-5175
- 311 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5005
- 315 SE 25th Avenue, Ocala, Florida 34471-2689 (352) 873-6513

Senate's Website: www.flsenate.gov

ANDY GARDINER
President of the Senate

GARRETT RICHTER
President Pro Tempore

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

142 Bill Number (if applicable)

Topic Non Residential Farm Buildings

Amendment Barcode (if applicable)

Name Adam Basore

Job Title Leg Affairs Director

Address 315 S Calhoun #850

Phone 222 2557

Tallahassee FL 32301

Email Adam.Basore@FFBF.org

Speaking: For Against Information

Waive Speaking: In Support Against (The Chair will read this information into the record.)

Representing Florida Farm Bureau

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

142 Bill Number (if applicable)

Topic NON-RESIDENTIAL FARM BLDGS

Amendment Barcode (if applicable)

Name STEPHEN JAMES

Job Title

Address 100 S. MONROE

Phone 922-4300

Tallahassee, FL

Email

Speaking: For Against Information

Waive Speaking: In Support Against (The Chair will read this information into the record.)

Representing FLA. ASSOC. OF COUNTIES

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-23-15 Meeting Date

SB 142 Bill Number (if applicable)

Topic FARM Buildings

Amendment Barcode (if applicable)

Name Doug Mann

Job Title

Address 310 W. College Ave.

Phone 222-7535

Tallahassee City

FL State

32301 Zip

Email

Speaking: [x] For [] Against [] Information

Waive Speaking: [x] In Support [] Against (The Chair will read this information into the record.)

Representing AIF

Appearing at request of Chair: [] Yes [] No

Lobbyist registered with Legislature: [x] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/21/15 Meeting Date

142 Bill Number (if applicable)

Topic Non residential Farm Buildings

Amendment Barcode (if applicable)

Name Ryan Matthews

Job Title Assoc. Dir. - Leg. Affairs

Address PO Box 1757

Phone 222 9684

Tallahassee City

FL State

32302 Zip

Email rmatthews@flcitizens.com

Speaking: [] For [x] Against [] Information

Waive Speaking: [] In Support [] Against (The Chair will read this information into the record.)

Representing FL League of Citizens

Appearing at request of Chair: [] Yes [x] No

Lobbyist registered with Legislature: [x] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: CS/SB 278

INTRODUCER: Finance and Tax Committee and Senator Diaz de la Portilla

SUBJECT: Downtown Development Districts

DATE: March 23, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 278 authorizes a municipality with a population of more than 400,000 within a county defined in s. 125.011(1), F.S., to levy an ad valorem tax on all real and personal property in a downtown development district of up to 0.5 mill. The 0.5 mill is included within the municipality's regular ad valorem taxes and special assessments. In total, the municipality's millage may not exceed the 10 mills allowed under the Florida Constitution for municipal purposes.

The Revenue Estimating Conference has determined that this bill does not have a fiscal impact.

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

II. Present Situation:

Downtown Development Authorities are special districts¹ whose function is "planning, coordinating, and assisting in the implementation, revitalization, and redevelopment of a specific downtown area of a city."² Fourteen DDAs are currently active in Florida, most of which were created by special act.³

¹ See generally Chapter 189, F.S.

² Section 380.031(5), F.S.

³ The Special District Information Program within the Department of Economic Opportunity serves as the clearinghouse for special district information, and maintains a list of special districts categorized by function. Dep't of Economic Opportunity,

Authorization of DDAs

The Florida Legislature first authorized DDAs in 1965 to remediate blighted business areas, halt further deterioration, and revitalize the central business districts of the larger cities where those conditions exist.⁴ Chapter 65-1090, L.O.F., authorized municipalities with a population in excess of 250,000 to establish a DDA with certain enumerated powers.⁵ The law provided that DDAs be governed by a five-member board appointed by the governing body of the municipality and chaired by the mayor of the municipality. The law authorized the governing body of the DDA to levy up to a 0.5 mill ad valorem tax on all real and personal property in the downtown district.⁶

In 1967, using the authority in Chapter 65-1090, L.O.F., the City of Miami created its DDA, and authorized it to levy an ad valorem tax.⁷ The City of Miami's DDA continues today.⁸

The Florida Constitution of 1968 granted cities and counties broad home rule authority, making general laws of local application, like Chapter 65-1090, L.O.F., obsolete. In 1971, the Legislature repealed many general laws of local application passed between 1921 and 1970.⁹ The Legislature declared that those repealed laws "shall become an ordinance of that municipality... subject to modification or repeal as are other ordinances."¹⁰

The City of Miami was the only city to create a DDA pursuant to Chapter 65-1090, L.O.F., prior to its repeal; however, between 1965 and the repeal of the general DDA authorization in 1971, four other DDAs were created by special act of the Legislature.¹¹ These DDAs were in Delray Beach,¹² Fort Lauderdale,¹³ Ocala,¹⁴ and West Palm Beach.¹⁵

The Code of the City of Miami continues to authorize up to a 0.5 mill ad valorem tax on all real and personal property in the downtown district.

The city commission is authorized to levy an additional ad valorem tax on all real and personal property in the downtown district as described in this article, not exceeding one-half mill on the dollar valuation of such property, for the purpose of financing the operation of the downtown development authority. This levy of one-half mill per dollar ad valorem tax shall be in

Special District Accountability Program, *Official List of Special Districts Online*, available at <https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/> (last visited Feb. 9, 2015).

⁴ Chapter 65-1090, at 692, Laws of Fla.

⁵ *Id.*

⁶ Chapter 65-1090, at 699, Laws of Fla.

⁷ Chapter 14, City of Miami, Florida, Code of Ordinances (1965).

⁸ Dep't of Economic Opportunity, Special District Accountability Program, *Official List of Special Districts Online*, available at <https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/> (last visited Feb 9, 2015).

⁹ Chapter 71-29, Laws of Fla.

¹⁰ Chapter 71-29, at 116, Laws of Fla. Some litigation has questioned the legality of this type of transfer. *See generally Milan Investment Group, Inc., v. City of Miami, et al.*, No. 3D09-2955 (Fla. 3d DCA 2010).

¹¹ Dep't of Economic Opportunity, Special District Accountability Program, *Official List of Special Districts Online*, available at <https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/> (last visited Feb 9, 2015).

¹² Chapter 71-604, Laws of Fla.

¹³ Chapter 65-1541, Laws of Fla.

¹⁴ Chapter 67-1782, Laws of Fla.

¹⁵ Chapter 67-2170, Laws of Fla.

addition to the regular ad valorem taxes and special assessments for improvements imposed by the city commission.¹⁶

In 1999, the Legislature enacted s. 166.0497, F.S., establishing procedures by which the Miami DDA could alter, amend or expand its boundaries.¹⁷

Municipal Millage Rates

Municipal millages are composed of a general nonvoted millage, a municipal debt service millage, a general voted millage, and a dependent special district millage.¹⁸

For the purpose of fixing millage, the Florida Statutes treat the Miami DDA as a dependent special district.¹⁹ The millage rate levied by the Miami DDA for the fiscal year beginning October 1, 2014, and ending September 30, 2015, is 0.4780 mills.²⁰

Home-Rule Charter Counties

Section 125.011(1), F.S., defines a county as:

. . . any county operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the Constitution of 1968, which county, by resolution of its board of county commissioners, elects to exercise the powers herein conferred. Use of the word “county” within the above provisions shall include “board of county commissioners” of such county.

The local governments authorized by ss. 10, 11, and 24, Art. VIII of the Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the Constitution of 1968, to operate under a home rule charter are the city of Key West and Monroe County,²¹ Dade County,²² and Hillsborough County.²³ Of these, only Miami-Dade County operates under a home-rule charter adopted pursuant to these specific provisions.²⁴ Miami-Dade’s charter was adopted on May 21, 1957.²⁵

¹⁶ Section 14-60, City of Miami, Florida, Code of Ordinances (2014).

¹⁷ Chapter 99-208, Laws of Fla.

¹⁸ Section 200.001(2), F.S.

¹⁹ Section 200.001(8)(e), F.S.

²⁰ Office of the Miami Dade Property Appraiser, 2014 Adopted Millage Rates, *available at* <http://www.miamidade.gov/pa/library/2014-adopted-millage-chart.pdf> (last visited Mar. 16 2015).

²¹ FLA. CONST. art. VIII, s. 6, n. 2.

²² FLA. CONST. art. VIII, s. 6, n. 3.

²³ FLA. CONST. art. VIII, s. 6, n. 4.

²⁴ County charters can be adopted pursuant to other provisions of the Florida Constitution. *See* FLA. CONST. art. VIII, s. 1.

²⁵ Miami-Dade County Florida, *The Home Rule Amendment and Charter*, *available at* <http://www.miamidade.gov/charter/library/charter.pdf> (last visited Mar. 16, 2015), *compare* Hillsborough County Florida, *Home Rule Charter*, *available at* <http://www.hillsboroughcounty.org/DocumentCenter/Home/View/376> (last visited Mar. 16, 2015) (providing that the county is chartered under Article VIII, Section 1 of the Florida Constitution as opposed to Article VIII, Section 6 of the Florida Constitution).

Miami-Dade County is currently the only county that comports with the description of a “county” contained in s. 125.011(1), F.S. General laws applicable to Miami-Dade County have survived various legal challenges claiming that such general laws are, in actuality, special laws.²⁶

III. Effect of Proposed Changes:

Section 1 creates s. 189.056, F.S., to authorize the governing body of a municipality with a population of more than 400,000 and located within a county, as defined in s. 125.011(1), F.S., to levy an ad valorem tax on all real and personal property in a downtown development district, up to 0.5 mill.

The bill provides that the total ad valorem tax that can be levied by the DDA is limited to 0.5 mills.

The bill provides that the DDA’s millage is treated as a dependent special district millage, which includes it within the 10 mill limit for municipal purposes provided by the Florida Constitution.

Section 2 provides an effective date of July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Article III, s. 11(a)(2) of the Florida Constitution states that there “shall be no special law or general law of local application pertaining to: . . . assessment or collection of taxes for state or county purposes.”

A special law, as defined by the Florida Supreme Court, is a law that is “relating to or designed to operate on, particular persons or things, or one that purports to operate on classified persons or things when classification is not permissible or the classification adopted is illegal.”

In contrast, a general law “operates universally throughout the state, uniformly upon subjects as they may exist throughout the state, or uniformly within a permissible

²⁶ *Homestead Hospital v. Miami-Dade County*, 829 So. 2d 259 (Fla. 3rd DCA 1992); and see *Metropolitan Dade County v. Golden Nugget Group*, 448 So. 2d 515 (Fla. 3rd DCA 1984), *aff’d* 464 So. 2d 535 (Fla. 1985).

classification.” The Legislature has wide discretion in creating classifications provided the classifications are reasonable. A classification by the Legislature carries a presumption of reasonableness.

This bill authorizes certain municipalities within counties, as defined in s. 125.011(1), F.S., to levy an ad valorem tax. Three counties are potentially eligible to levy the tax in the future; however, only Miami-Dade County is currently eligible.

Section 125.011(1), F.S., is referenced in 13 chapters of Florida Statutes a total of 26 times. Legal challenges claiming that some of these general laws were, in actuality, special laws have failed.²⁷

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has determined that this bill does not have a fiscal impact. The bill authorizes the City of Miami to continue to levy up to 0.5 mills on all real and personal property in the district for financing the operation of the Miami DDA.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 189.056 of the Florida Statutes.

²⁷ See *Id.*

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Finance and Tax on March 23, 2015:

The CS replaces the language in the bill and:

- Creates s. 189.056, F.S., which authorizes municipalities with a population over 400,000, located within a county, as defined in s. 125.011(1), F.S., to levy an ad valorem tax not to exceed 0.5 mill within the boundaries of a DDA.
- Limits all ad valorem tax for the DDA to 0.5 mill.
- Treats the DDA's millage as a dependent special district millage.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



273320

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/24/2015	.	
	.	
	.	
	.	

The Committee on Finance and Tax (Diaz de la Portilla)
recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Section 189.056, Florida Statutes, is created to
read:

189.056 Downtown Development District; Ad Valorem

Taxation.—

(1) It is the intent of the Legislature to encourage the
revitalization of downtown areas within large municipalities



273320

11 where the societal ills associated with urban blight are most
12 prevalent. However, in recognition of the traditionally broad
13 home rule power exercised by charter counties, the Legislature
14 intends that this section apply only to certain counties.

15 (2) The governing body of a municipality with a population
16 of more than 400,000, as determined by the Office of Economic
17 and Demographic Research, and located within a county as defined
18 in s. 125.011(1), may, by ordinance, levy an ad valorem tax on
19 all real and personal property in a downtown development
20 district of up to 0.5 mill on the taxable value of the property
21 located therein for the purpose of financing the operation of
22 the district. In no event may the district's millage exceed 0.5
23 mill. The district's millage is limited as provided in s.
24 200.001(8)(d) for dependent special districts.

25 Section 2. This act shall take effect July 1, 2015.

26
27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 Delete everything before the enacting clause
30 and insert:

31 A bill to be entitled

32 An act relating to downtown development districts;
33 creating s. 189.056, F.S.; providing legislative
34 intent; authorizing the governing body of a
35 municipality with a certain population and located
36 within a certain county to levy an ad valorem tax on
37 all real and personal property in a downtown
38 development district to finance the operation of the
39 district; limiting the tax to a specified percentage;



273320

40
41

providing for limitation of the district's millage;
providing an effective date.



164522

LEGISLATIVE ACTION

Senate

.
. .
. .
. .
. .

House

The Committee on Finance and Tax (Margolis) recommended the following:

Senate Amendment to Amendment (273320)

Delete line 15

and insert:

(2) On or after July 1, 2015, the governing body of a municipality with a population



497904

LEGISLATIVE ACTION

Senate

.
. .
. .
. .
. .

House

The Committee on Finance and Tax (Margolis) recommended the following:

1 **Senate Amendment to Amendment (273320) (with title**
2 **amendment)**

3
4 Between lines 24 and 25
5 insert:

6 Section 2. The Office of Economic and Demographic Research
7 shall develop and submit a report on the effectiveness of
8 downtown development authorities in this state to the Senate
9 Committee on Finance and Tax on or before December 31, 2015.

10



497904

11 ===== T I T L E A M E N D M E N T =====

12 And the title is amended as follows:

13 Between lines 40 and 41

14 insert:

15 requiring the Office of Economic and Demographic
16 Research to develop and submit a report on the
17 effectiveness of downtown development authorities in
18 this state to the Senate Committee on Finance and Tax
19 by a certain date;

By Senator Diaz de la Portilla

40-00333-15

2015278__

A bill to be entitled

An act relating to downtown development districts; amending s. 166.0497, F.S.; authorizing the governing body of a municipality that has created a downtown development district to levy an ad valorem tax on all real and personal property in the district to finance the district's operation; limiting the tax to a specified percentage; providing for limitation of the district's millage; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 166.0497, Florida Statutes, is amended to read:

166.0497 Alteration, amendment, or expansion of established downtown development district; procedures; authorization to levy ad valorem tax.—

(1) Whenever the governing body of a municipality that has created a downtown development district pursuant to chapter 65-1090, Laws of Florida, determines that it is necessary to alter, amend, or expand the boundaries of the established district by the inclusion of additional territory or the exclusion of lands from the limits of the established district, in order to revitalize and preserve property values or to prevent deterioration in the original district or its surrounding areas, it shall, by resolution, declare its intention to do so.

(2) In the resolution of intent, the governing body shall set a date for a public hearing on adoption of an ordinance altering, amending, or expanding the district and describing the

Page 1 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

40-00333-15

2015278__

new proposed district. Upon the adoption of the resolution, the governing body shall cause a notice of the public hearing to be published in a newspaper of general circulation published in the municipality, which notice shall be published one time not less than 30 nor more than 60 days prior to the date of the hearing. The notice shall set forth the date, time, and place of the hearing and shall describe the new proposed boundaries of the district. Any citizen, taxpayer, or property owner shall have the right to be heard in opposition to the proposed amendment or expansion of the district. After the public hearing, if the governing body intends to proceed with the amendment or expansion of the district, it shall, in the manner authorized by law, adopt an ordinance defining the new district. The governing body shall not incorporate land into the district not included in the description contained in the resolution and the notice of public hearing, but it may eliminate any lands from that description when it adopts the ordinance containing the final determination of the boundaries.

(3) The governing body may levy an ad valorem tax on all real and personal property in the district of up to 0.5 mill on the taxable value of the property for the purpose of financing the operation of the district. The district's millage is limited as provided under s. 200.001(8)(d).

Section 2. This act shall take effect July 1, 2015.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/23/15
Meeting Date

278
Bill Number (if applicable)

Topic TOWN DEVELOPMENT AUTHORITIES

Amendment Barcode (if applicable)

Name JOE RUIZ

Job Title LEGAL CONSULTANT

Address 440 SW 2ND AVE, SUITE 945
Street

Phone 305 410-1811

MIAMI FL 33130
City State Zip

Email JRUIZ@MIAMI.GOV.COM

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing CITY OF MIAMI

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015
Meeting Date

Topic _____

Bill Number 278
(if applicable)

Name BRIAN PITTS

Amendment Barcode _____
(if applicable)

Job Title TRUSTEE

Address 1119 NEWTON AVENUE SOUTH
Street

Phone 727-897-9291

SAINT PETERSBURG FLORIDA 33705
City State Zip

E-mail JUSTICE2JESUS@YAHOO.COM

Speaking: For Against Information

Representing JUSTICE-2-JESUS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015 Meeting Date

SB 278 Bill Number (if applicable)

Topic Downtown Development District

Amendment Barcode (if applicable)

Name Melissa Fause

Job Title Policy Analyst

Address 200 W. College Ave Ste 113 Tallahassee FL 32301

Phone 850-408-1218

Email mfause@alpha.org

Speaking: For Against Information

Waive Speaking: In Support Against (The Chair will read this information into the record.)

Representing Americans for Prosperity

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

SB 278 Bill Number (if applicable)

Topic MIAMI DOWNTOWN DEVELOPMENT DISTRICT Amendment Barcode (if applicable)

Name JAVIER BETANCOURT

Job Title DEPUTY DIRECTOR, MIAMI DDA

Address 200 S. BISCAYNE BLVD. - SUITE 2929 MIAMI FL 33131

Phone 305-579-6675

Email betancourt@miamidda.com

Speaking: For Against Information

Waive Speaking: In Support Against (The Chair will read this information into the record.)

Representing MIAMI DDA

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

Meeting Date

SB 278

Bill Number (if applicable)

Topic Downtown Development Districts 1

Amendment Barcode (if applicable)

Name Michael Cantens

Job Title

Address 21748 SR 54

Phone 213-527-0172

Street

Lutz

FL

33549

City

State

Zip

Email mcantens@corcoranfor.com

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing City of Miami

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: CS/CS/SB 384

INTRODUCER: Finance and Tax Committee; Commerce and Tourism Committee; and Senator Garcia

SUBJECT: Small Business Saturday Sales Tax Holiday

DATE: March 24, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Harmsen</u>	<u>McKay</u>	<u>CM</u>	Fav/CS
2.	<u>Gross</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 384 establishes a one-day sales tax holiday on Saturday, November 28, 2015. During the holiday, and at the option of the dealer, sales of taxable tangible personal property (TPP) not to exceed \$500 per purchaser per small business are exempt from the state sales tax and county discretionary sales surtaxes.

The bill defines a small business as a dealer¹ that has registered with the Department of Revenue (DOR), began operation in this state on or before March 3, 2015, and owed and remitted less than \$200,000 in tax in the period beginning October 1, 2014, and ending September 30, 2015, or less than \$200,000 if it began operation after October 1, 2014.

The Revenue Estimating Conference has not yet reviewed this bill.

The bill provides DOR a nonrecurring General Revenue appropriation of \$200,000 in Fiscal Year 2015-2016 to administer the provisions of the act.

The bill takes effect July 1, 2015.

¹ Section 212.06, F.S., defines the term dealer to mean “every person, as used in this chapter, who imports, or causes to be imported, tangible personal property from any state or foreign country for sale at retail; for use, consumption, or distribution; or for storage to be used or consumed in this state.”

II. Present Situation:

Florida levies a six percent sales and use tax on the sale or rental of most tangible personal property, admissions², transient rentals³, rental of commercial real estate⁴, and a limited number of services. Chapter 212, F.S., contains statutory provisions authorizing the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or uses under specified circumstances. There are currently more than 200 exemptions, exclusions, deductions, and credits from the sales and use tax.⁵ Sales tax is added to the price of the taxable goods or service and collected from the purchaser at the time of sale.

In addition to the state tax, s. 212.055, F.S., authorizes counties to impose eight local discretionary sales surtaxes. The surtax applies to all transactions occurring in the county subject to the state tax imposed on sales, use, services, rental, admissions, and other transactions by ch. 212, F.S., and on communications services as defined in ch. 202, F.S.⁶ The discretionary sales surtax is based on the tax rate imposed by the county in the county where the taxable goods or services are sold, or delivered into.

In 2014, the Florida Legislature approved three sales tax holidays:

- Energy Star and WaterSense Holiday, during which the first \$1,500 of a qualifying Energy Star and WaterSense appliance purchase was exempted from sales and use tax.⁷
- Back to School Sales Tax Holiday, during which the first \$750 of personal computers and related-accessories, \$100 or less on clothing, and \$15 or less on school supplies was exempted from sales and use tax.⁸
- Hurricane Preparedness Sales Tax Holiday, during which specific hurricane-related supplies were exempt from sales and use tax.⁹

III. Effect of Proposed Changes:

The bill establishes a one-day sales tax holiday, on Saturday, November 28, 2015, to coincide with "Small Business Saturday."¹⁰ During the tax holiday, and at the option of the small business, the total sales price of taxable TPP not to exceed \$500 per purchaser per small business is exempt from the state sales tax and county discretionary sales surtaxes.

² Section 212.04, F.S.

³ Section 212.03, F.S.

⁴ Florida Dep't of Revenue, *Who must pay tax? Partial list of taxable business activities*, available at http://dor.myflorida.com/dor/taxes/sales_tax.html (last visited Feb. 19, 2015).

⁵ See Office of Economic and Demographic Research, The Florida Legislature, *Florida Tax Handbook*, 164-167 (2015).

⁶ The tax rates, duration of the surtax, method of imposition, and proceed uses are individually specified in s. 212.055, F.S. General limitations, administration, and collection procedures are set forth in s. 212.054, F.S.

⁷ Florida Department of Revenue, "2014 Sales Tax Holiday for New Energy Star and WaterSense Products" (Sept. 19, 2014), available at http://dor.myflorida.com/dor/tips/pdf/tip14a01-06_TIP.pdf (last visited Feb. 17, 2015).

⁸ Florida Department of Revenue, "2014 Back-to-School Sales Tax Holiday" (July 1, 2014), available at <http://dor.myflorida.com/dor/tips/pdf/tip14a01-04.pdf> (last visited Feb. 17, 2015).

⁹ Florida Department of Revenue, "2014 Hurricane Preparedness Sales Tax Holiday" (May 23, 2014), available at <http://dor.myflorida.com/dor/tips/tip14a01-03.pdf> (last visited Feb. 17, 2015).

¹⁰ In 2010, American Express instituted a Small Business Saturday incentive for their cardholders who shopped at small, independent business on the Saturday after "Black Friday." American Express, "Small Business Saturday" available at <https://www.americanexpress.com/us/content/small-business/shop-small/about/?linknav=us-open-shops-small-homepage-about> (last visited Feb. 17, 2015).

The bill defines “small business” as one that:

- Has registered with the DOR;
- Began operation in Florida on or before March 3, 2015; and
- Owed and remitted less than \$200,000 in tax under ch. 212, F.S., to the department during either:
 - The period beginning on October 1, 2014, and ending on September 30, 2015, or
 - The period beginning on the date the business began operating in Florida and ending on September 30, 2015, if the business began operating in Florida after October 1, 2014.

Additionally, the bill requires that businesses with multiple locations and eligible to file a consolidated return have owed and remitted less than \$200,000 for all of the business’ locations in order to be considered a small business.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Subsection (b) of s. 18, Art VII, Florida Constitution, provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact.

The bill provides a sales tax exemption that will reduce the municipalities’ and counties’ local option sales tax collections, thereby reducing their revenue-raising authority. If the fiscal impact of this provision is found to be significant, the bill may require a two-thirds vote of the membership.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet reviewed this bill.

B. Private Sector Impact:

The sales tax holiday may promote retail sales at businesses that qualify under the bill.

C. Government Sector Impact:

The bill provides DOR a nonrecurring General Revenue appropriation of \$200,000 in Fiscal Year 2015-2016 to administer the provisions of the act. The department estimates its costs of administration will be \$211,775.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates an unnumbered section of Florida law.

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Finance and Tax on March 23, 2015:

The committee substitute for committee substitute:

- Provides that the exemption from collecting sales tax is optional to the small business and is limited to a total sales price not to exceed \$500 of taxable TPP per purchaser per small business.

CS by Commerce and Tourism on February 16, 2015:

The committee substitute:

- Redefines eligible small businesses as those that register with the Department of Revenue; begin operation in Florida on or before March 3, 2014; and owe and remit to the Department of Revenue under ch. 212, F.S., less than \$200,000 in tax;
- Clarifies that a small business with multiple locations must owe and remit less than \$200,000 in sales tax for all business locations to be eligible to participate in the tax holiday;
- Specifies that the \$200,000 in taxes must have been owed and remitted by the business during either the prior year beginning on October 1, 2014, and ending on September 30, 2015, or beginning on the date a business starts operation in Florida (if this date falls after October 1, 2014) and ending on September 30, 2015; and
- Caps the value of items subject to the tax holiday at \$1,000.

B. Amendments:

None.



243860

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/24/2015	.	
	.	
	.	
	.	

The Committee on Finance and Tax (Simpson) recommended the following:

Senate Amendment (with title amendment)

Delete lines 36 - 42

and insert:

(2) The tax levied under chapter 212, Florida Statutes, at the option of the dealer, may not be collected during the period from 12:00 a.m. on November 28, 2015, through 11:59 p.m. on November 28, 2015, on the sale at retail, as defined in s. 212.02 (14), Florida Statutes, by a small business of tangible



243860

10 personal property, as defined in s. 212.02(19), Florida
11 Statutes, if the total sales price of the property per purchaser
12 per small business does not exceed \$500 in taxable property.
13

14 ===== T I T L E A M E N D M E N T =====

15 And the title is amended as follows:

16 Delete lines 6 - 8

17 and insert:

18 certain tangible personal property by a small business
19 during a specified period under certain circumstances;
20 authorizing the Department of Revenue to adopt

By the Committee on Commerce and Tourism; and Senator Garcia

577-01632-15

2015384c1

1 A bill to be entitled
 2 An act relating to the Small Business Saturday sales
 3 tax holiday; providing a definition for the term
 4 "small business"; providing that the tax levied under
 5 ch. 212, F.S., may not be collected on the sale of
 6 certain items or articles of tangible personal
 7 property by a small business during a specified
 8 period; authorizing the Department of Revenue to adopt
 9 emergency rules; providing an appropriation; providing
 10 an effective date.
 11
 12 Be It Enacted by the Legislature of the State of Florida:
 13
 14 Section 1. Small Business Saturday sales tax holiday.-
 15 (1) (a) As used in this section, the term "small business"
 16 means a "dealer," as defined in s. 212.06, Florida Statutes,
 17 which:
 18 1. Has registered with the Department of Revenue;
 19 2. Began operation in this state on or before March 3,
 20 2015; and
 21 3. Owed and remitted to the department less than \$200,000
 22 in tax under chapter 212, Florida Statutes, for the period
 23 beginning on:
 24 a. October 1, 2014, and ending on September 30, 2015, if
 25 the dealer was operating in this state during that entire
 26 period; or
 27 b. The date that the dealer began operation in this state,
 28 if that date occurred after October 1, 2014, and ending on
 29 September 30, 2015.

Page 1 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

577-01632-15

2015384c1

30 (b) If the dealer is eligible to have filed a consolidated
 31 return under s. 212.11(1)(e), Florida Statutes, the dealer must
 32 have owed and remitted less than \$200,000 to the department in
 33 tax under chapter 212, Florida Statutes, for all of the dealer's
 34 places of business for the period applicable to the dealer under
 35 subparagraph (a)3.
 36 (2) The tax levied under chapter 212, Florida Statutes, may
 37 not be collected during the period from 12:00 a.m. on November
 38 28, 2015, through 11:59 p.m. on November 28, 2015, on the sale
 39 at retail, as defined in s. 212.02 (14), Florida Statutes, by a
 40 small business of any item or article of tangible personal
 41 property, as defined in s. 212.02(19), Florida Statutes, which
 42 has a sales price of \$1,000 or less per item or article.
 43 (3) The Department of Revenue may, and all conditions are
 44 deemed to be met to, adopt emergency rules pursuant to ss.
 45 120.536(1) and 120.54, Florida Statutes, to administer this
 46 section.
 47 Section 2. For the 2015-2016 fiscal year, the sum of
 48 \$200,000 of nonrecurring funds is appropriated from the General
 49 Revenue Fund to the Department of Revenue for the purpose of
 50 administering this act.
 51 Section 3. This act shall take effect July 1, 2015.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

The Florida Senate
State Senator René García
38th District

Please reply to:

District Office:

1490 West 68 Street
Suite # 201
Hialeah, FL. 33014
Phone# (305) 364-3100

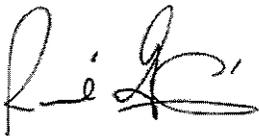
February 17, 2015

The Honorable Dorothy Hukill
Chair, Finance and Tax Committee
207 The Capitol
404 S. Monroe Street
Tallahassee, FL 32399-1100

Dear Chairman Hukill:

This letter should serve as a request to have my bill SB 384: Small Business Saturday Sales Tax Holiday heard at the next possible committee meeting. If there is any other information needed please do not hesitate to contact me. Thank you.

Sincerely,



State Senator René García
District 38
RG:JT

CC: Jose Diez-Arguelles, Staff Director

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15 Meeting Date

SB 384

Bill Number (if applicable)

243860

Amendment Barcode (if applicable)

Topic Small Business Sales Tax Holiday

Name Tim Nungesser

Job Title Legislative Director

Address 110 E. Jefferson St. Street

Phone 850-445-5367

Tallahassee FL 32301 City State Zip

Email timnungesser@fib.org

Speaking: [X] For [] Against [] Information

Waive Speaking: [] In Support [] Against (The Chair will read this information into the record.)

Representing National Federation of Independent Business

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [X] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015 Meeting Date

Topic

Bill Number 384 (if applicable)

Name BRIAN PITTS

Amendment Barcode (if applicable)

Job Title TRUSTEE

Address 1119 NEWTON AVNUE SOUTH Street

Phone 727-897-9291

SAINT PETERSBURG FLORIDA 33705 City State Zip

E-mail JUSTICE2JESUS@YAHOO.COM

Speaking: [] For [] Against [X] Information

Representing JUSTICE-2-JESUS

Appearing at request of Chair: [] Yes [X] No

Lobbyist registered with Legislature: [] Yes [X] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15

Meeting Date

SB 384

Bill Number (if applicable)

Topic Small Business Sales Tax Holiday

Amendment Barcode (if applicable)

Name Tim Nungesser

Job Title Legislative Director

Address 110 E. Jefferson St.

Phone 850-445-5367

Tallahassee FL 32301
City State Zip

Email tim.nungesser@nfb.org

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing National Federation of Independent Business

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: CS/SB 686

INTRODUCER: Finance and Tax Committee and Senator Lee

SUBJECT: Military Housing Ad Valorem Tax Exemptions

DATE: March 24, 2015 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Ryon</u>	<u>Ryon</u>	<u>MS</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 686 provides that property of the United States that is currently exempt from taxation includes leasehold interests of – and improvements affixed to – land if the leasehold interest and improvements are used pursuant to the Military Housing Privatization Initiative of 1996. The bill exempts the actual housing units and directly-related facilities, such as housing maintenance facilities, housing management offices, parks and recreational facilities. The bill provides that it does not apply to public lodging establishments and does not affect existing agreements for municipalities or counties to provide municipal services.

The Revenue Estimating Conference has determined that the bill has an indeterminate, or zero fiscal impact on local government revenues.

The bill is effective July 1, 2015, and applies retroactively to January 1, 2007.

II. Present Situation:

Military Housing Privatization Initiative

The Military Housing Privatization Initiative (MHPI) was enacted as part of the National Defense Authorization Act for fiscal year 1996 in an effort to address the poor condition of Department of Defense (DoD) owned housing and the shortage of affordable private sector

housing for military families.¹ At the beginning of the program, the DoD owned approximately 257,000 family housing units worldwide both on and off-base with over 50 percent of the units deemed in need of renovation or replacement.² Under the MHPI program, the DoD works with the private sector to revitalize military family housing by employing a variety of financial tools including: direct loans, loan guarantees, equity investments, and conveyance or leasing of property or facilities.³

In standard MHPI projects, a branch of the United States Armed Forces enters into a long term (fifty years) ground lease of the land under the housing areas with a private developer. Title to the housing units is conveyed to the developer by quitclaim deed. Within a time schedule set by contract, the developer rehabilitates or constructs a target level of housing units and is responsible for the leasing, management and maintenance of the units. At the end of the long-term lease, the federal government may negotiate an extension of the lease or elect to acquire the improvements from the developer or its successor at no charge.

There are currently MHPI developments at the following military installations in Florida:

- Tyndall Air Force Base.
- MacDill Air Force Base.
- Patrick Air Force Base.
- Eglin Air Force Base.
- Hurlburt Field.
- Naval Air Station Jacksonville.
- Naval Air Station Key West.
- Naval Air Station Pensacola.
- Naval Air Station Whiting Field.
- Naval Station Mayport.
- Naval Support Activity Panama City.⁴

Property Valuation in Florida

Section 4, Article VII of the Florida Constitution, requires that all property be assessed at just value for ad valorem tax purposes. Sections 3, 4, and 6, Article VII of the Florida Constitution, provide for specified assessment limitations, property classifications and exemptions. After the property appraiser has considered any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵ Such exemptions include, but are not limited to: homestead exemptions and exemptions for property used for educational, religious, or charitable purposes.⁶

¹ National Defense Authorization Act for Fiscal Year 1996, Pub. Law No. 104-106, §§ 2801-2841 104th Cong. (Feb. 10, 1996).

² The Office of the Deputy Under Secretary of Defense Installations and Environment, *Military Housing Privatization*, available at <http://www.acq.osd.mil/housing/overview.htm> (last visited Mar. 18, 2015).

³ *Id.*

⁴ The Office of the Deputy Under Secretary of Defense Installations and Environment, *Military Housing Privatization*, available at http://www.acq.osd.mil/housing/state_fl.htm (last visited Mar. 18, 2015).

⁵ See s. 196.031, F.S.

⁶ FLA. CONST. art. VII, ss. 3 and 6.

Government Property Exemption in Florida

Florida law generally exempts government property from ad valorem taxation.⁷ Subject to certain conditions, property of the United States, property of Florida and property of political subdivisions and municipalities of the state are exempt from ad valorem taxation.

Taxation of Federal Property

Generally, property owned by the federal government is immune from state and local taxation.⁸ The federal government's immunity from taxation extends to its agents and its instrumentalities.⁹ Congress has the exclusive authority to determine whether and to what extent its instrumentalities are immune from state and local taxes.¹⁰

Congress has waived the federal immunity from ad valorem taxation for certain federal property that is leased to private parties.¹¹ However, this waiver of immunity is expressly made inapplicable to MHPI property.¹²

Current Litigation

Until recently, all of the MHPI projects in Florida were treated as immune from ad valorem taxes. Beginning in 2012, some property appraisers began treating the property as taxable under the theory that the property was no longer owned by the federal government. Current litigation involves the projects at Naval Air Station Key West, Naval Air Station Pensacola, Naval Air Station Whiting Field, Eglin Air Force Base and Hurlburt Field.

A trial court and an appellate court have ruled on the case involving Naval Air Station Key West. Both decisions conclude that the MHPI property is immune because the federal government is still the equitable owner of the property.¹³ Additionally, the trial court determined that such improvements are exempt even if the property is not immune because the use and ownership of the improvements remain consistent with the property tax exemptions provided in s. 196.199, F.S.¹⁴

Similar lawsuits have recently been filed in three other counties in Florida. In 2013, the Escambia County property appraiser denied the ad valorem tax exemption for the MHPI project at Naval Air Station Pensacola that had been in effect from 2008 through 2012. The MHPI developer filed a lawsuit in July 2014 contesting Escambia County property appraiser's removal and denial of the exemption.¹⁵

⁷ See s. 196.199, F.S.

⁸ *McCullough v. Maryland*, 17 U.S. (4 Wheat.) 316 (1819).

⁹ *Kern-Limerick, Inc. v. Scurlock*, 347 U.S. 110 (1954).

¹⁰ *Maricopa County v. Valley Bank*, 318 U.S. 357 (1943).

¹¹ Title 10 U.S.C. s. 2667.

¹² Title 10 U.S.C. s. 2878(e)(1).

¹³ *Southeast Housing LLC v. Borglum*, No. 2012-CA-000831-K, (Fla. 16th Cir. Ct., March 2014); *Russell v. Southeast Housing, LLC*, No. 3D14-746 (Fla. 3rd DCA 2015). The 3rd DCA decision is not final pending disposition of timely filed motion for rehearing.

¹⁴ *Southeast Housing LLC v. Borglum*, No. 2012-CA-000831-K, (Fla. 16th Cir. Ct., March 2014).

¹⁵ See *Southeast Housing LLC v. Jones*, No. 2014-CA-000293 (Fla. 1st Cir. Ct., July 2014).

In December 2014, the developer of the MHPI project at Naval Air Station Whiting Field filed a lawsuit contesting the Santa Rosa County property appraiser's removal and denial of ad valorem exemption. The lawsuit follows the property appraiser's termination of a Payment in Lieu of Taxes agreement that was agreed upon in 2009 by the property appraiser and the developer.¹⁶

Also in December 2014, the developer of the MHPI project at Eglin Air Force Base and Hurlburt Field filed a lawsuit contesting the Okaloosa County property appraiser's denial of the developer's initial application for ad valorem exemption in June 2014.¹⁷

Agreements for Municipal Services

Counties and municipalities are authorized to provide services within their boundaries.¹⁸ Counties and municipalities often enter into agreements to provide municipal services to property owned by the United States.¹⁹

III. Effect of Proposed Changes:

The bill amends s. 196.199, F.S., to provide that property of the United States that is exempt from taxation includes any leasehold interest of and improvements affixed to land owned by the United States, any branch of the United States Armed Forces, or any agency or quasi-governmental agency of the United States if the leasehold interest and improvements are used pursuant to the Military Housing Privatization Initiative of 1996.

The term "improvements" includes actual housing units and any facilities that are directly related to such housing units, including any housing maintenance facilities, housing rental and management offices, parks and community centers, and recreational facilities. Any leasehold interest or improvement is to be construed as owned by the United States, regardless of whether title is held by the United States, and the ad valorem exemption requires neither an exemption application, nor approval from the property appraiser.

The bill does not apply to transient public lodging establishments and does not affect existing agreements for municipalities and counties to provide municipal services.

The bill provides an effective date of July 1, 2015, and applies retroactively to January 1, 2007.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The bill may reduce the ability of counties and municipalities to raise revenues in the aggregate. If the property in Florida used pursuant to the MHPI is immune, the Revenue Estimating Conference (REC) has determined that the bill has a zero impact. If the property is not immune, the REC has determined that the bill has an indeterminate

¹⁶ See *Southeast Housing, LLC, v. Brown*, No. 2014-CA-1174 (Fla. 1st Cir. Ct., December 2014).

¹⁷ See *Corvias Air Force Living, LLC, v. Smith*, No. 2014-CA-004502F (Fla. 1st Cir. Ct. December 2014).

¹⁸ FLA. CONST. art VIII, s. 2(b) and s. 125.01, F.S.

¹⁹ See FLA. CONST. art. VIII, s. 4 and s. 125.0101, F.S.

negative impact, and thus, the bill may implicate the mandates provisions of Art. VII, Section 18, of the Florida Constitution if the negative indeterminate impact is significant.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The REC has determined that this bill will have a zero or negative indeterminate fiscal impact.²⁰

B. Private Sector Impact:

The bill will ensure that the property of private entities operating pursuant to the MHPI will continue to be exempt from ad valorem taxes.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 196.199 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Finance and Tax on March 23, 2015:

The CS provides that the bill does not affect existing agreements for municipalities or counties to provide municipal services.

²⁰ Revenue Estimating Conference, *Military Housing Ad Valorem Tax HB361* (Feb. 04, 2015) available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2015/_pdf/page110-112.pdf.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



294286

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/24/2015	.	
	.	
	.	
	.	

The Committee on Finance and Tax (Altman) recommended the following:

Senate Amendment (with title amendment)

Delete line 52
and insert:
transient public lodging establishment as defined in s. 509.013
and does not affect any existing agreements to provide municipal
services by municipalities or counties.

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:



294286

11 Delete line 15
12 and insert:
13 providing that existing agreements to provide
14 municipal services by municipalities or counties are
15 not affected; providing retroactive applicability;
16 providing an

By Senator Lee

24-00716-15

2015686__

A bill to be entitled

An act relating to military housing ad valorem tax exemptions; amending s. 196.199, F.S.; providing that certain leasehold interests and improvements to land owned by the United States, a branch of the United States Armed Forces, or any agency or quasi-governmental agency of the United States are exempt from ad valorem taxation under specified circumstances; providing that such leasehold interests and improvements are entitled to an exemption from ad valorem taxation without an application being filed for the exemption or the property appraiser approving the exemption; providing nonapplicability of provisions to transient public lodging establishments; providing retroactive applicability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (a) of subsection (1) of section 196.199, Florida Statutes, is amended, to read:

196.199 Government property exemption.—

(1) Property owned and used by the following governmental units shall be exempt from taxation under the following conditions:

(a) 1. All property of the United States ~~is shall be~~ exempt from ad valorem taxation, except such property as is subject to tax by this state or any political subdivision thereof or any municipality under any law of the United States.

Page 1 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

24-00716-15

2015686__

2. Notwithstanding any other provision of law, for purposes of the exemption from ad valorem taxation provided in subparagraph 1., property of the United States includes any leasehold interest of and improvements affixed to land owned by the United States, any branch of the United States Armed Forces, or any agency or quasi-governmental agency of the United States if the leasehold interest and improvements are acquired or constructed and used pursuant to the federal Military Housing Privatization Initiative of 1996, 10 U.S.C. ss. 2871 et seq. As used in this subparagraph, the term "improvements" includes actual housing units and any facilities that are directly related to such housing units, including any housing maintenance facilities, housing rental and management offices, parks and community centers, and recreational facilities. Any leasehold interest and improvements described in this subparagraph, regardless of whether title is held by the United States, shall be construed as being owned by the United States, the applicable branch of the United States Armed Forces, or the applicable agency or quasi-governmental agency of the United States and are exempt from ad valorem taxation without the necessity of an application for exemption being filed or approved by the property appraiser. This subparagraph does not apply to a transient public lodging establishment as defined in s. 509.013.

Section 2. This act applies retroactively to January 1, 2007.

Section 3. This act shall take effect July 1, 2015.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Appropriations, *Chair*
Appropriations Subcommittee on General
Government
Banking and Insurance
Rules

JOINT COMMITTEE:
Joint Legislative Budget Commission,
Alternating Chair

SENATOR TOM LEE
24th District

March 4, 2015

The Honorable Dorothy L. Hukill
Senate Committee on Finance and Tax, Chair
305 Senate Office Building
404 South Monroe St.
Tallahassee, FL 32399

Dear Chair Hukill,

I respectfully request that SB 686 related to *Military Housing Ad Valorem Tax Exemptions*, be placed on the Senate Committee on Finance and Tax agenda at your earliest convenience.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Tom Lee".

Tom Lee
Senator, District 24

Cc: Jose Diez-Arguelles, Staff Director

REPLY TO:

- 915 Oakfield Drive, Suite D, Brandon, Florida 33511 (813) 653-7061
- 418 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5024

Senate's Website: www.flsenate.gov

ANDY GARDINER
President of the Senate

GARRETT RICHTER
President Pro Tempore

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/2015

Meeting Date

Topic _____

Bill Number 686
(if applicable)

Name BRIAN PITTS

Amendment Barcode _____
(if applicable)

Job-Title TRUSTEE

Address 1119 NEWTON AVNUE SOUTH
Street

Phone 727-897-9291

SAINT PETERSBURG FLORIDA 33705
City State Zip

E-mail JUSTICE2JESUS@YAHOO.COM

Speaking: For Against Information

Representing JUSTICE-2-JESUS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

Taxation of Other Tobacco Products

Total Collections (FY 2015-16 estimate)	\$100.5 million
Distributions:	
Health Care Trust Fund	\$65.2 million
General Revenue (including service charge)	\$35.3 million
Tax Rates	
Tobacco Products Tax	25% of wholesale sales price
Surcharge	60% of wholesale sales price

Legal Challenges

The Department of Business and Professional Regulation is defending the OTP tax statute against several cases that challenge the state’s interpretation of two statutory definitions that determine the tax base. The outcome of these challenges could significantly erode the revenue source and force the state to refund taxes already collected.

Wholesale Sales Price Issue:

“Wholesale sales price means the established price for which a manufacturer sells a tobacco product to a distributor, exclusive of any diminution by volume or other discounts.” (Section 210.25(13), F.S.)

A **distributor** is a person engaged in the business of selling tobacco products in Florida who brings tobacco products into the state, or manufactures products in Florida, for sale in this state.

Florida first taxed tobacco products other than cigarettes in 1985. The language in the taxing statutes reflects the way the tobacco industry was organized at that time, namely:

- There were 3 links in the chain of commerce
 - Products were made by manufacturers and sold to
 - Distributors, who resold products to
 - Retailers, who sold products to final consumers.
- The tax was levied on **distributors** at the “wholesale sales price”, which was the price for which a manufacturer sold a product to a distributor. This price included federal excise taxes and transportation and delivery costs.

- Under industry practices at the time, the “wholesale sales price” captured all of the costs incurred by a distributor in obtaining tobacco products.
- Since 1985 the tobacco products industry has become more diverse, with many variations and additional steps in how the products make their way from manufacturers to final consumers.
- In 2012, Micjo, Inc., a Florida-licensed distributor of tobacco products, challenged DBPR’s interpretation of “wholesale sales price.” Micjo purchased hookah tobacco from non-Florida importers who purchased the product from overseas manufacturers. These importers paid the federal excise taxes on the products as well as delivery costs, and provided invoices to Micjo that itemized these costs.
- Micjo paid Florida taxes on the price the importers paid the manufacturers for tobacco but not on the total invoice amount, because federal excise taxes and delivery costs were paid by the importer, not by the manufacturer.
- The Second DCA agreed with Micjo’s position that the federal excise tax and delivery charges **paid by the importer** were not part of the wholesale sales price.
- It is DBPR’s position that the Micjo decision applies only to distributors of imported tobacco products, but other tobacco products distributors have challenged DBPR over tax assessments or refund requests related to what is included in the “wholesale sales price” of tobacco products, based on the Micjo decision.
- DBPR has also seen a change in the way tobacco product manufacturers prepare invoices, itemizing elements such as federal excise taxes and transportation costs that used to be included in the price of the product.
- These challenges, which seek to expand the Micjo ruling to domestic-source products, include requests for refunds of taxes paid on these separately-stated charges and could exceed \$200 million, in addition to recurring \$50 million annual reductions in excise tax revenue.
- The Micjo ruling itself, although relatively small in its revenue impact, creates an unequal playing field between tobacco products manufactured outside the United States and those produced domestically, since domestic manufacturers must pay federal excise taxes while these taxes must be paid by the importers of foreign-made products.

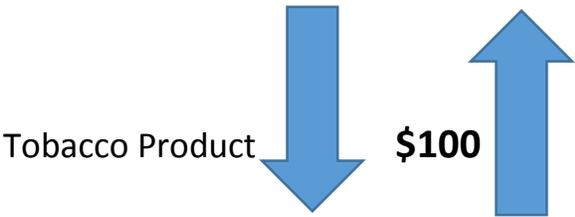
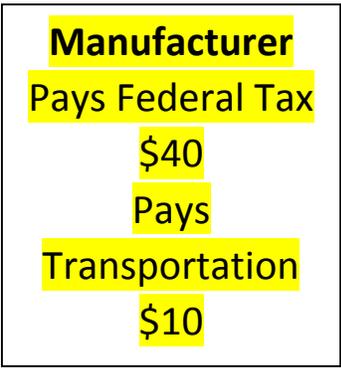
Tobacco Wraps Issue:

“Tobacco products” means loose tobacco suitable for smoking; snuff; snuff flour; cavendish; plug and twist tobacco; fine cuts and other chewing tobacco; shorts; refuse scraps; clippings, cuttings, and sweepings of tobacco, and other kinds and forms of tobacco prepared in such manner as to be suitable for chewing; but tobacco products does not include cigarettes, as defined by s. 210.01, (1), F.S., or cigars. (Section 210.25(11), F.S.)

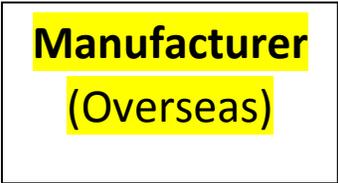
- Since this list was created in 1985 other tobacco-containing products have come on the market.
- Two distributors and manufacturers of “homogenized cigar wrappers” have challenged the taxability of their product.
- These products, commonly referred to as “blunt wraps,” are used to wrap tobacco and other products for smoking.
- They are made from tobacco sweepings, cellulose, and glue or are punched out of whole tobacco leaves.
- An Administrative Law judge has issued a Recommended Order finding that “blunt wraps” are not taxable. The potential revenue impact of a final decision favoring the manufacturers is a loss of \$3 million recurring and \$9 million in refunds.

Taxation of Tobacco Products

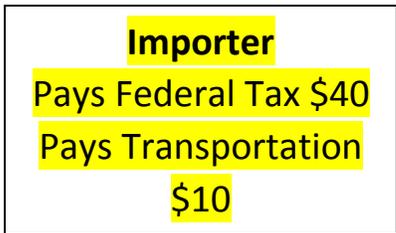
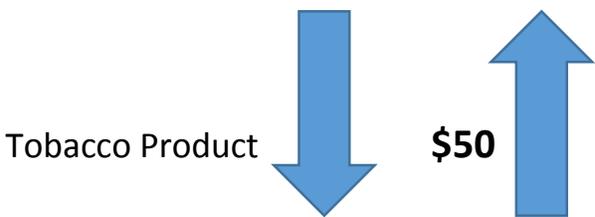
Domestic Tobacco Products



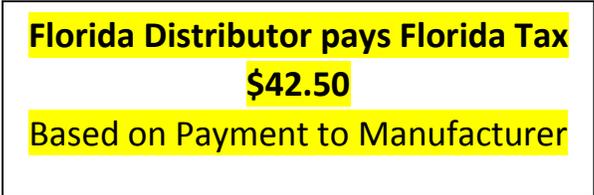
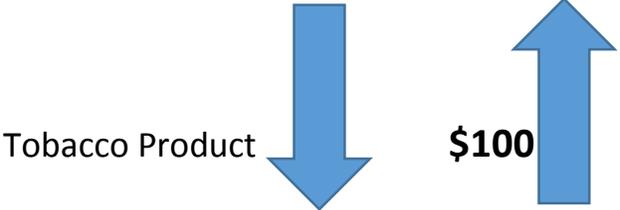
Imported Tobacco Products



U.S. Border



Florida Border



APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/23/15
Meeting Date

Bill Number (if applicable)

Topic Tobacco Products Tax (Tab 6)

Amendment Barcode (if applicable)

Name Michael Martinez

Job Title Deputy General Counsel

Address _____
Street

Phone 717-1280

City

State

Zip

Email Michael.Martinez@myfloridachamber.com

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing DBPR

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

**Reader's guide to proposed changes for Replacement of EZ's
Florida Association of Counties and Florida League of Cities**

1. Replace term and definition of "Enterprise Zone" with "Distressed Area" to be defined as:

"Distressed Area" means an area inclusive of census block groups in which the 5 year average poverty levels and unemployment levels are greater than the state 5 year average for both respective categories as determined by the Office of Economic and Demographic Research.;

This action should be applied to all other existing State incentive programs that reference enterprise zones except those directly linked to the sun setting of the existing program in December.

Section 1: 212.097 ~~Urban High-Crime Area Job Tax Credit Program.~~—

1. Changes name to Urban Job Tax Credit Program
2. Excludes Retail and Golf Courses
3. Includes local targeted Businesses and QTI Targets as eligible businesses
4. Deletes all references to ranking of jurisdictions based on crime rates
5. Defines Urban as "Not Rural"
6. Defines the term "Capital Investment"
7. Defines the term "Project"
8. Requires that an eligible business must apply before they begin a project
9. Adds requirement of "But For" statement as a part of application process
10. Adds eligibility for businesses receiving tax credit to receive an additional refund of a certain percentage of sales tax paid on the purchase of electricity [**\$600,000 Annual Cap on available refunds**]
11. Defines available tax credits and refunds available based on level of capital investment. (See Chart)

Project Level	Capital Investment (\$)	Max. Allocation of New Jobs (#)	Tax Credit per Job (\$)	Maximum Potential Credit (\$)	% Refund of sales tax on purchases of electricity
1	0 to 50,000	5	3,000	15,000	5
2	50,001 to 250,000	10	3,000	30,000	10
3	250,001 to 500,000	20	3,000	60,000	20
4	500,001 to 750,000	30	3,000	90,000	30
5	750,001 to 1 Million	40	3,000	120,000	40
6	1 Million to 10 Million	50	3,000	150,000	50
7	10 Million +	100	3,000	300,000	50

12. Dictates that award of tax credits and refunds are for only 1 year

13. Dictates that awards cannot be used for relocation from another Florida community

14. Increases cap of tax credit program from \$5 million to \$7.5 million

Section 2: 212.098 Rural Job Tax Credit Program.—

1. Excludes Golf Courses (Retail already excluded)
2. Includes local targeted Businesses as eligible businesses (Already includes QTI Targets)
3. Deletes all references to ranking of jurisdictions
4. Defines the term “Capital Investment”
5. Defines the term “Project”
6. Requires that an eligible business must apply before they begin a project
7. Adds requirement of “But For” statement as a part of application process
8. Maintains existing eligibility for businesses receiving tax credit to receive an additional refund of a certain percentage of sales tax paid on the purchase of electricity [**\$600,000 Annual Cap on available refunds**]
9. Defines available tax credits and refunds available based on level of capital investment. (See Chart)

Project Level	Capital Investment (\$)	Max. Allocation of New Jobs (#)	Tax Credit per Job (\$)	Maximum Potential Credit (\$)	% Refund of sales tax on purchases of electricity
1	0 to 49,999	5	5,000	25,000	5
2	50,000 to 249,999	10	5,000	50,000	10
3	250,000 to 499,999	20	5,000	100,000	20
4	500,000 to 749,999	30	5,000	150,000	30
5	750,000 to 999,999	40	5,000	200,000	40
6	1 Million to 9,999,999	50	5,000	250,000	50
7	10 Million +	100	5,000	500,000	50

10. Dictates that award of tax credits and refunds are for only 1 year

11. Dictates that awards cannot be used for relocation from another Florida community

12. Increases cap of tax credit program from \$5 million to \$7.5 million

Section 3: Effective Date is July 1, 2015

1
2
3 **Section 1. Section 212.097, Florida Statutes is amended to**
4 **read:**

5 212.097 Urban ~~High-Crime Area~~ Job Tax Credit Program.—

6 (1) As used in this section, the term:

7 (a) "Eligible business" means any sole proprietorship,
8 firm, partnership, or corporation that is located in a qualified
9 county and is predominantly engaged in, or is headquarters for a
10 business predominantly engaged in, activities usually provided
11 for consideration by firms classified within the following
12 standard industrial classifications: SIC 01-SIC 09 (agriculture,
13 forestry, and fishing); SIC 20-SIC 39 (manufacturing); ~~SIC 52-~~
14 ~~SIC 57 and SIC 59 (retail);~~ SIC 422 (public warehousing and
15 storage); SIC 70 (hotels and other lodging places); SIC 7391
16 (research and development); SIC 781 (motion picture production
17 and allied services); ~~SIC 7992 (public golf courses);~~ and SIC
18 7996 (amusement parks). A call center or similar customer
19 service operation that services a multistate market or
20 international market is also an eligible business. An
21 established and documented group of local targeted industries
22 that are not explicitly excluded by this section are considered
23 eligible businesses. A targeted industry eligible for the
24 qualified target industry business tax refund under s. 288.106
25 is considered an eligible business. In addition, the Department
26 of Economic Opportunity may, as part of its final budget request
27 submitted pursuant to s. 216.023, recommend additions to or
28 deletions from the list of standard industrial classifications
29 used to determine an eligible business, and the Legislature may

30 implement such recommendations. Excluded from eligible receipts
31 are receipts from retail sales, except such receipts for ~~SIC 52-~~
32 ~~SIC 57 and SIC 59 (retail)~~ hotels and other lodging places
33 classified in SIC 70, ~~public golf courses in SIC 7992,~~ and
34 amusement parks in SIC 7996. For purposes of this paragraph,
35 the term "predominantly" means that more than 50 percent of the
36 business's gross receipts from all sources is generated by those
37 activities usually provided for consideration by firms in the
38 specified standard industrial classification. ~~The determination~~
39 ~~of whether the business is located in a qualified high-crime~~
40 ~~area and the tier ranking of that area must be based on the date~~
41 ~~of application for the credit under this section.~~ Commonly owned
42 and controlled entities are to be considered a single business
43 entity.

44 (b) "Qualified employee" means any employee of an eligible
45 business who performs duties in connection with the operations
46 of the business on a regular, full-time basis for an average of
47 at least 36 hours per week for at least 3 months within the
48 qualified high-crime area in which the eligible business is
49 located. An owner or partner of the eligible business is not a
50 qualified employee. The term also includes an employee leased
51 from an employee leasing company licensed under chapter 468., if
52 such employee has been continuously leased to the employer for
53 an average of at least 36 hours per week for more than 6 months.

54 (c) "New business" means any eligible business first
55 beginning operation on a site in a qualified ~~high-crime~~ area and
56 clearly separate from any other commercial or business operation
57 of the business entity within a qualified ~~high-crime~~ area. A
58 business entity that operated an eligible business within a

59 qualified ~~high-crime~~ area within the 48 months before the period
60 provided for application by subsection (2) is not considered a
61 new business.

62 (d) "Existing business" means any eligible business that
63 does not meet the criteria for a new business.

64 (e) "Qualified Area ~~high-crime area~~" means an area not
65 specified in s. 212.098(1)(c). ~~selected by the Department of~~
66 ~~Economic Opportunity in the following manner: every third year,~~
67 ~~the Department of Economic Opportunity shall rank and tier those~~
68 ~~areas nominated under subsection (7), according to the following~~
69 ~~prioritized criteria:~~

70 1. ~~Highest arrest rates within the geographic area for~~
71 ~~violent crime and for such other crimes as drug sale, drug~~
72 ~~possession, prostitution, vandalism, and civil disturbances;~~

73 2. ~~Highest reported crime volume and rate of specific~~
74 ~~property crimes such as business and residential burglary, motor~~
75 ~~vehicle theft, and vandalism;~~

76 3. ~~Highest percentage of reported index crimes that are~~
77 ~~violent in nature;~~

78 4. ~~Highest overall index crime volume for the area; and~~

79 5. ~~Highest overall index crime rate for the geographic~~
80 ~~area.~~

81 ~~Tier one areas are ranked 1 through 5 and represent the highest~~
82 ~~crime areas according to this ranking. Tier two areas are ranked~~
83 ~~6 through 10 according to this ranking. Tier three areas are~~
84 ~~ranked 11 through 15. Notwithstanding this definition,~~

85 ~~"qualified high-crime area" also means an area that has been~~
86 ~~designated as a federal Empowerment Zone pursuant to the~~

87 ~~Taxpayer Relief Act of 1997. Such a designated area is ranked in~~

88 ~~tier three until the areas are reevaluated by the Department of~~
89 ~~Economic Opportunity.~~

90 (f) "Capital Investment" means all expenses incurred by an
91 eligible business in connection with the acquisition,
92 construction, installation, and equipping of a project during
93 the period from the beginning of construction of the project to
94 the commencement of operations, including, but not limited to:

95 1. The costs of acquiring, constructing, installing,
96 equipping, and financing a project, including all obligations
97 incurred for labor and obligations to contractors,
98 subcontractors, builders, and materialmen.

99 2. The costs of acquiring land or rights to land and any
100 cost incidental thereto, including recording fees.

101 3. The costs of architectural and engineering services,
102 including test borings, surveys, estimates, plans and
103 specifications, preliminary investigations, environmental
104 mitigation, and supervision of construction, as well as the
105 performance of all duties required by or consequent to the
106 acquisition, construction, installation, and equipping of a
107 project.

108 4. The costs associated with the installation of fixtures
109 and equipment; surveys, including archaeological and
110 environmental surveys; site tests and inspections; subsurface
111 site work and excavation; removal of structures, roadways, and
112 other surface obstructions; filling, grading, paving, and
113 provisions for drainage, storm water retention, and installation
114 of utilities, including water, sewer, sewage treatment, gas,
115 electricity, communications, and similar facilities; and offsite

116 construction of utility extensions to the boundaries of the
117 property.

118 Eligible capital costs shall not include the cost of any
119 property previously owned or leased by the qualifying business.

120 (g) "Project" means the creation of a new eligible business
121 or expansion of an existing eligible business.

122 (2) A new eligible business may apply for a tax credit
123 under ~~this subsection (5) at any time prior to the commencement~~
124 ~~of a project. A new eligible business may not apply for a tax~~
125 ~~credit under subsection (5) after the commencement of a project.~~
126 ~~once at any time during its first year of operation. A new~~
127 ~~eligible business in a tier-one qualified high-crime area which~~
128 ~~has at least 10 qualified employees on the date of application~~
129 ~~shall receive a \$1,500 tax credit for each such employee. A new~~
130 ~~eligible business in a tier-two qualified high-crime area which~~
131 ~~has at least 20 qualified employees on the date of application~~
132 ~~shall receive a \$1,000 tax credit for each such employee. A new~~
133 ~~eligible business in a tier-three qualified high-crime area~~
134 ~~which has at least 30 qualified employees on the date of~~
135 ~~application shall receive a \$500 tax credit for each such~~
136 ~~employee.~~

137 (3) ~~(a) An existing eligible business may apply for a tax~~
138 ~~credit under this subsection at any time it is entitled to such~~
139 ~~credit, except as restricted by this subsection. An existing~~
140 ~~eligible business in a tier-one qualified high-crime area which~~
141 ~~on the date of application has at least 5 more qualified~~
142 ~~employees than it had 1 year prior to its date of application~~
143 ~~shall receive a \$1,500 tax credit for each such additional~~
144 ~~employee. An existing eligible business in a tier-two qualified~~

145 ~~high crime area which on the date of application has at least 10~~
146 ~~more qualified employees than it had 1 year prior to its date of~~
147 ~~application shall receive a \$1,000 credit for each such~~
148 ~~additional employee. An existing business in a tier-three~~
149 ~~qualified high crime area which on the date of application has~~
150 ~~at least 15 more qualified employees than it had 1 year prior to~~
151 ~~its date of application shall receive a \$500 tax credit for each~~
152 ~~such additional employee. An existing eligible business may~~
153 ~~apply for the credit under this subsection (5) at any time prior~~
154 ~~to the commencement of a project, but no more than once in any~~
155 ~~12-month period. An existing eligible business may not apply~~
156 ~~for a tax credit under subsection (5) after the commencement of~~
157 ~~a project. Any existing eligible business that received a~~
158 ~~credit under subsection (25) may not apply for the credit under~~
159 ~~this subsection again sooner than 12 months after the~~
160 ~~application date for the previously awarded credit under~~
161 ~~subsection (2).~~

162 ~~(b) An existing eligible business that filed an application~~
163 ~~for a tax credit under this subsection on or after January 1,~~
164 ~~2009, and was denied because of the limitation set forth in~~
165 ~~subsection (5) at the time of such application, may refile the~~
166 ~~application on or before December 31, 2012, if the number of~~
167 ~~qualified employees employed on the day the denied application~~
168 ~~is refiled is no lower than the number of qualified employees on~~
169 ~~the day the denied application was initially filed. Any credit~~
170 ~~resulting from the refiled application is subject to the~~
171 ~~aggregate limitation set forth in subsection (10) for the~~
172 ~~calendar year 2012. For purposes of applying the tax credit~~
173 ~~eligibility determination required by this section to the~~

174 ~~refiled application, the terms "date of application" and~~
175 ~~"application date" mean the date the denied application was~~
176 ~~initially filed.~~

177 ~~(4) For any new eligible business receiving a credit~~
178 ~~pursuant to subsection (2), an additional \$500 credit shall be~~
179 ~~provided for any qualified employee who is a welfare transition~~
180 ~~program participant. For any existing eligible business~~
181 ~~receiving a credit pursuant to subsection (3), an additional~~
182 ~~\$500 credit shall be provided for any qualified employee who is~~
183 ~~a welfare transition program participant. Such employee must be~~
184 ~~employed on the application date and have been employed less~~
185 ~~than 1 year. This credit shall be in addition to other credits~~
186 ~~pursuant to this section regardless of the tier-level of the~~
187 ~~high-crime area. Appropriate documentation concerning the~~
188 ~~eligibility of an employee for this credit must be submitted as~~
189 ~~determined by the Department of Revenue.~~

190 (a) In order to claim the tax credit under subsection (5),
191 an eligible business must file under oath with the Department of
192 Economic Opportunity a statement that includes the name and
193 address of the eligible business, a written explanation that
194 describes the extent of reliance on the potential incentive as
195 an inducement for the business's location or expansion decision,
196 and any other information that is required to process the
197 application.

198 (b) Applications shall be reviewed and certified pursuant
199 to s. 288.061.

200 ~~(5) To be eligible for a tax credit under subsection (3),~~
201 ~~the number of qualified employees employed 1 year before the~~
202 ~~application date must be no lower than the number of qualified~~

203 ~~employees on January 1, 2009, or on the application date on~~
204 ~~which a credit under this section was based for any previous~~
205 ~~application, including an application under subsection (2).~~

206 (a) If the application is sufficient to support the credit
207 authorized in this section, the Department of Economic
208 Opportunity shall allocate the maximum number of jobs eligible
209 to receive credit based on the amount of capital investment made
210 in the project by an eligible business.

211 (b) A new or existing eligible business that receives a tax
212 credit under this subsection is eligible for a tax refund of up
213 to 50 percent of the amount of sales tax on purchases of
214 electricity paid by the business during the 1-year period after
215 the date the credit is received. The Department of Economic
216 Opportunity shall allocate the maximum refund percentage of the
217 amount of sales tax on purchases of electricity based on the
218 amount of capital investment made in the project by an eligible
219 business. The total amount of tax refunds approved pursuant to
220 this subsection may not exceed \$600,000 during any calendar
221 year.

222 (c) The amount of credit per allocated job with a maximum
223 total potential amount of credits and percentage refund of the
224 amount of sales tax paid on purchases of electricity shall be
225 included in a computation for the project. A capital investment
226 in a project of:

227 1. \$0 to \$49,999 will result in a credit of up to \$3,000
228 per job with a maximum credit of \$15,000 for the creation of 5
229 jobs, and a refund of 5 percent of the amount of sales tax on
230 purchases of electricity;

231 2. \$50,000 to \$249,999 will result in a credit of up to
232 \$3,000 per job with a maximum credit of \$30,000 for the creation
233 of 10 jobs, and a refund of 10 percent of the amount of sales
234 tax on purchases of electricity;

235 3. \$250,000 to \$499,999 will result in a credit of up to
236 \$3,000 per job with a maximum credit of \$60,000 for the creation
237 of 20 jobs, and a refund of 20 percent of the amount of sales
238 tax on purchases of electricity;

239 4. \$500,000 to \$749,999 will result in a credit of up to
240 \$3,000 per job with a maximum credit of \$90,000 for the creation
241 of 30 jobs, and a refund of 30 percent of the amount of sales
242 tax on purchases of electricity;

243 5. \$750,000 to \$999,999 will result in a credit of up to
244 \$3,000 per job with a maximum credit of \$120,000 for the
245 creation of 40 jobs, and a refund of 40 percent of the amount of
246 sales tax on purchases of electricity;

247 6. \$1,000,000 to \$9,999,999 will result in a credit of up
248 to \$3,000 per job with a maximum credit of \$150,000 for the
249 creation of 50 jobs, and a refund of 50 percent of the amount of
250 sales tax on purchases of electricity;

251 7. \$10,000,000 or more will result in a credit of up to
252 \$3,000 per job with a maximum credit of \$300,000 for the
253 creation of 100 jobs, and a refund of 50 percent of the amount
254 of sales tax on purchases of electricity;

255 (d) All tax credits awarded under this subsection are for
256 one calendar year.

257 (e) Tax credits and refunds made available pursuant to this
258 subsection may not be awarded in connection with the relocation
259 of a business from one community to another community in this

260 state unless the Department of Economic Opportunity determines
261 that without such relocation the business will move outside this
262 state or determines that the business has a compelling economic
263 rationale for the relocation which creates additional jobs.

264 (f) To be eligible for a tax credit under subsection (5) as
265 an existing business, the number of qualified employees employed
266 1 year prior to the application date must be no lower than the
267 number of qualified employees on the application date on which a
268 credit under this section was based for any previous application

269 ~~(6) Any county or municipality, or a county and one or more~~
270 ~~municipalities together, may apply to the Department of Economic~~
271 ~~Opportunity for the designation of an area as a high-crime area~~
272 ~~after the adoption by the governing body or bodies of a~~
273 ~~resolution that:~~

274 ~~(a) Finds that a high-crime area exists in such county or~~
275 ~~municipality, or in both the county and one or more~~
276 ~~municipalities, which chronically exhibits extreme and~~
277 ~~unacceptable levels of poverty, unemployment, physical~~
278 ~~deterioration, and economic disinvestment;~~

279 ~~(b) Determines that the rehabilitation, conservation, or~~
280 ~~redevelopment, or a combination thereof, of such a high-crime~~
281 ~~area is necessary in the interest of the health, safety, and~~
282 ~~welfare of the residents of such county or municipality, or such~~
283 ~~county and one or more municipalities; and~~

284 ~~(c) Determines that the revitalization of such a high-crime~~
285 ~~area can occur if the public sector or private sector can be~~
286 ~~induced to invest its own resources in productive enterprises~~
287 ~~that build or rebuild the economic viability of the area.~~

288 ~~(7) The governing body of the entity nominating the area~~
289 ~~shall provide to the Department of Economic Opportunity the~~
290 ~~following:~~

291 ~~(a) The overall index crime rate for the geographic area;~~

292 ~~(b) The overall index crime volume for the area;~~

293 ~~(c) The percentage of reported index crimes that are~~
294 ~~violent in nature;~~

295 ~~(d) The reported crime volume and rate of specific property~~
296 ~~crimes such as business and residential burglary, motor vehicle~~
297 ~~theft, and vandalism; and~~

298 ~~(e) The arrest rates within the geographic area for violent~~
299 ~~crime and for such other crimes as drug sale, drug possession,~~
300 ~~prostitution, disorderly conduct, vandalism, and other public-~~
301 ~~order offenses.~~

302 ~~(8) A municipality, or a county and one or more~~
303 ~~municipalities together, may not nominate more than one high-~~
304 ~~crime area. However, any county as defined by s. 125.011(1) may~~
305 ~~nominate no more than three high-crime areas.~~

306 ~~(9) An area nominated by a county or municipality, or a~~
307 ~~county and one or more municipalities together, for designation~~
308 ~~as a high-crime area shall be eligible only if it meets the~~
309 ~~following criteria:~~

310 ~~(a) The selected area does not exceed 20 square miles and~~
311 ~~either has a continuous boundary or consists of not more than~~
312 ~~three noncontiguous parcels;~~

313 ~~(b) The selected area does not exceed the following mileage~~
314 ~~limitation:~~

315 ~~1. For communities having a total population of 150,000~~
316 ~~persons or more, the selected area does not exceed 20 square~~
317 ~~miles.~~

318 ~~2. For communities having a total population of 50,000~~
319 ~~persons or more, but fewer than 150,000 persons, the selected~~
320 ~~area does not exceed 10 square miles.~~

321 ~~3. For communities having a total population of 20,000~~
322 ~~persons or more, but fewer than 50,000 persons, the selected~~
323 ~~area does not exceed 5 square miles.~~

324 ~~4. For communities having a total population of fewer than~~
325 ~~20,000 persons, the selected area does not exceed 3 square~~
326 ~~miles.~~

327 ~~(6 10) (a) In order to claim this credit, an eligible~~
328 ~~business must file under oath with the Department of Economic~~
329 ~~Opportunity a statement that includes the name and address of~~
330 ~~the eligible business, and any other information that is~~
331 ~~required to process the application.~~

332 ~~(b) Applications shall be reviewed and certified pursuant~~
333 ~~to s. 288.061.~~

334 ~~(c) The maximum credit amount that may be approved during~~
335 ~~any calendar year is \$5 7.5 million, of which \$1 million shall~~
336 ~~be exclusively reserved for tier one areas. The Department of~~
337 ~~Revenue, in conjunction with the Department of Economic~~
338 ~~Opportunity, shall notify the governing bodies in areas~~
339 ~~designated as urban high-crime areas when the \$5 7.5 million~~
340 ~~maximum amount has been reached. Applications must be considered~~
341 ~~for approval in the order in which they are received without~~
342 ~~regard to whether the credit is for a new or existing business.~~
343 ~~This limitation applies to the value of the credit as contained~~

344 in approved applications. Approved credits may be taken in the
345 time and manner allowed pursuant to this section.

346 (7 ~~11~~) If the application is insufficient to support the
347 credit authorized in this section, the Department of Economic
348 Opportunity shall deny the credit and notify the business of
349 that fact. ~~The business may reapply for this credit within 3~~
350 ~~months after such notification.~~

351 (8 ~~12~~) If the credit under this section is greater than can
352 be taken on a single tax return, excess amounts may be taken as
353 credits on any tax return submitted within 12 months after the
354 approval of the application by the department.

355 (9 ~~13~~) It is the responsibility of each business to
356 affirmatively demonstrate to the satisfaction of the Department
357 of Revenue that it meets the requirements of this section.

358 (10 ~~14~~) Any person who fraudulently claims this credit is
359 liable for repayment of the credit plus a mandatory penalty of
360 100 percent of the credit and is guilty of a misdemeanor of the
361 second degree, punishable as provided in s. 775.082 or s.
362 775.083.

363 (11 ~~15~~) A corporation may take the credit under this
364 section against its corporate income tax liability, as provided
365 in s. 220.1895. However, a corporation that applies its job tax
366 credit against the tax imposed by chapter 220 may not receive
367 the credit provided for in this section. A credit may be taken
368 against only one tax.

369

370 **Section 2. Section 212.098, Florida Statutes is amended to**
371 **read:**

372 212.098 Rural Job Tax Credit Program.—

373 (1) As used in this section, the term:
374 (a) "Eligible business" means any sole proprietorship,
375 firm, partnership, or corporation that is located in a qualified
376 county and is predominantly engaged in, or is headquarters for a
377 business predominantly engaged in, activities usually provided
378 for consideration by firms classified within the following
379 standard industrial classifications: SIC 01-SIC 09 (agriculture,
380 forestry, and fishing); SIC 20-SIC 39 (manufacturing); SIC 422
381 (public warehousing and storage); SIC 70 (hotels and other
382 lodging places); SIC 7391 (research and development); SIC 781
383 (motion picture production and allied services); ~~SIC 7992~~
384 ~~(public golf courses)~~; SIC 7996 (amusement parks); an
385 established and documented group of local targeted industries
386 that are not explicitly excluded by this section; and a targeted
387 industry eligible for the qualified target industry business tax
388 refund under s. 288.106. A call center or similar customer
389 service operation that services a multistate market or an
390 international market is also an eligible business. In addition,
391 the Department of Economic Opportunity may, as part of its final
392 budget request submitted pursuant to s. 216.023, recommend
393 additions to or deletions from the list of standard industrial
394 classifications used to determine an eligible business, and the
395 Legislature may implement such recommendations. Excluded from
396 eligible receipts are receipts from retail sales, except such
397 receipts for hotels and other lodging places classified in SIC
398 70, ~~public golf courses in SIC 7992~~, and amusement parks in SIC
399 7996. For purposes of this paragraph, the term "predominantly"
400 means that more than 50 percent of the business's gross receipts
401 from all sources is generated by those activities usually

402 provided for consideration by firms in the specified standard
403 industrial classification. ~~The determination of whether the~~
404 ~~business is located in a qualified county and the tier ranking~~
405 ~~of that county must be based on the date of application for the~~
406 ~~credit under this section.~~ Commonly owned and controlled
407 entities are to be considered a single business entity.

408 (b) "Qualified employee" means any employee of an eligible
409 business who performs duties in connection with the operations
410 of the business on a regular, full-time basis for an average of
411 at least 36 hours per week for at least 3 months within the
412 qualified county in which the eligible business is located. The
413 term also includes an employee leased from an employee leasing
414 company licensed under chapter 468, if such employee has been
415 continuously leased to the employer for an average of at least
416 36 hours per week for more than 6 months. An owner or partner of
417 the eligible business is not a qualified employee.

418 (c) "Qualified area" means any area, including a
419 municipality, that is contained within a rural area of
420 opportunity designated under s. 288.0656, a county that has a
421 population of fewer than 75,000 persons, or a county that has a
422 population of 125,000 or less and is contiguous to a county that
423 has a population of less than 75,000. ~~, selected in the following~~
424 ~~manner: every third year, the Department of Economic Opportunity~~
425 ~~shall rank and tier the state's counties according to the~~
426 ~~following four factors:~~

427 ~~1. Highest unemployment rate for the most recent 36-month~~
428 ~~period.~~

429 ~~2. Lowest per capita income for the most recent 36-month~~
430 ~~period.~~

431 ~~3. Highest percentage of residents whose incomes are below~~
432 ~~the poverty level, based upon the most recent data available.~~

433 ~~4. Average weekly manufacturing wage, based upon the most~~
434 ~~recent data available.~~

435 (d) "New business" means any eligible business first
436 beginning operation on a site in a qualified county and clearly
437 separate from any other commercial or business operation of the
438 business entity within a qualified county. A business entity
439 that operated an eligible business within a qualified county
440 within the 48 months before the period provided for application
441 by subsection (2) is not considered a new business.

442 (e) "Existing business" means any eligible business that
443 does not meet the criteria for a new business.

444 (f) "Capital Investment" means all expenses incurred by an
445 eligible business in connection with the acquisition,
446 construction, installation, and equipping of a project during
447 the period from the beginning of construction of the project to
448 the commencement of operations, including, but not limited to:

449 1. The costs of acquiring, constructing, installing,
450 equipping, and financing a project, including all obligations
451 incurred for labor and obligations to contractors,
452 subcontractors, builders, and materialmen.

453 2. The costs of acquiring land or rights to land and any
454 cost incidental thereto, including recording fees.

455 3. The costs of architectural and engineering services,
456 including test borings, surveys, estimates, plans and
457 specifications, preliminary investigations, environmental
458 mitigation, and supervision of construction, as well as the
459 performance of all duties required by or consequent to the

460 acquisition, construction, installation, and equipping of a
461 project.

462 4. The costs associated with the installation of fixtures
463 and equipment; surveys, including archaeological and
464 environmental surveys; site tests and inspections; subsurface
465 site work and excavation; removal of structures, roadways, and
466 other surface obstructions; filling, grading, paving, and
467 provisions for drainage, storm water retention, and installation
468 of utilities, including water, sewer, sewage treatment, gas,
469 electricity, communications, and similar facilities; and offsite
470 construction of utility extensions to the boundaries of the
471 property.

472 Eligible capital costs shall not include the cost of any
473 property previously owned or leased by the qualifying business.

474 (g) "Project" means the creation of a new eligible business
475 or expansion of an existing eligible business.

476 (2) A new eligible business may apply for a tax credit
477 under ~~this~~ subsection (5) at any time prior to the commencement
478 of a project. A new eligible business may not apply for a tax
479 credit under subsection (5) after the commencement of a project.
480 ~~once at any time during its first year of operation. A new~~
481 ~~eligible business in a qualified area that has at least 10~~
482 ~~qualified employees on the date of application shall receive a~~
483 ~~\$1,000 tax credit for each such employee.~~

484 (3) An existing eligible business may apply for a tax
485 credit under ~~this~~ subsection (5) at any time prior to the
486 commencement of a project, but no more than once in any 12-month
487 period. An existing eligible business may not apply for a tax
488 credit under subsection (5) after the commencement of a project.

489 Any existing eligible business that received a credit under
490 subsection (5) may not apply for the credit again sooner than 12
491 months after the application date for the previously awarded
492 credit. ~~at any time it is entitled to such credit, except as~~
493 ~~restricted by this subsection. An existing eligible business~~
494 ~~with fewer than 50 employees in a qualified area that on the~~
495 ~~date of application has at least 20 percent more qualified~~
496 ~~employees than it had 1 year prior to its date of application~~
497 ~~shall receive a \$1,000 tax credit for each such additional~~
498 ~~employee. An existing eligible business that has 50 employees or~~
499 ~~more in a qualified area that, on the date of application, has~~
500 ~~at least 10 more qualified employees than it had 1 year prior to~~
501 ~~its date of application shall receive a \$1,000 tax credit for~~
502 ~~each additional employee. Any existing eligible business that~~
503 ~~received a credit under subsection (2) may not apply for the~~
504 ~~credit under this subsection sooner than 12 months after the~~
505 ~~application date for the credit under subsection (2).~~

506 (4) ~~For any new eligible business receiving a credit~~
507 ~~pursuant to subsection (2), an additional \$500 credit shall be~~
508 ~~provided for any qualified employee who is a welfare transition~~
509 ~~program participant. For any existing eligible business~~
510 ~~receiving a credit pursuant to subsection (3), an additional~~
511 ~~\$500 credit shall be provided for any qualified employee who is~~
512 ~~a welfare transition program participant. Such employee must be~~
513 ~~employed on the application date and have been employed less~~
514 ~~than 1 year. This credit shall be in addition to other credits~~
515 ~~pursuant to this section regardless of the tier level of the~~
516 ~~county. Appropriate documentation concerning the eligibility of~~

517 ~~an employee for this credit must be submitted as determined by~~
518 ~~the department.~~

519 (a) In order to claim the tax credit under subsection (5),
520 an eligible business must file under oath with the Department of
521 Economic Opportunity a statement that includes the name and
522 address of the eligible business, a written explanation that
523 describes the extent of reliance on the potential incentive as
524 an inducement for the business's location or expansion decision,
525 and any other information that is required to process the
526 application.

527 (b) Applications shall be reviewed and certified pursuant
528 to s. 288.061.

529 ~~(5) To be eligible for a tax credit under subsection (3),~~
530 ~~the number of qualified employees employed 1 year prior to the~~
531 ~~application date must be no lower than the number of qualified~~
532 ~~employees on the application date on which a credit under this~~
533 ~~section was based for any previous application, including an~~
534 ~~application under subsection (2).~~

535 (a) If the application is sufficient to support the credit
536 authorized in this section, the Department of Economic
537 Opportunity shall allocate the maximum number of jobs eligible
538 to receive credit based on the amount of capital investment made
539 in the project by an eligible business.

540 (b) A new or existing eligible business that receives a tax
541 credit under this subsection is eligible for a tax refund of up
542 to 50 percent of the amount of sales tax on purchases of
543 electricity paid by the business during the 1-year period after
544 the date the credit is received. The Department of Economic
545 Opportunity shall allocate the maximum refund percentage of the

546 amount of sales tax on purchases of electricity based on the
547 amount of capital investment made in the project by an eligible
548 business. The total amount of tax refunds approved pursuant to
549 this subsection may not exceed \$600,000 during any calendar
550 year.

551 (c) The amount of credit per allocated job with a maximum
552 total potential amount of credits and percentage refund of the
553 amount of sales tax paid on purchases of electricity shall be
554 included in a computation for the project. A capital investment
555 in a project of:

556 1. \$0 to \$49,999 will result in a credit of up to \$5,000
557 per job with a maximum credit of \$25,000 for the creation of 5
558 jobs, and a refund of 5 percent of the amount of sales tax on
559 purchases of electricity;

560 2. \$50,000 to \$249,999 will result in a credit of up to
561 \$5,000 per job with a maximum credit of \$50,000 for the creation
562 of 10 jobs, and a refund of 10 percent of the amount of sales
563 tax on purchases of electricity;

564 3. \$250,000 to \$499,999 will result in a credit of up to
565 \$5,000 per job with a maximum credit of \$100,000 for the
566 creation of 20 jobs, and a refund of 20 percent of the amount of
567 sales tax on purchases of electricity;

568 4. \$500,000 to \$749,999 will result in a credit of up to
569 \$5,000 per job with a maximum credit of \$150,000 for the
570 creation of 30 jobs, and a refund of 30 percent of the amount of
571 sales tax on purchases of electricity;

572 5. \$750,000 to \$999,999 will result in a credit of up to
573 \$5,000 per job with a maximum credit of \$200,000 for the

574 creation of 40 jobs, and a refund of 40 percent of the amount of
575 sales tax on purchases of electricity;

576 6. \$1,000,000 to \$9,999,999 will result in a credit of up
577 to \$5,000 per job with a maximum credit of \$250,000 for the
578 creation of 50 jobs, and a refund of 50 percent of the amount of
579 sales tax on purchases of electricity;

580 7. \$10,000,000 or more will result in a credit of up to
581 \$5,000 per job with a maximum credit of \$500,000 for the
582 creation of 100 jobs, and a refund of 50 percent of the amount
583 of sales tax on purchases of electricity;

584 (d) All tax credits awarded under this subsection are for
585 one calendar year.

586 (e) Tax credits and refunds made available pursuant to this
587 subsection may not be awarded in connection with the relocation
588 of a business from one community to another community in this
589 state unless the Department of Economic Opportunity determines
590 that without such relocation the business will move outside this
591 state or determines that the business has a compelling economic
592 rationale for the relocation which creates additional jobs.

593 (f) To be eligible for a tax credit under subsection (5) as
594 an existing business, the number of qualified employees employed
595 1 year prior to the application date must be no lower than the
596 number of qualified employees on the application date on which a
597 credit under this section was based for any previous application

598 ~~(6) (a) In order to claim this credit, an eligible business~~
599 ~~must file under oath with the Department of Economic Opportunity~~
600 ~~a statement that includes the name and address of the eligible~~
601 ~~business, the starting salary or hourly wages paid to the new~~

602 ~~employee, and any other information that the Department of~~
603 ~~Revenue requires.~~

604 ~~(b) Pursuant to the incentive review process under s.~~
605 ~~288.061, the Department of Economic Opportunity shall review the~~
606 ~~application to determine whether it contains all the information~~
607 ~~required by this subsection and meets the criteria set out in~~
608 ~~this section. Subject to the provisions of paragraph (c), the~~
609 ~~Department of Economic Opportunity shall approve all~~
610 ~~applications that contain the information required by this~~
611 ~~subsection and meet the criteria set out in this section as~~
612 ~~eligible to receive a credit.~~

613 ~~(c)~~ The maximum credit amount that may be approved during
614 any calendar year is \$~~5~~ 7.5 million. The Department of Revenue,
615 in conjunction with the Department of Economic Opportunity,
616 shall notify the governing bodies in areas designated as
617 qualified counties when the \$~~5~~ 7.5 million maximum amount has
618 been reached. Applications must be considered for approval in
619 the order in which they are received without regard to whether
620 the credit is for a new or existing business. This limitation
621 applies to the value of the credit as contained in approved
622 applications. Approved credits may be taken in the time and
623 manner allowed pursuant to this section.

624 ~~(d) A business may not receive more than \$500,000 of tax~~
625 ~~credits under this section during any one calendar year.~~

626 (7) If the application is insufficient to support the
627 credit authorized in this section, the Department of Economic
628 Opportunity shall deny the credit and notify the business of
629 that fact. The business may reapply for this credit within 3
630 months after such notification.

631 (8) If the credit under this section is greater than can be
632 taken on a single tax return, excess amounts may be taken as
633 credits on any tax return submitted within 12 months after the
634 approval of the application by the department.

635 (9) It is the responsibility of each business to
636 affirmatively demonstrate to the satisfaction of the Department
637 of Revenue that it meets the requirements of this section.

638 (10) Any person who fraudulently claims this credit is
639 liable for repayment of the credit plus a mandatory penalty of
640 100 percent of the credit and is guilty of a misdemeanor of the
641 second degree, punishable as provided in s. 775.082 or s.
642 775.083.

643 (11) A corporation may take the credit under this section
644 against its corporate income tax liability, as provided in s.
645 220.1895. However, a corporation that uses its job tax credit
646 against the tax imposed by chapter 220 may not receive the
647 credit provided for in this section. A credit may be taken
648 against only one tax.

649 ~~(12) A new or existing eligible business that receives a~~
650 ~~tax credit under subsection (2) or subsection (3) is eligible~~
651 ~~for a tax refund of up to 50 percent of the amount of sales tax~~
652 ~~on purchases of electricity paid by the business during the 1-~~
653 ~~year period after the date the credit is received. The total~~
654 ~~amount of tax refunds approved pursuant to this subsection may~~
655 ~~not exceed \$600,000 during any calendar year. The department may~~
656 ~~adopt rules to administer this subsection.~~

657

658 **Section 3. This act shall take effect July 1, 2015.**

Reforms to Enterprise Zone Program

- **Marketing:** Establishes a Marketing Fund to promote awareness and increase participation in the program
 - Establishes an Enterprise Zone Marketing Fund administered by the Department
 - Establishes a percentage of enterprise zone incentives under 212.08(5)(g) and 212.08(5)(h) withheld for funding of Enterprise Zone Marketing Fund
- **Re-Designation:** Requires immediate requalification of existing zones and periodic review and re-designation of Enterprise Zone areas based on current demographic information and provides for graduation of areas no longer qualified. Also requires inactive zones to be dissolved.
 - Requires all enterprise zones to re-qualify and re-designate based on current demographic criteria to ensure areas that have graduated and improved are removed from the designated area
 - Require all enterprise zones to re-qualify and re-designate within 12 months of the release of each decennial census to ensure areas that have graduated and improved are removed from the designated area
 - Requires the governing body of each enterprise zone to pass a resolution in support of the current zone area no less than every three years
 - Establishes the criteria for the dissolution of inactive zones
 - Establishes a procedure for projects under way in a zone that loses designation to preserve their ability to utilize incentives
 - Establishes procedure if an area that designation is requested for fails to meet demographic criteria
- **Reporting:** Requires standardized reporting of job creation and capital investment from participating business to accurately track and measure performance of zones
 - Requires each enterprise zone development agency to submit a 5 year plan with measurable goals relating to job creation, capital investments, and number of businesses participating
 - Requires the establishment of a report system for businesses that receive incentives recording the number of jobs created, the number of employees hired receiving public assistance, and the capital investment for the preceding year or period
 - Requires each enterprise zone development agency to assist the Department in the collection of the reports for businesses that receive incentives
 - Requires each enterprise zone development agency to submit a report on the goals in their development plan and sets a deadline for such report
 - Establishes procedure in the event required information is not submitted to the department
- **Veterans:** Established unemployed veterans as qualified applicants for jobs credits
 - Establishes that Unemployed Veterans are eligible for incentives under 212.096 and 220.181
- **Tiers:** Establishes tiered incentives for Small Businesses to remove barriers to participation
 - Specifies that a small business as defined in 288.703(6) is eligible for the increased credit amounts in 212.096, 220.181, 212.08(5)(g), and 212.08(5)(h)
 - Specifies the minimum purchase price for equipment refunds under 212.08(5)(h) for a small business as defined in 288.703(6)
- **Clarifications:** Contemporizes existing statutory language to accurately express intent
 - Clarifies criteria an existing business must meet to receive incentives under 212.096 and 220.181
 - Clarifies that a business may not receive credit for an employee under 212.096 or 220.181 for any month where an employee fails to meet the definition of full-time
 - Clarifies the number of months a business is eligible for credits under 212.096 and 220.181
 - Clarifies the deadline for filing an application under 212.08(5)(h)
 - Clarifies when equipment is considered relocated outside an enterprise zone

Florida Enterprise Zone Act Reform Proposal

Issues & Solutions

Areas in Need of Reform

Marketing

Veterans

Re-Designation

Tiers

Reporting

Clarity

Marketing

- Issue: No Current Statewide Marketing Efforts
- Solution: Establish an Enterprise Zone Marketing Fund Administered by the Department
 - Increases program awareness
 - Enables the production of program literature for use at site selection and economic development events
 - Provides technical workshops for program participants and economic development professionals

Re-Designation

- Issue: No Current Requirement for Periodic Re-Designation of Enterprise Zone Areas
- Solution: Establish Requirement for EZ Areas to be Re-Designated within 12 months of each Census
 - Ensures that areas which no longer meet the required demographics are graduated out of the program
 - Allows mileage from graduated areas to be re-targeted to other distressed areas
 - Requires Local Governments to periodically review and endorse current designated areas

Reporting

- Issue: No Current Reporting Method to Capture Full Economic and Social Impact
- Solution: Establish Standardized Goals and Reporting to Encompass All Economic Activity by Participating Businesses
 - Report total capital investment by participants
 - Report total jobs created by program participants
 - Report number of jobs created filled by applicants receiving public assistance

Veterans

- Issue: Lack of Qualified Applicants Eligible for Job Creation Incentives. Currently only Enterprise Zone Residents and Welfare Recipients are Eligible for Job Creation Incentives
- Solution: Establish Unemployed Veterans as Qualified Applicants for Hiring Credits
 - Veterans must be Honorably Discharged within the past 5 years.
 - Veterans must be unemployed for a period of 3 months at time of hire.

Tiers

- Issue: Current Program Guidelines limit Small Business Participation in the Program
- Solution: Establish Tiered Incentives for Small Business Participants
 - Lower minimum investment for business equipment to \$1,000 for Small Businesses
 - Increase maximum refund for equipment and building materials for Small Businesses
 - Increase job creation credit for Small Businesses

Clarity

- Issue: Current Program Guidelines Require Updating to Increase Clarity and Prevent Misinterpretations
- Solution: Modify and Clarify Existing Guidelines to Provide Clarity and Certainty to Participants
 - Clarifies when equipment is considered relocated outside the Enterprise Zone
 - Clarifies the requirements all participants must meet to receive job creations incentives
 - Clarifies the calculation and duration of job creation incentives

Results

- Marketing will increase awareness and participation in the program, especially by small businesses.
- Updated guidelines will ensure designated areas are monitored and adjusted as new demographic information becomes available.
- Standardized reporting will allow for the establishment of measurable goals and accurate analysis of program performance.
- Outreach to Veterans will increase qualified candidate pool for program participants while additionally honoring Florida's commitment to providing jobs for our Veterans.
- Tiers will increase the ability of small businesses to participate in the program.
- Clarification of existing language will provide a more transparent environment for program participants.

¹**290.0055** Local nominating procedure.—

(1) If, pursuant to s. [290.0065](#), an opportunity exists for designation of a new enterprise zone, any county or municipality, or a county and one or more municipalities together, may apply to the department for the designation of an area as an enterprise zone after completion of the following:

(a) The adoption by the governing body or bodies of a resolution which:

1. Finds that an area exists in such county or municipality, or in both the county and one or more municipalities, which chronically exhibits extreme and unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment;
2. Determines that the rehabilitation, conservation, or redevelopment, or a combination thereof, of such area is necessary in the interest of the public health, safety, and welfare of the residents of such county or municipality, or such county and one or more municipalities; and
3. 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.

(b) The creation of an enterprise zone development agency pursuant to s. [290.0056](#).

(c) The creation and adoption of a strategic plan pursuant to s. [290.0057](#).

(2) The governing body of a county as defined by s. [125.011](#)(1) shall nominate all enterprise zones within the county.

(3) A county or municipality, or a county and one or more municipalities together, may not nominate more than one enterprise zone.

(4) An area nominated by a county or municipality, or a county and one or more municipalities together, for designation as an enterprise zone shall be eligible for designation under s. [290.0065](#) only if it meets the following criteria:

(a) The selected area does not exceed 20 square miles. The selected area must have a continuous boundary, or consist of not more than three noncontiguous parcels.

(b)1. The selected area does not exceed the following mileage limitation:

2. For communities having a total population of 150,000 persons or more, or for a rural enterprise zone, the selected area shall not exceed 20 square miles.

3. For communities having a total population of 50,000 persons or more but less than 150,000 persons, the selected area shall not exceed 10 square miles.

4. For communities having a total population of 20,000 persons or more but less than 50,000 persons, the selected area shall not exceed 5 square miles.

5. For communities having a total population of 7,500 persons or more but less than 20,000 persons, the selected area shall not exceed 3 square miles.

6. For communities having a total population of less than 7,500 persons, the selected area shall not exceed 3 square miles.

7. For rural enterprise zones that contain Rural Areas of Critical Economic Concern, the selected area shall not exceed 25 square miles.

(c) The selected area suffers from pervasive poverty, unemployment, and general distress, as described and measured pursuant to s. [290.0058](#).

(5) To the greatest extent possible, the boundary of an area nominated must coincide with the boundaries of census geographic block groups.

(6)(a) The department may approve a change in the boundary of any enterprise zone which was designated pursuant to s. [290.0065](#). A boundary change must continue to satisfy the requirements of subsections (3), (4), and (5).

(b) Upon a recommendation by the enterprise zone development agency, the governing body of the jurisdiction which authorized the application for an enterprise zone may apply to the department for a change in boundary once every 3-years by adopting a resolution that:

1. States with particularity the reasons for the change; and
2. Describes specifically and, to the extent required by the department, the boundary change to be made.

(c) At least 90 days before adopting a resolution seeking a change in the boundary of an enterprise zone, the governing body shall include in a notice of the meeting at which the resolution will be considered an explanation that a change in the boundary of an enterprise zone will be considered and that the change may result in loss of enterprise zone eligibility for the area affected by the boundary change.

~~²(d)1.—The governing body of a jurisdiction which has nominated an application for an enterprise zone that is at least 15 square miles and less than 20 square miles and includes a portion of the state designated as a rural area of opportunity under s. 288.0656(7) may apply to the department to expand the boundary of the existing enterprise zone by not more than 3 square miles.~~

~~2.—The governing body of a jurisdiction which has nominated an application for an enterprise zone that is at least 20 square miles and includes a portion of the state designated as a rural area of opportunity under s. 288.0656(7) may apply to the department to expand the boundary of the existing enterprise zone by not more than 5 square miles.~~

~~3.—An application to expand the boundary of an enterprise zone under this paragraph must be submitted by December 31, 2013.~~

4. Notwithstanding the area limitations specified in subsection (4), the department may approve the request for a boundary amendment if the area continues to satisfy the remaining requirements of this section.

5. The department shall establish the initial effective date of an enterprise zone designated under this paragraph.

(6) By December 31, 2016, the enterprise zone development agency shall create a development plan for the revitalization of the areas designated as enterprise zones. Such plan must contain measurable goals based on a combination of the following factors:

(a) Creation of a specified number of new full time and part time jobs within the designated area by businesses participating in the Enterprise Zone Program.

(b) Capital Investment within the designated area by businesses participating in the Enterprise Zone Program

(c) Number of new businesses within the designated area participating in the Enterprise Zone Program

By December 31, 2021 the enterprise zone development agency shall submit a report to the Department, documenting the status of the goals contained in the development plan required under section (6). Such reports shall be compiled by the Department and submitted to the Senate President and Speaker of the House of Representatives.

(7) Pursuant to s 290.014(3) the Department shall establish a form for all businesses participating in the enterprise zone program to file reports, either at time of application or annually, stating, to the best of their ability, the number of jobs created in each enterprise zone location during the previous year or subsequent to the most recent report, the number of employees hired by the business that were unemployed and/or receiving public assistance, and total capital investment at each enterprise zone location during the previous year or period

subsequent to the most recent report. The Enterprise Zone Development Agency shall be responsible for assisting the Department in collecting and compiling the annual reports.

(8) The governing body that nominated an enterprise zone shall pass a resolution no less than every 3 years stating the area designated continues to exhibit unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment and that public support remains required for the revitalization of the area.

(9) Any zone designated under this section that has no utilization of the incentives authorized by this program for a period of 3 consecutive state fiscal years shall be repealed. The governing body that designated the zone may request an extension of this period from the Department of Economic Opportunity. If the Department failed to grant the requested extension, the governing body of the zone may request the legislature to allow them to reapply to the Department for re-designation of the zone.

(10) Prior to December 31, 2015 the governing body of each jurisdiction which contains an enterprise zone must submit an application to the Department which contains the nominated area of their enterprise zone. All areas nominated in the application must meet the required demographic criteria set forth in 290.0058 as of the most recent economic census. Any portion of a currently designated enterprise zone which has improved to such degree that it does not meet the required demographic criteria shall not be eligible to be included in the nominated area. The total nominated area cannot exceed the size limitations set forth in this section.

(11) Within 12 months of the release of the decennial census, the governing body of each jurisdiction that contains an enterprise zone must submit an application to the department which contains the nominated area of their enterprise zone. All areas nominated in the must meet the required demographic criteria set forth in 290.0058 as of the most recent economic census. Any portion of a currently designated enterprise zone which has improved to such degree that it does not meet the required demographic criteria set forth in 290.0058 shall not be eligible to be included in the nominated area. The total nominated area cannot exceed the size limitations set forth in this section.

(12) Any business that has initiated a project within an area which becomes ineligible to be contained with an enterprise zone due to section (9) or (10) may file a notice of intent with the department to preserve their ability to participate in the enterprise zone program. Such notice must be filed within 90 days of the approval by the department of the amended enterprise zone boundary. Such notice must include documentation that a project which qualifies for enterprise zone incentives is currently underway and designate a completion date for such project within 24 months of the notice date. The department shall approve any qualified application from a business which filed a notice of intent, when such application is filed within 180 days of the completion date stated on the notice for incentives based on sales tax, and prior to the filing of the corporate income tax return for the year containing the project completion date for incentives based on corporate income tax.

¹290.0065 State designation of enterprise zones.—

(1) The maximum number of enterprise zones authorized under this section is the number of enterprise zones having an effective date on or before January 1, 201~~0~~55, subject to any increase due to any new enterprise zones authorized by the Legislature during the 201~~0~~5 Regular Session of the Legislature.

(2) If, pursuant to subsection (4), the department does not redesignate an enterprise zone, a governing body of a county or municipality or the governing bodies of a county and one or more municipalities jointly, pursuant to s. [290.0055](#), may apply for designation of an enterprise zone to take the place of the enterprise zone not redesignated and request designation of an enterprise zone. The department shall determine which areas nominated by such governing bodies meet the criteria outlined in s. [290.0055](#) and are the most appropriate for designation as state enterprise zones. Each application made pursuant to s. [290.0055](#) shall be ranked competitively based on the pervasive poverty, unemployment, and general distress of the area; the strategic plan, including local fiscal and regulatory incentives, prepared pursuant to s. [290.0057](#); and the prospects for new investment and economic development in the area. Pervasive poverty, unemployment, and general distress shall be weighted 35 percent; strategic plan and local fiscal and regulatory incentives shall be weighted 40 percent; and prospects for new investment and economic development in the area shall be weighted 25 percent.

(3) Any area authorized to be an enterprise zone by both a county and a municipality shall be placed in the appropriate category established under s. [290.0055](#)(4)(b) in which an application by the municipality would have been considered if the municipality had acted alone, if at least 60 percent of the population of the area authorized to be an enterprise zone resides within the municipality. An area authorized to be an enterprise zone by a county and one or more municipalities shall be placed in the category in which an application by the municipality with the highest percentage of residents in such area would have been considered if such municipality had authorized the area to be an enterprise zone.

(4)(a) Notwithstanding s. [290.0055](#), the department may redesignate any state enterprise zone having an effective date on or before January 1, 201~~0~~5, as a state enterprise zone upon completion and submittal to the department by the governing body for an enterprise zone of the following:

1. An updated zone profile for the enterprise zone based on the most recent census data that complies with s. [290.0055](#), except that pervasive poverty criteria may be set aside for rural enterprise zones.
2. A resolution passed by the governing body for that enterprise zone requesting redesignation and explaining the reasons the conditions of the zone merit redesignation.
3. Measurable goals for the enterprise zone developed by the enterprise zone development agency, which may be the goals established in the enterprise zone's strategic plan.

The governing body may also submit a request for a boundary change in an enterprise zone in the same application to the department as long as the new area complies with the requirements of s. [290.0055](#), except that pervasive poverty criteria may be set aside for rural enterprise zones.

(b) In consultation with Enterprise Florida, Inc., the department shall, based on the enterprise zone profile and the grounds for redesignation expressed in the resolution, determine whether the enterprise zone merits redesignation. The department may also examine and consider the following:

1. Progress made, if any, in the enterprise zone's strategic plan.
2. Use of enterprise zone incentives during the life of the enterprise zone.

If the department determines that the enterprise zone merits redesignation, the department shall notify the governing body in writing of its approval of redesignation.

(c) If the enterprise zone is redesignated, the department shall determine if the measurable goals submitted are reasonable. If the department determines that the goals are reasonable, it shall notify the governing body in writing that the goals have been approved.

(d) If the department denies redesignation of an enterprise zone, it shall notify the governing body in writing of the denial. Any county or municipality having jurisdiction over an area denied redesignation as a state enterprise zone pursuant to this subsection may not apply for designation of that area for 1 year following the date of denial.

(5) Notwithstanding s. [290.0055](#), an area designated as a federal empowerment zone or enterprise community pursuant to Title XIII of the Omnibus Budget Reconciliation Act of 1993, the Taxpayer Relief Act of 1997, or the 1999 Agricultural Appropriations Act shall be designated a state enterprise zone as follows:

(a) An area designated as an urban empowerment zone or urban enterprise community pursuant to Title XIII of the Omnibus Budget Reconciliation Act of 1993, the Taxpayer Relief Act of 1997, or the 2000 Community Renewal Tax Relief Act shall be redesignated a state enterprise zone by the department upon completion of the requirements set out in paragraph (d), except in the case of a county as defined in s. [125.011\(1\)](#) which, notwithstanding s. [290.0055](#), may incorporate and include such designated urban empowerment zone or urban enterprise community areas within the boundaries of its state enterprise zones without any limitation as to size.

(b) An area designated as a rural empowerment zone or rural enterprise community pursuant to Title XIII of the Omnibus Budget Reconciliation Act of 1993 or the 1999 Agricultural Appropriations Act shall be redesignated a state rural enterprise zone by the department upon completion of the requirements set out in paragraph (d) and may incorporate and include such designated rural empowerment zone or rural enterprise community within the boundaries of its state enterprise zones without any limitation as to size.

(c) Any county or municipality having jurisdiction over an area redesignated as a state enterprise zone pursuant to this subsection, other than a county defined in s. [125.011\(1\)](#), may not apply for designation of another area.

(d) Before redesignating such areas as state enterprise zones, the department shall ensure that the governing body having jurisdiction over the zone submits the information required under paragraph (4)(a) for redesignation to the department. If the governing body having jurisdiction over the zone fails to submit the information required under paragraph (4)(a) to the department, the department shall notify the governing body having jurisdiction over the zone of the required information and set a deadline, not to exceed 180 days for the governing body having jurisdiction over the zone to supply the required information. If the governing body having jurisdiction over the zone continues to fail to supply the required information, the zone shall not be eligible to be redesignated. If the information provided shows that any area for which redesignation is requested does not meet the demographic criteria set forth in s. 290.0055, the department shall notify the governing body having jurisdiction over the zone of such. The governing body having jurisdiction over the zone may choose to exclude the area which does not meet the demographic criteria set forth in s. 290.0055 from the redesignation application and request redesignation of the remaining eligible area, or, may submit a revised application for redesignation within 180 days of receiving notification of the ineligible area from the department.

(6)(a) The department may develop guidelines necessary for the approval of areas under this section by the executive director.

(b) Such guidelines shall provide for the measurement of pervasive poverty, unemployment, and general distress using the criteria outlined by s. [290.0058](#).

(c) Such guidelines shall provide for the evaluation of the strategic plan or measurable goals and local fiscal and regulatory incentives for effectiveness, including how the following key principles will be implemented by the governing body or bodies:

1. Economic opportunity, including job creation within the community and throughout the region, as well as entrepreneurial initiatives, small business expansion, and training for jobs that offer upward mobility.
2. Sustainable community development that advances the creation of livable and vibrant communities through comprehensive approaches that coordinate economic, physical, community, and human development.
3. Community-based partnerships involving the participation of all segments of the community.
4. Strategic vision for change that identifies how the community will be revitalized. This vision should include methods for building on community assets and coordinate a response to community needs in a comprehensive fashion. This vision should provide goals and performance benchmarks for measuring progress and establish a framework for evaluating and adjusting the strategic plan or measurable goals.
5. Local fiscal and regulatory incentives enacted pursuant to s. [290.0057\(1\)\(e\)](#). These incentives should induce economic revitalization, including job creation and small business expansion.

(d) Such guidelines may provide methods for evaluating the prospects for new investment and economic development in the area, including a review and evaluation of any previous state enterprise zones located in the area.

(7) Upon approval by the department of a resolution authorizing an area to be an enterprise zone pursuant to this section, the department shall assign a unique identifying number to that resolution. The department shall provide the Department of Revenue and Enterprise Florida, Inc., with a copy of each resolution approved, together with its identifying number.

(8) The Department shall establish an Enterprise Zone Marketing Fund, which shall be funded pursuant to s. 212.08(h)(9) and 218.08(g)(8). The Department shall administer the fund to market and promote the program to businesses and increase awareness and participation in the program. Such activities may include sending representatives to economic development conferences, direct mail advertisements to promote awareness of the program, and organizing technical workshops to assist businesses with the incentive process.

¹290.014 Annual reports on enterprise zones.—

(1) By October 1 of each year, the Department of Revenue shall submit an annual report to the department detailing the usage and revenue impact by county of the state incentives listed in s. [290.007](#).

(2) The annual report required under s. [20.60](#) shall include the information provided by the Department of Revenue pursuant to subsection (1) and the information provided by enterprise zone development agencies pursuant to s. [290.0056](#). In addition, the report shall include an analysis of the activities and accomplishments of each enterprise zone.

(3) The Department shall establish a form for all businesses participating in the enterprise zone program to file reports, either at time of application or annually, stating, to the best of their ability, the number of jobs created in each enterprise zone location during the previous year or subsequent to the most recent report, the number of employees hired by the business that were unemployed and/or receiving public assistance, and total capital investment at each enterprise zone location during the previous year or subsequent to the most recent report.

290.016 Repeal.—Sections [290.001-290.014](#) are repealed December 31, 202~~2~~¹5.

(g) Building materials used in the rehabilitation of real property located in an enterprise zone.—

1. Building materials used in the rehabilitation of real property located in an enterprise zone are exempt from the tax imposed by this chapter upon an affirmative showing to the satisfaction of the department that the items have been used for the rehabilitation of real property located in an enterprise zone. Except as provided in subparagraph 2., this exemption inures to the owner, lessee, or lessor at the time the real property is rehabilitated, but only through a refund of previously paid taxes. To receive a refund pursuant to this paragraph, the owner, lessee, or lessor of the rehabilitated real property must file an application under oath with the governing body or enterprise zone development agency having jurisdiction over the enterprise zone where the business is located, as applicable. A single application for a refund may be submitted for multiple, contiguous parcels that were part of a single parcel that was divided as part of the rehabilitation of the property. All other requirements of this paragraph apply to each parcel on an individual basis. The application must include:

- a. The name and address of the person claiming the refund.
- b. An address and assessment roll parcel number of the rehabilitated real property for which a refund of previously paid taxes is being sought.
- c. A description of the improvements made to accomplish the rehabilitation of the real property.
- d. A copy of a valid building permit issued by the county or municipal building department for the rehabilitation of the real property.
- e. A sworn statement, under penalty of perjury, from the general contractor licensed in this state with whom the applicant contracted to make the improvements necessary to rehabilitate the real property, which lists the building materials used to rehabilitate the real property, the actual cost of the building materials, and the amount of sales tax paid in this state on the building materials. If a general contractor was not used, the applicant, not a general contractor, shall make the sworn statement required by this sub-subparagraph. Copies of the invoices that evidence the purchase of the building materials used in the rehabilitation and the payment of sales tax on the building materials must be attached to the sworn statement provided by the general contractor or by the applicant. Unless the actual cost of building materials used in the rehabilitation of real property and the payment of sales taxes is documented by a general contractor or by the applicant in this manner, the cost of the building materials is deemed to be an amount equal to 40 percent of the increase in assessed value for ad valorem tax purposes.
- f. The identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the rehabilitated real property is located.
- g. A certification by the local building code inspector that the improvements necessary to rehabilitate the real property are substantially completed.
- h. A statement of whether the business is a small business as defined by s. [288.703](#).
- i. If applicable, the name and address of each permanent employee of the business, including, for each employee who is a resident of an enterprise zone, the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the employee resides.

2. This exemption inures to a municipality, county, other governmental unit or agency, or nonprofit community-based organization through a refund of previously paid taxes if the building materials used in the rehabilitation are paid for from the funds of a community development block grant, State Housing Initiatives Partnership Program, or similar grant or loan program. To receive a refund, a municipality, county, other governmental unit or agency, or nonprofit community-based organization must file an application that includes the same information required in subparagraph 1. In addition, the application must include a sworn statement signed by the chief executive officer of the municipality, county, other governmental unit or agency, or nonprofit community-based organization seeking a refund which states that the building materials for which a refund is sought were funded by a

community development block grant, State Housing Initiatives Partnership Program, or similar grant or loan program.

3. Within 10 working days after receipt of an application, the governing body or enterprise zone development agency shall review the application to determine if it contains all the information required by subparagraph 1. or subparagraph 2. and meets the criteria set out in this paragraph. The governing body or agency shall certify all applications that contain the required information and are eligible to receive a refund. If applicable, the governing body or agency shall also certify if 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees. The certification must be in writing, and a copy of the certification shall be transmitted to the executive director of the department. The applicant is responsible for forwarding a certified application to the department within the time specified in subparagraph 4.

4. An application for a refund must be submitted to the department within 6 months after the rehabilitation of the property is deemed to be substantially completed by the local building code inspector or by November 1 after the rehabilitated property is first subject to assessment.

5. Only one exemption through a refund of previously paid taxes for the rehabilitation of real property is permitted per calendar year for any single parcel of property unless there is a change in ownership, a new lessor, or a new lessee of the real property. A refund may not be granted unless the amount to be refunded exceeds \$500. A refund may not exceed the lesser of 97 percent of the Florida sales or use tax paid on the cost of the building materials used in the rehabilitation of the real property as determined pursuant to sub-subparagraph 1.e. or \$5,000, or, if the business is defined as a small business by s 288.703(6) or at least 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees, the amount of refund may not exceed the lesser of 97 percent of the sales tax paid on the cost of the building materials or \$10,000. A refund shall be made within 30 days after formal approval by the department of the application for the refund.

6. The department shall adopt rules governing the manner and form of refund applications and may establish guidelines as to the requisites for an affirmative showing of qualification for exemption under this paragraph.

7. The department shall deduct an amount equal to 10 percent of each refund granted under this paragraph from the amount transferred into the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to s. 212.20 for the county area in which the rehabilitated real property is located and shall transfer that amount to the General Revenue Fund.

8. The department shall withhold an amount equal to 5 percent of each refund granted under this program and transfer the amount to the Enterprise Zone Marketing Fund defined in S 290.0065.

98. For the purposes of the exemption provided in this paragraph, the term:

a. "Building materials" means tangible personal property that becomes a component part of improvements to real property.

b. "Real property" has the same meaning as provided in s. 192.001(12), except that the term does not include a condominium parcel or condominium property as defined in s. 718.103 or property on parcels zoned residential.

c. "Rehabilitation of real property" means the reconstruction, renovation, restoration, rehabilitation, construction, or expansion of improvements to real property.

d. "Substantially completed" has the same meaning as provided in s. 192.042(1).

109. This paragraph expires on the date specified in s. 290.016 for the expiration of the Florida Enterprise Zone Act.

(h) Business property used in an enterprise zone.—

1. Business property purchased for use by businesses located in an enterprise zone which is subsequently used in an enterprise zone shall be exempt from the tax imposed by this chapter. This exemption inures to the business only through a refund of previously paid taxes. A refund shall be authorized upon an affirmative showing by the taxpayer to the satisfaction of the department that the requirements of this paragraph have been met.
2. To receive a refund, the business must file under oath with the governing body or enterprise zone development agency having jurisdiction over the enterprise zone where the business is located, as applicable, an application which includes:
 - a. The name and address of the business claiming the refund.
 - b. The identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the business is located.
 - c. A specific description of the property for which a refund is sought, including its serial number or other permanent identification number.
 - d. The location of the property.
 - e. The sales invoice or other proof of purchase of the property, showing the amount of sales tax paid, the date of purchase, and the name and address of the sales tax dealer from whom the property was purchased.
 - f. Whether the business is a small business as defined by s. [288.703](#).
 - g. If applicable, the name and address of each permanent employee of the business, including, for each employee who is a resident of an enterprise zone, the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the employee resides.
3. Within 10 working days after receipt of an application, the governing body or enterprise zone development agency shall review the application to determine if it contains all the information required pursuant to subparagraph 2. and meets the criteria set out in this paragraph. The governing body or agency shall certify all applications that contain the information required pursuant to subparagraph 2. and meet the criteria set out in this paragraph as eligible to receive a refund. If applicable, the governing body or agency shall also certify if 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees. The certification shall be in writing, and a copy of the certification shall be transmitted to the executive director of the Department of Revenue. The business shall be responsible for forwarding a certified application to the department within the time specified in subparagraph 4.
4. An application for a refund pursuant to this paragraph must be submitted to the department within 6 months after the tax is due on the business property that is purchased, or, if applicable, within six months from the date the property is delivered and/or installed.
5. The amount refunded on purchases of business property under this paragraph shall be the lesser of 97 percent of the sales tax paid on such business property or \$5,000, or, if the business is defined as a small business by s 288.703(6) or no less than 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees, the amount refunded on purchases of business property under this paragraph shall be the lesser of 97 percent of the sales tax paid on such business property or \$10,000. A refund approved pursuant to this paragraph shall be made within 30 days after formal approval by the department of the application for the refund. A refund may not be granted under this paragraph unless the amount to be refunded exceeds \$100 in sales tax paid on purchases made within a 60-day time period.
6. The department shall adopt rules governing the manner and form of refund applications and may establish guidelines as to the requisites for an affirmative showing of qualification for exemption under this paragraph.
7. If the department determines that the business property is permanently-used-outside-an-relocated to a location outside an enterprise zone within 3 years from the date of purchase, the amount of taxes refunded to the business purchasing such business property shall immediately be due and payable to the department by the business, together with the

appropriate interest and penalty, computed from the date of purchase, in the manner provided by this chapter. Notwithstanding this subparagraph, business property ~~used exclusively in:~~

- ~~a. Licensed commercial fishing vessels;~~
- ~~b. Fishing guide boats, or~~
- ~~c. Ecotourism guide boats~~

that leaves and returns to a fixed location within an ~~enterprise zone~~ area designated under s. 379.2353, Florida Statutes 2010, ~~are~~ is eligible for the exemption provided under this paragraph if all requirements of this paragraph are met. ~~Such vessels and boats must be owned by a business that is eligible to receive the exemption provided under this paragraph. This exemption does not apply to the purchase of a vessel or boat.~~

8. The department shall deduct an amount equal to 10 percent of each refund granted under this paragraph from the amount transferred into the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to s. 212.20 for the county area in which the business property is located and shall transfer that amount to the General Revenue Fund.

9. The department shall withhold an amount equal to 5 percent of each refund granted under this program and transfer the amount to the Enterprise Zone Marketing Fund defined in S 290.0065.

10~~9~~. For the purposes of this exemption, "business property" means new or used property defined as "recovery property" in ⁵s. 168(c) of the Internal Revenue Code of 1954, as amended, except:

- a. Property classified as 3-year property under ⁶s. 168(c)(2)(A) of the Internal Revenue Code of 1954, as amended;
- b. Industrial machinery and equipment as defined in sub-subparagraph (b)6.a. and eligible for exemption under paragraph (b);
- c. Building materials as defined in sub-subparagraph (g)8.a.; and
- d. Business property having a sales price of under \$5,000 per purchase, or, if the business is defined as small business under s. 288.703(6), business property having a sales price under \$1,000 per purchase ~~unit~~

11~~10~~. This paragraph expires on the date specified in s. 290.016 for the expiration of the Florida Enterprise Zone Act.

1) For the purposes of the credit provided in this section:

(a) "Eligible business" means any sole proprietorship, firm, partnership, corporation, bank, savings association, estate, trust, business trust, receiver, syndicate, or other group or combination, or successor business, located in an enterprise zone. The business must demonstrate to the department that, on the date of application, the total number of full-time jobs defined under paragraph (d) is greater than the total was 12 months prior to that date. An eligible business does not include any business which has claimed the credit permitted under s. [220.181](#) for any new business employee first beginning employment with the business after July 1, 1995. A business shall not be eligible for any credit under this section unless the requirements of section (e) are met.

(b) "Month" means either a calendar month or the time period from any day of any month to the corresponding day of the next succeeding month or, if there is no corresponding day in the next succeeding month, the last day of the succeeding month.

(c) "New employee" means a person residing in an enterprise zone or a participant in the welfare transition program who begins employment with an eligible business after July 1, 1995, and who has not been previously employed full time within the preceding 12 months by the eligible business, or a successor eligible business, claiming the credit allowed by this section.

(d) "Job" means a full-time position, as consistent with terms used by the Department of Economic Opportunity and the United States Department of Labor for purposes of reemployment assistance tax administration and employment estimation resulting directly from a business operation in this state. This term does not include a temporary construction job involved with the construction of facilities or any job that has previously been included in any application for tax credits under s. [220.181](#)(1). The term also includes employment of an employee leased from an employee leasing company licensed under chapter 468 if such employee has been continuously leased to the employer for an average of at least 36 hours per week for more than 6 months.

(e) "New job has been created" means that, on the date of application, the total number of full-time jobs is greater than the total was 12 months prior to that date, as demonstrated to the department by a business located in the enterprise zone.

(f) "Unemployed Veteran" for the purpose of this section means a Veteran of the United States Armed Forces honorably discharged in the previous five years who, at the time of hire, has been unemployed for a period of 3 months of greater.

A person shall be deemed to be employed if the person performs duties in connection with the operations of the business on a regular, full-time basis, provided the person is hired to performing such duties for an average of at least 36 hours per week ~~each month~~. The person must be performing such duties at a business site located in the enterprise zone.

(2)(a) Upon an affirmative showing by an eligible business to the satisfaction of the department that the requirements of this section have been met, the business shall be allowed a credit against the tax remitted under this chapter.

(b) The credit shall be computed as 20 percent of the actual monthly wages paid in this state to each new employee hired when a new job has been created, unless the business is located within a rural enterprise zone pursuant to s. [290.004](#), in which case the credit shall be 30 percent of the actual monthly wages paid. If the business is defined as a small business by s 288.703(6) or no less than 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees, the credit shall be computed as 30 percent of the actual monthly wages paid in this state to each new employee hired when a new job has been created, unless the

business is located within a rural enterprise zone, in which case the credit shall be 45 percent of the actual monthly wages paid. If the new employee hired when a new job is created is an unemployed veteran or a participant in the welfare transition program, the following credit shall be a percent of the actual monthly wages paid: 40 percent for \$4 above the hourly federal minimum wage rate; 41 percent for \$5 above the hourly federal minimum wage rate; 42 percent for \$6 above the hourly federal minimum wage rate; 43 percent for \$7 above the hourly federal minimum wage rate; and 44 percent for \$8 above the hourly federal minimum wage rate. For purposes of this paragraph, monthly wages shall be computed as one-twelfth of the expected annual wages paid to such employee. The amount paid as wages to a new employee is the compensation paid to such employee that is subject to reemployment assistance tax. The credit shall be allowed for up to 24 consecutive months, beginning with the first tax return due pursuant to s. [212.11](#) after approval by the department. In the event an eligible employee does not remain employed for 24 months, the eligible business will be allowed a credit for the number of months the employee was employed by the eligible business.

(3) In order to claim this credit, an eligible business must file under oath with the governing body or enterprise zone development agency having jurisdiction over the enterprise zone where the business is located, as applicable, a statement which includes:

(a) For each new employee for whom this credit is claimed, the employee's name and place of residence, including the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the employee resides if the new employee is a person residing in an enterprise zone, and, if applicable, documentation that the employee is a welfare transition program participant.

(b) If applicable, the name and address of each permanent employee of the business, including, for each employee who is a resident of an enterprise zone, the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the employee resides.

(c) The name and address of the eligible business.

(d) The starting salary or hourly wages paid to the new employee.

(e) Demonstration to the department that, on the date of application, the total number of full-time jobs defined under paragraph (1)(d) is greater than the total was 12 months prior to that date.

(f) The identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the business is located.

(g) Whether the business is a small business as defined by s. [288.703\(6\)](#).

(h) Within 10 working days after receipt of an application, the governing body or enterprise zone development agency shall review the application to determine if it contains all the information required pursuant to this subsection and meets the criteria set out in this section. The governing body or agency shall certify all applications that contain the information required pursuant to this subsection and meet the criteria set out in this section as eligible to receive a credit. If applicable, the governing body or agency shall also certify if 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees. The certification shall be in writing, and a copy of the certification shall be transmitted to the executive director of the Department of Revenue. The business shall be responsible for forwarding a certified application to the department within the time specified in paragraph (i).

(i) All applications for a credit pursuant to this section must be submitted to the department within 6 months after the new employee is hired, except applications for credit for leased employees. Applications for credit for leased employees must be submitted to the department within 7 months after the employee is leased.

(4) Within 10 working days after receipt of a completed application for a credit authorized in this section, the department shall inform the business that the application has been approved. The credit may be taken on the first return due after receipt of approval from the department.

(5) In the event the application is incomplete or insufficient to support the credit authorized in this section, the department shall deny the credit and notify the business of that fact. The business may reapply for this credit.

(6) The credit provided in this section does not apply:

(a) For any new employee who is an owner, partner, or majority stockholder of an eligible business.

(b) For any new employee who is employed for any period less than 3 months.

(c) For wages paid to any employee approved under section (4) during a month where the employee fails to perform duties in connection with the business for an average of 36 hours per week, except where the failure to perform duties in connection with the business for an average of 36 hours per week is due to vacation or employee leave.

(7) The credit provided in this section shall not be allowed for any month in which the tax due for such period or the tax return required pursuant to s. [212.11](#) for such period is delinquent.

(8) In the event an eligible business has a credit larger than the amount owed the state on the tax return for the time period in which the credit is claimed, the amount of the credit for that time period shall be the amount owed the state on that tax return.

(9) Any business which has claimed this credit shall not be allowed any credit under the provisions of s. [220.181](#) for any new employee beginning employment after July 1, 1995.

(10) It shall be the responsibility of each business to affirmatively demonstrate to the satisfaction of the department that it meets the requirements of this section.

(11) Any person who fraudulently claims this credit is liable for repayment of the credit plus a mandatory penalty of 100 percent of the credit plus interest at the rate provided in this chapter, and such person is guilty of a misdemeanor of the second degree, punishable as provided in s. [775.082](#) or s. [775.083](#).

(12) This section, except for subsection (11), expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

History.—s. 35, ch. 84-356; s. 8, ch. 86-166; s. 25, ch. 87-6; s. 28, ch. 88-201; s. 20, ch. 91-224; s. 47, ch. 94-136; s. 1498, ch. 95-147; s. 17, ch. 96-320; s. 20, ch. 98-57; s. 55, ch. 2000-165; s. 3, ch. 2001-201; s. 23, ch. 2002-218; s. 22, ch. 2005-287; s. 4, ch. 2006-113; s. 76, ch. 2011-142; s. 21, ch. 2012-5; s. 45, ch. 2012-30; s. 23, ch. 2012-96.

220.181 Enterprise zone jobs credit.—

(1)(a) There shall be allowed a credit against the tax imposed by this chapter to any business located in an enterprise zone which demonstrates to the department that, on the date of application, the total number of full-time jobs is greater than the total was 12 months before that date. The credit shall be computed as 20 percent of the actual monthly wages paid in this state to each new employee hired when a new job has been created, as defined under s. [220.03\(1\)\(ee\)](#), unless the business is located in a rural enterprise zone, pursuant to s. [290.004](#), in which case the credit shall be 30 percent of the actual monthly wages paid. If the business is defined as a small business by s 288.703(6) or no less than 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees, the credit shall be computed as 30 percent of the actual monthly wages paid in this state to each new employee hired when a new job has been created, unless the business is located in a rural enterprise zone, in which case the credit shall be 45 percent of the actual monthly wages paid, for a period of up to 24 consecutive months. In the event an eligible employee does not remain employed for 24 months, the eligible business will be allowed a credit for the number of months the employee was employed by the eligible business. If the new employee hired when a new job is created is an unemployed veteran or a participant in the welfare transition program, the following credit shall be a percent of the actual monthly wages paid: 40 percent for \$4 above the hourly federal minimum wage rate; 41 percent for \$5 above the hourly federal minimum wage rate; 42 percent for \$6 above the hourly federal minimum wage rate; 43 percent for \$7 above the hourly federal minimum wage rate; and 44 percent for \$8 above the hourly federal minimum wage rate.

(b) This credit applies only with respect to wages subject to reemployment assistance tax. The credit provided in this section does not apply:

1. For any employee who is an owner, partner, or majority stockholder of an eligible business.
2. For any new employee who is employed for any period less than 3 months.
3. For wages paid to any employee during a month where the employee fails to perform duties in connection with the business for an average of 36 hours per week, except where the failure to perform duties in connection with the business for an average of 36 hours per week is due to vacation or employee leave.

(c) If this credit is not fully used in any one year, the unused amount may be carried forward for a period not to exceed 5 years. The carryover credit may be used in a subsequent year when the tax imposed by this chapter for such year exceeds the credit for such year after applying the other credits and unused credit carryovers in the order provided in s. [220.02\(8\)](#).

(2) When filing for an enterprise zone jobs credit, a business must file under oath with the governing body or enterprise zone development agency having jurisdiction over the enterprise zone where the business is located, as applicable, a statement which includes:

(a) For each new employee for whom this credit is claimed, the employee's name and place of residence during the taxable year, including the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the new employee resides if the new employee is a person residing in an enterprise zone, and, if applicable, documentation that the employee is a welfare transition program participant.

(b) If applicable, the name and address of each permanent employee of the business, including, for each employee who is a resident of an enterprise zone, the identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the employee resides.

(c) The name and address of the business.

(d) The identifying number assigned pursuant to s. [290.0065](#) to the enterprise zone in which the eligible business is located.

(e) The salary or hourly wages paid to each new employee claimed.

- (f) Demonstration to the department that, on the date of application, the total number of full-time jobs is greater than the total was 12 months prior to that date.
- (g) Whether the business is a small business as defined by s. [288.703](#).
- (3) Within 10 working days after receipt of an application, the governing body or enterprise zone development agency shall review the application to determine if it contains all the information required pursuant to subsection (2) and meets the criteria set out in this section. The governing body or agency shall certify all applications that contain the information required pursuant to subsection (2) and meet the criteria set out in this section as eligible to receive a credit. If applicable, the governing body or agency shall also certify if 20 percent of the employees of the business are residents of an enterprise zone, excluding temporary and part-time employees. The certification shall be in writing, and a copy of the certification shall be transmitted to the executive director of the Department of Revenue. The business shall be responsible for forwarding a certified application to the department.
- (4) It shall be the responsibility of the taxpayer to affirmatively demonstrate to the satisfaction of the department that it meets the requirements of this act.
- (5) For the purpose of this section, the term "month" means either a calendar month or the time period from any day of any month to the corresponding day of the next succeeding month or, if there is no corresponding day in the next succeeding month, the last day of the succeeding month.
- (6) No business which files an amended return for a taxable year shall be allowed any amount of credit or credit carryforward pursuant to this section in excess of the amount claimed by such business on its original return for the taxable year. The provisions of this subsection do not apply to increases in the amount of credit claimed under this section on an amended return due to the use of any credit amount previously carried forward for the taxable year on the original return or any eligible prior year under paragraph (1)(c).
- (7) Any business which has claimed this credit shall not be allowed any credit under the provision of s. [212.096](#) for any new employee beginning employment after July 1, 1995. The provisions of this subsection shall not apply when a corporation converts to an S corporation for purposes of compliance with the Internal Revenue Code of 1986, as amended; however, no corporation shall be allowed the benefit of this credit and the credit under s. [212.096](#) either for the same new employee or for the same taxable year. In addition, such a corporation shall not be allowed any credit under s. [212.096](#) until it has filed notice of its intent to change its status for tax purposes and until its final return under this chapter for the taxable year prior to such change has been filed.
- (8)(a) Any person who fraudulently claims this credit is liable for repayment of the credit, plus a mandatory penalty in the amount of 200 percent of the credit, plus interest at the rate provided in s. [220.807](#), and commits a felony of the third degree, punishable as provided in s. [775.082](#), s. [775.083](#), or s. [775.084](#).
- (b) Any person who makes an underpayment of tax as a result of a grossly overstated claim for this credit is guilty of a felony of the third degree, punishable as provided in s. [775.082](#), s. [775.083](#), or s. [775.084](#). For purposes of this paragraph, a grossly overstated claim means a claim in an amount in excess of 100 percent of the amount of credit allowable under this section.
- (9) This section, except paragraph (1)(c) and subsection (8), expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act, and a business may not begin claiming the enterprise zone jobs credit after that date; however, the expiration of this section does not affect the operation of any credit for which a business has qualified under this section before that date, or any carryforward of unused credit amounts as provided in paragraph (1)(c).

1) SPECIFIC TERMS.—When used in this code, and when not otherwise distinctly expressed or manifestly incompatible with the intent thereof, the following terms shall have the following meanings:

(a) “Ad valorem taxes paid” means 96 percent of property taxes levied for operating purposes and does not include interest, penalties, or discounts foregone. In addition, the term “ad valorem taxes paid,” for purposes of the credit in s. [220.182](#), means the ad valorem tax paid on new or additional real or personal property acquired to establish a new business or facilitate a business expansion, including pollution and waste control facilities, or any part thereof, and including one or more buildings or other structures, machinery, fixtures, and equipment. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(b) “Affiliated group of corporations” means two or more corporations which constitute an affiliated group of corporations as defined in s. 1504(a) of the Internal Revenue Code.

(c) “Business” or “business firm” means any business entity authorized to do business in this state as defined in paragraph (e), and any bank or savings and loan association as defined in s. [220.62](#), subject to the tax imposed by the provisions of this chapter. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(d) “Community contribution” means the grant by a business firm of any of the following items:

1. Cash or other liquid assets.
2. Real property.
3. Goods or inventory.
4. Other physical resources as identified by the department.

This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(e) “Corporation” includes all domestic corporations; foreign corporations qualified to do business in this state or actually doing business in this state; joint-stock companies; limited liability companies, under chapter 608; common-law declarations of trust, under chapter 609; corporations not for profit, under chapter 617; agricultural cooperative marketing associations, under chapter 618; professional service corporations, under chapter 621; foreign unincorporated associations, under chapter 622; private school corporations, under chapter 623; foreign corporations not for profit which are carrying on their activities in this state; and all other organizations, associations, legal entities, and artificial persons which are created by or pursuant to the statutes of this state, the United States, or any other state, territory, possession, or jurisdiction. The term “corporation” does not include proprietorships, even if using a fictitious name; partnerships of any type, as such; limited liability companies that are taxable as partnerships for federal income tax purposes; state or public fairs or expositions, under chapter 616; estates of decedents or incompetents; testamentary trusts; or private trusts.

(f) “Department” means the Department of Revenue of this state.

(g) “Director” means the executive director of the Department of Revenue and, when there has been an appropriate delegation of authority, the executive director’s delegate.

(h) “Earned,” “accrued,” “paid,” or “incurred” shall be construed according to the method of accounting upon the basis of which a taxpayer’s income is computed under this code.

(i) “Emergency,” as used in s. [220.02](#) and in paragraph (u) of this subsection, means occurrence of widespread or severe damage, injury, or loss of life or property proclaimed pursuant to s. [14.022](#) or declared pursuant to s. [252.36](#). This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(j) "Enterprise zone" means an area in the state designated pursuant to s. [290.0065](#). This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(k) "Expansion of an existing business," for the purposes of the enterprise zone property tax credit, means any business entity authorized to do business in this state as defined in paragraph (e), and any bank or savings and loan association as defined in s. [220.62](#), subject to the tax imposed by the provisions of this chapter, located in an enterprise zone, which expands by or through additions to real and personal property and which establishes five or more new jobs to employ five or more additional full-time employees at such location. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(l) "Fiscal year" means an accounting period of 12 months or less ending on the last day of any month other than December or, in the case of a taxpayer with an annual accounting period of 52-53 weeks under s. 441(f) of the Internal Revenue Code, the period determined under that subsection.

(m) "Includes" or "including," when used in a definition contained in this code, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

²(n) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended and in effect on January 1, 2014, except as provided in subsection (3).

(o) "Local government" means any county or incorporated municipality in the state. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(p) "New business," for the purposes of the enterprise zone property tax credit, means any business entity authorized to do business in this state as defined in paragraph (e), or any bank or savings and loan association as defined in s. [220.62](#), subject to the tax imposed by the provisions of this chapter, first beginning operations on a site located in an enterprise zone and clearly separate from any other commercial or industrial operations owned by the same entity, bank, or savings and loan association and which establishes five or more new jobs to employ five or more additional full-time employees at such location. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(q) "New employee," for the purposes of the enterprise zone jobs credit, means a person residing in an enterprise zone, an unemployed veteran, or a participant in the welfare transition program who is employed at a business located in an enterprise zone who begins employment in the operations of the business after July 1, 1995, and who has not been previously employed full time within the preceding 12 months by the business or a successor business claiming the credit pursuant to s. [220.181](#). A person shall be deemed to be employed by such a business if the person performs duties in connection with the operations of the business on a full-time basis, provided she or he is hired to performing such duties for an average of at least 36 hours per week ~~each month~~. The person must be performing such duties at a business site located in an enterprise zone. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(r) "Nonbusiness income" means rents and royalties from real or tangible personal property, capital gains, interest, dividends, and patent and copyright royalties, to the extent that they do not arise from transactions and activities in the regular course of the taxpayer's trade or business. The term "nonbusiness income" does not include income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, or any amounts which could be included in apportionable income without violating the due process clause of the United States Constitution. For purposes of this definition, "income" means gross receipts less all expenses directly or indirectly attributable thereto. Functionally related dividends are presumed to be business income.

(s) "Partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, including a limited partnership; and the term "partner" includes a member having a capital or a profits interest in a partnership.

(t) "Project" means any activity undertaken by an eligible sponsor, as defined in s. [220.183\(2\)\(c\)](#), which is designed to construct, improve, or substantially rehabilitate housing that is affordable to low-income or very-low-income households as defined in s. [420.9071\(19\)](#) and (28); designed to provide commercial, industrial, or public resources and facilities; or designed to improve entrepreneurial and job-development opportunities for low-income persons. A project may be the investment necessary to increase access to high-speed broadband capability in rural communities with enterprise zones, including projects that result in improvements to communications assets that are owned by a business. A project may include the provision of museum educational programs and materials that are directly related to any project approved between January 1, 1996, and December 31, 1999, and located in an enterprise zone designated pursuant to s. [290.0065](#). This paragraph does not preclude projects that propose to construct or rehabilitate low-income or very-low-income housing on scattered sites. With respect to housing, contributions may be used to pay the following eligible project-related activities:

1. Project development, impact, and management fees for low-income or very-low-income housing projects;
2. Down payment and closing costs for eligible persons, as defined in s. [420.9071\(19\)](#) and (28);
3. Administrative costs, including housing counseling and marketing fees, not to exceed 10 percent of the community contribution, directly related to low-income or very-low-income projects; and
4. Removal of liens recorded against residential property by municipal, county, or special-district local governments when satisfaction of the lien is a necessary precedent to the transfer of the property to an eligible person, as defined in s. [420.9071\(19\)](#) and (28), for the purpose of promoting home ownership. Contributions for lien removal must be received from a nonrelated third party.

³The provisions of this paragraph shall expire and be void on June 30, 2015.

(u) "Rebuilding of an existing business" means replacement or restoration of real or tangible property destroyed or damaged in an emergency, as defined in paragraph (i), after July 1, 1995, in an enterprise zone, by a business entity authorized to do business in this state as defined in paragraph (e), or a bank or savings and loan association as defined in s. [220.62](#), subject to the tax imposed by the provisions of this chapter, located in the enterprise zone. This paragraph expires on the date specified in s. [290.016](#) for the expiration of the Florida Enterprise Zone Act.

(v) "Regulations" includes rules promulgated, and forms prescribed, by the department.

(w) "Returns" includes declarations of estimated tax required under this code.

(x) "State," when applied to a jurisdiction other than Florida, means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country, or any political subdivision of any of the foregoing.

(y) "Taxable year" means the calendar or fiscal year upon the basis of which net income is computed under this code, including, in the case of a return made for a fractional part of a year, the period for which such return is made.

(z) "Taxpayer" means any corporation subject to the tax imposed by this code, and includes all corporations for which a consolidated return is filed under s. [220.131](#). However, "taxpayer" does not include a corporation having no individuals (including individuals employed by an affiliate) receiving compensation in this state as defined in s. [220.15](#) when

the only property owned or leased by said corporation (including an affiliate) in this state is located at the premises of a printer with which it has contracted for printing, if such property consists of the final printed product, property which becomes a part of the final printed product, or property from which the printed product is produced.

(aa) "Functionally related dividends" include the following types of dividends:

1. Those received from a subsidiary of which the voting stock is more than 50 percent owned or controlled by the taxpayer or members of its affiliated group and which is engaged in the same general line of business.
2. Those received from any corporation which is either a significant source of supply for the taxpayer or its affiliated group or a significant purchaser of the output of the taxpayer or its affiliated group, or which sells a significant part of its output or obtains a significant part of its raw materials or input from the taxpayer or its affiliated group. "Significant" means an amount of 15 percent or more.
3. Those resulting from the investment of working capital or some other purpose in furtherance of the taxpayer or its affiliated group.

However, dividends not otherwise subject to tax under this chapter are excluded.

(bb) "Child care facility startup costs" means expenditures for substantial renovation, equipment, including playground equipment and kitchen appliances and cooking equipment, real property, including land and improvements, and for reduction of debt, made in connection with a child care facility as defined by s. [402.302](#), or any facility providing daily care to children who are mildly ill, which is located in this state on the taxpayer's premises and used by the employees of the taxpayer.

(cc) "Operation of a child care facility" means operation of a child care facility as defined by s. [402.302](#), or any facility providing daily care to children who are mildly ill, which is located in this state within 5 miles of at least one place of business of the taxpayer and which is used by the employees of the taxpayer.

(dd) "Citrus processing company" means a corporation which, during the 60-month period ending on December 31, 1997, had derived more than 50 percent of its total gross receipts from the processing of citrus products and the manufacture of juices.

(ee) "New job has been created" means that, on the date of application, the total number of full-time jobs is greater than the total was 12 months prior to that date, as demonstrated to the department by a business located in the enterprise zone.

(ff) "Job" means a full-time position, as consistent with terms used by the Department of Economic Opportunity and the United States Department of Labor for purposes of reemployment assistance tax administration and employment estimation resulting directly from business operations in this state. The term may not include a temporary construction job involved with the construction of facilities or any job that has previously been included in any application for tax credits under s. [212.096](#). The term also includes employment of an employee leased from an employee leasing company licensed under chapter 468 if the employee has been continuously leased to the employer for an average of at least 36 hours per week for more than 6 months.

(gg) "Unemployed Veteran" for the purpose of this section means a Veteran of the US Armed Forces honorably discharged in the previous five years who, at the time of hire, has been unemployed for a period of 3 months of greater.

⁴(2) DEFINITIONAL RULES.—When used in this code and neither otherwise distinctly expressed nor manifestly incompatible with the intent thereof:

(a) The word "corporation" or "taxpayer" includes the words "and its successors and assigns" as if these words, or words of similar import, were expressed.

(b) Any term used in any section of this code with respect to the application of, or in connection with, the provisions of any other section of this code has the same meaning as in such other section.

⁵(c) Any term used in this code has the same meaning as when used in a comparable context in the Internal Revenue Code and other statutes of the United States relating to federal income taxes, as such code and statutes are in effect on January 1, 2014. However, if subsection (3) is implemented, the meaning of a term shall be taken at the time the term is applied under this code.

(3) FUTURE FEDERAL AMENDMENTS.—On or after January 1, 1972, when expressly authorized by law, any amendment to the Internal Revenue Code shall be given effect under this code in such manner and for such periods as are prescribed in the Internal Revenue Code, to the same extent as if such amendment had been adopted by the Legislature of this state. However, any such amendment shall have effect under this code only to the extent that the amended provision of the Internal Revenue Code shall be taken into account in the computation of net income subject to tax hereunder.

(4) It is the intent of the Legislature that all amendments to the Internal Revenue Code be given effect under the Florida Income Tax Code in such manner and for such periods as are prescribed in the Internal Revenue Code, to the same extent as if such amendments had been adopted by the Legislature of the state.

(5)(a) Notwithstanding any other provision of this code, each amendment to the Internal Revenue Code of 1954, as amended and in effect on January 1, 1980, which was enacted by the Congress of the United States after January 1, 1980, and before January 1, 1982, and which had an effective date prior to January 1, 1982, shall be given effect under this code retroactive to the effective date of such amendment unless the taxpayer makes the election provided for in paragraph (b) or in paragraph (c).

(b) Unless a taxpayer makes the election under paragraph (c), she or he may make an election, in the manner prescribed by the department, by August 26, 1982, or a taxpayer filing an initial return may make an election upon filing the first return for tax due under this chapter, whichever is later, to report and pay the tax levied by this chapter as if all such amendments described in paragraph (a) became effective on January 1, 1982. If such an election is made, all such amendments shall have no application to such taxpayer for periods prior to January 1, 1982, and all transactions and events occurring between January 1, 1980, and January 1, 1982, and the continuing tax ramifications of such events and transactions shall be governed by the law in effect on January 1, 1980.

(c) A taxpayer may make an election, in the manner prescribed by the department, by August 26, 1982, or a taxpayer filing an initial return may make an election upon filing the first return for the tax due under this chapter, whichever is later, to report and pay the tax levied by this chapter as if:

1. The Internal Revenue Code of 1954, as amended and in effect on January 1, 1980, is in effect indefinitely thereafter; and
2. Solely for the purpose of computing depreciation deductions, the provisions of chapter 220, Florida Statutes, 1980 Supplement, are in effect indefinitely thereafter.

For the purposes of taxation of taxpayers who make the election provided for in this paragraph, the Internal Revenue Code of 1954, as amended and in effect on January 1, 1980, shall include, for tax years beginning on or after January 1, 1982, the provisions of the Foreign Investment in Real Property Tax Act of 1980, Subtitle C of Title XI of Pub. L. No. 96-499 and the amendments to those provisions codified in the Internal Revenue Code, as defined in paragraph (1)(n). Taxpayers may one time only revoke an election made pursuant to this paragraph, in accordance with rules formulated by the department. Such revocation shall be prospective in nature, and all transactions and events occurring during the period during which the election provided for in this paragraph is in effect and the continuing tax ramifications of such events and transactions shall be governed by the provisions of this paragraph.

(d) Any taxpayer who has not made the election pursuant to paragraph (c) shall be subject to the provisions of chapter 221, and the provisions of that chapter shall be retroactively effective to the effective date of s. 168 of the Internal Revenue Code of 1954, as amended, unless the taxpayer has made the election pursuant to paragraph (b), in which event the provisions of chapter 221 shall apply retroactively to January 1, 1982.

(e) Paragraphs (b) and (c) and any election made pursuant to such paragraphs shall expire and be void for taxable years beginning on or after January 1, 1987, except any depreciation method elected and applied to assets placed in service prior to January 1, 1987.

(f) Any taxpayer who made an election pursuant to paragraphs (b) and (c) for any prior taxable year shall recompute tax for all prior years for which such election was effective by determining the tax for all such taxable years as if the election had not been made, except for differences attributable to depreciation methods. The aggregate of the changes in the tax liabilities resulting from such recomputation shall be treated as an addition to tax or credit against tax, as the case may be, ratably over the five succeeding taxable years beginning after December 31, 1986. Any ratable portion of a credit against tax which cannot be utilized in any taxable year may be carried over to subsequent taxable years until fully utilized.

History.—s. 1, ch. 71-984; ss. 2, 3, ch. 72-278; s. 1, ch. 73-321; s. 1, ch. 74-324; s. 2, ch. 75-293; s. 1, ch. 76-173; s. 1, ch. 77-402; ss. 1, 2, ch. 78-58; s. 1, ch. 79-35; s. 1, ch. 80-15; s. 6, ch. 80-77; s. 2, ch. 80-199; ss. 2, 6, ch. 80-247; ss. 2, 10, ch. 80-248; s. 21, ch. 81-167; s. 126, ch. 81-259; s. 3, ch. 82-119; s. 4, ch. 82-177; ss. 1, 8, ch. 82-232; ss. 1, 9, ch. 82-385; ss. 4, 8, ch. 82-399; s. 19, ch. 83-55; s. 12, ch. 83-297; s. 11, ch. 83-334; s. 2, ch. 83-349; s. 37, ch. 84-356; ss. 4, 11, 13, 18, ch. 84-549; s. 3, ch. 85-118; s. 54, ch. 85-342; s. 12, ch. 86-121; s. 12, ch. 87-99; s. 14, ch. 87-102; s. 16, ch. 88-119; ss. 16, 29, ch. 88-201; s. 50, ch. 89-356; s. 37, ch. 90-132; s. 13, ch. 90-203; s. 1, ch. 91-19; s. 1, ch. 92-10; s. 3, ch. 92-207; s. 1, ch. 93-172; s. 7, ch. 93-233; s. 1, ch. 94-86; s. 49, ch. 94-136; s. 1518, ch. 95-147; s. 1, ch. 95-397; s. 1, ch. 96-250; s. 21, ch. 96-320; s. 35, ch. 96-397; s. 15, ch. 97-287; s. 21, ch. 98-57; s. 1, ch. 98-100; s. 9, ch. 98-101; s. 2, ch. 98-293; s. 21, ch. 98-342; s. 28, ch. 99-208; s. 11, ch. 2000-157; s. 37, ch. 2000-210; s. 22, ch. 2000-355; s. 6, ch. 2001-201; s. 1, ch. 2001-218; s. 39, ch. 2002-218; s. 1, ch. 2002-283; s. 2, ch. 2002-395; s. 1, ch. 2003-85; s. 1, ch. 2004-262; s. 1, ch. 2005-112; s. 2, ch. 2005-282; s. 24, ch. 2005-287; s. 4, ch. 2006-2; s. 1, ch. 2006-46; s. 2, ch. 2006-113; s. 1, ch. 2007-35; s. 1, ch. 2008-206; s. 1, ch. 2009-18; s. 1, ch. 2009-192; s. 1, ch. 2010-142; s. 88, ch. 2011-142; s. 1, ch. 2011-229; s. 48, ch. 2012-30; s. 3, ch. 2012-145; s. 1, ch. 2013-46; s. 1, ch. 2014-25.

¹Note.—

A. Section 5, ch. 2008-206, provides that “[t]he Department of Revenue may adopt rules necessary to administer the provisions of this act, including rules, forms, and guidelines for computing, claiming, and adding back bonus depreciation under s. 168(k) and deductions under s. 179 of the Internal Revenue Code of 1986, as amended.”

B. Section 3, ch. 2009-192, provides that “[t]he Department of Revenue may adopt rules necessary to administer the provisions of this act.”

²Note.—

A. Section 3, ch. 2011-229, provides that:

“(1) The executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act.

“(2) Notwithstanding any other provision of law, the emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.”

B. Section 3, ch. 2013-46, provides that:

“Emergency rules.—

“(1) The executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act.

“(2) Notwithstanding any other provision of law, the emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.”

C. Section 2, ch. 2014-25, provides that “[t]his act shall take effect upon becoming a law and operate retroactively to January 1, 2014.”

³Note.—As amended by s. 2, ch. 2005-282. This sentence was also amended by s. 24, ch. 2005-287, and that version reads: “This paragraph expires on the date specified in s. 290.016 for the expiration of the Florida Enterprise Zone Act.”

⁴Note.—

A. Section 3, ch. 2011-229, provides that:

“(1) The executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act.

“(2) Notwithstanding any other provision of law, the emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.”

B. Section 3, ch. 2013-46, provides that:

“Emergency rules.—

“(1) The executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act.

“(2) Notwithstanding any other provision of law, the emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.”

⁵Note.—Section 2, ch. 2014-25, provides that “[t]his act shall take effect upon becoming a law and operate retroactively to January 1, 2014.”

Memorandum



Date: January 21, 2015

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Enterprise Zone Program and Its Impact on Miami-Dade County's Economy -
(Resolution R-635-14)

The attached report is presented in response to Resolution No. R-635-14, approved by the Board of County Commissioners on July 1, 2014. The resolution requested a study of the economic impact of the Enterprise Zone Program in the enterprise zone designated areas of the County compared to areas outside the zones. Statistical data was used to assess the effectiveness of the program within the County's Enterprise Zone (EZ). The analysis suggests economic benefits within the EZ in terms of poverty and unemployment, job creation, household and family median incomes, per capita income, and industrial and commercial real estate investments since 2000.

The assessment of social and economic progress in Miami-Dade's Enterprise Zones (EZ) indicates that economic progress has been achieved since 2000, although many areas in the EZ continue to suffer from high poverty rates and high rates of unemployment, low family incomes, as well as low per capita income.

The socio-economic gains achieved in the EZ during a decade marked by the deepest recession in U.S. history, along with the fact that pervasive poverty remains in most of the neighborhoods of the zones, strongly suggests that the Enterprise Zone Program in Miami-Dade has contributed to the welfare of the County and should be reauthorized. The socio-economic gains and expansion of private investment experienced in the EZ meet the legislative intent of the program as it was established by the State. However, the reauthorization of the program and continued public investments in the EZ remain necessary to sustain the positive momentum achieved during the last decade.

Key findings in the assessment attached include:

- Businesses and residents of Miami-Dade's Enterprise Zone (EZ) have benefitted not only from the tax rebates and credits received by businesses, but also from the new hires of EZ residents by establishments in the zone and the associated increase in consumer buying power within EZ neighborhoods.

- Fundamental socio-economic indicators show that the areas within the Miami-Dade Enterprise Zone (EZ) outperformed the areas outside the zone between 2000 and 2012. Indicators of private investment also demonstrate that the EZ outperformed the areas outside the zone between 2004 and 2014.
 - The percentage of persons living below the poverty line in the EZ declined by 4.3 percent, while the area outside the EZ experienced an increase of 0.3 percent.
 - The unemployment rate in the EZ increased by 0.6 percent, but the unemployment rate outside the EZ increased by 2.2 percent.
 - Job growth in the EZ increased by 139.9 percent, while the area outside the EZ experienced an increase of 9.9 percent.
 - Median family income in the EZ increased by 42 percent, and over the same period it increased by 29 percent in areas outside the EZ.
 - Homeownership in the EZ increased from 29 percent to 34 percent, while homeownership outside the EZ remained virtually unchanged at approximately 63 percent.
 - Private investment increased in the EZ between 2004 and 2014 with the development of additional 29 million square feet of industrial and commercial space. During the same period, industrial and commercial space declined outside the EZ.

Modest changes aligned with the State's legislative intent of the program could improve the effectiveness of the tax credits already available in the EZ.

Six recommended program adjustments to EZ incentives include:

- a) Allow small businesses to receive prorated sales tax jobs credits on wages paid to part-time workers scheduled for more than 20 hours per week or 84 hours per month.
- b) Allow businesses located outside the EZ to be eligible for the sales or corporate income tax jobs credit when the establishments hire full-time workers living in the EZ.
- c) Reduce the threshold to be eligible for sales tax credits for investments in business equipment from \$5,000.00 per unit of machinery or equipment to \$500.00.
- d) Increase the cap on corporate tax jobs credit to reflect price inflation since 2004.

- e) Allow unused sales tax job credits for small business establishments providing business, personal and professional services to carry over their earned sales tax job credits for two years. Small businesses often do not generate enough sales taxes remittances to the State to make effective use of the job tax credits since earned tax credits do not carry over to future tax returns.
- f) Raise the cap on the building materials tax credit from \$5,000 to \$60,000 for industrial or commercial construction in the EZ and adjust the cap each year for price inflation.

If you have any questions regarding this study, please contact Jack Osterholt, Deputy Mayor/Director of the Department of Regulatory and Economic Resources, at 305-375-3076.

Per Ordinance 14-65, this memorandum will be placed on the next available Board of County Commissioners meeting agenda.

Attachment

- c: Jack Osterholt, Deputy Mayor/Director of Department of Regulatory and Economic Resources
Russell Benford, Deputy Mayor
Robert A. Cuevas, County Attorney
Lourdes Gomez, Deputy Director, Department of Regulatory and Economic Resources
Mark Woerner, Assistant Director, Department of Regulatory and Economic Resources
Christopher Agrippa, Clerk of the Board
Charles Anderson, Commission Auditor

Economic Assessment of Miami-Dade County's Enterprise Zone: 2000-2012

Regulatory and Economic Resources Department

January 21, 2015

Contents

	<u>Page</u>
Summary of Key Findings.....	1
Background History of the Enterprise Zone	2
Comparative Performance of the Enterprise Zone.....	4
<i>Socio-Economic Conditions in the Enterprise Zone and Outside the EZ in 2000</i>	4
<i>Socio-Economic Gains and Losses in the Enterprise Zone and Outside the EZ: 2000-2012</i>	5
Expansion of the Property Tax Base in the Enterprise Zone.....	8
Economic Challenges Remain in the Enterprise Zone Despite Progress.....	9
Recommended Modifications to the EZ Program	10

Tables/Figures

Table 1. Miami-Dade Enterprise Zone Incentives: Sales or Corporate Income Tax Rebates	3
Table 2. Comparative Progress in Miami-Dade County's Enterprise Zone 2000 to 2012	7
Table 3. Change in Aggregate Private Real Estate Investment	8
Figure 1. Change in Poverty Rates between 2000 and 2010 in the Enterprise Zone	11
Figure 2. Poverty Rate by 2010 Census Block Groups, Miami-Dade County.....	12

Summary of Key Findings

- The Florida Legislature, with the approval of the governor, established the Enterprise Zone program in 1994 for the purpose of assisting “local communities, their residents, and the private sector in creating the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas and to provide jobs for residents of such areas.”
- The State assists local Enterprise Zones primarily through a series of tax rebates/credits to private sector businesses operating in the zones and constructing commercial buildings and affordable housing, investing in business equipment, and hiring employees from within the Zones.
- The Enterprise Zone program was reauthorized in 2005 and is scheduled to expire at the end of 2015 unless the program is reauthorized in the 2015 legislative session.
- Businesses and residents of Miami-Dade’s Enterprise Zone (EZ) have benefitted not only from the tax rebates and credits received by businesses, but also from the new hires of EZ residents by establishments in the zone and the associated increase in consumer buying power within the local community. (See Table 1.)
- An examination of key socio-economic and private investment indicators show that between 2000 and 2012 the areas within the Miami-Dade Enterprise Zone (EZ) outperformed the areas outside the EZ. (See Table 2.)
 - The percentage of persons living below the poverty line in the EZ declined by 4.3 percentage points, while the area outside the EZ experienced an increase of 0.2 percentage points.
 - Job growth in the EZ increased by 139.9 percent, while the area outside the EZ experienced of 9.9 percent.
 - The unemployment rate in the EZ increased by 0.6 percentage points, but the unemployment rate outside the EZ increased by 2.2 points. Employed residents in the EZ increase by 130,000 between 2000 and 2012.
 - Median family income in the EZ increased by 42 percent compared to 29 percent in areas outside the EZ over the same period.
 - Homeownership in the EZ increased from 29 percent to 34 percent, while homeownership outside the EZ remained virtually unchanged.
 - Private investment increased in the EZ with the development of 29 million square feet of industrial, warehouse and commercial space. Industrial and commercial space outside the EZ declined during that same period.
- Despite relatively strong gains in socio-economic and private investment indicators, the County’s Enterprise Zone remains challenged by high unemployment and poverty and in need of additional private sector investment.
- The socio-economic gains and expansion of private investment experienced in the EZ meet the legislative intent of the program as it was established, and yet reauthorization of the program and continued public investments in the zone are necessary to sustain the positive momentum achieved during a difficult economic environment.

Background History of the Enterprise Zone

The Enterprise Zone Program is a joint State and County effort that provides economic development incentives to businesses in order to stimulate capital investment and job growth. The State of Florida established the program in 1994 with the primary objectives of: 1) accelerating economic growth in economically distressed areas; 2) increasing private sector investments within the zones; and 3) spurring job growth to increase employment opportunities for residents living in the zones, reducing unemployment rates and alleviating poverty. When the federal government designated Empowerment Zones with similar economic development objectives and incentives, the State deemed Empowerment Zones in Florida to be eligible for incentives available within the Enterprise Zone. The economic conditions used to determine eligibility for inclusion in the federal empowerment zones were similar to the conditions required in the State Enterprise Zones, and, therefore, large portions of the Empowerment Zone overlap with the Enterprise Zone.

Miami-Dade's Enterprise Zone (EZ) encompasses 53.1 square miles of distressed neighborhoods, with a population of 553,000 and where 32% of the residents live below the official poverty line. Areas of land included in the EZ must be located within a census block group¹ where the poverty rate is at least 20 percent. Florida also requires that the unemployment rate in the EZ is not less than the State's unemployment rate. State law also requires that at least half of the block groups represented in the EZ must have a poverty rate not less than 30 percent.²

The EZ Program provides state tax credits and rebates to eligible businesses that meet the performance requirements of the program. The EZ program has been an integral part of the County's economic development strategy since the program's inception. From 2005 through 2010, Miami-Dade developers investing in the Enterprise Zone received incentives of nearly \$83 million in sales taxes rebates on building materials. Tax rebates on purchases of building materials accounted for approximately 93% of the incentives awarded from 2005 to 2010. Building materials used in construction of condominiums were excluded from the sales tax rebates in 2010, and the fiscal cost of the tax rebates on building materials dropped sharply after FY 2009-10. Enterprise Zone incentives since then are more focused on incentivizing investments in business equipment and job growth in the Zones, which arguably have a more direct effect on the stated purpose of the statute authorizing the program. State statute 290.003 describes the legislative intent and policy purpose of the program:

¹ The Census Bureau defines a *census block group* as a statistical division of a *census tract* and generally contain between 600 and 3,000 people. A census tract is a small, relatively permanent statistical subdivision of a county and generally contains a population from 1,200 to 8,000 persons. The optimal size of a census tract is 4,000 according to the Census Bureau.

² Florida Statutes, Chapter 290, Urban Redevelopment.

... to provide the necessary means to assist local communities, their residents, and the private sector in creating the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas and to provide jobs for residents of such areas.

From 2011 through 2013, 638 Miami-Dade businesses located in the EZ received nearly \$1.2 million in sales tax rebates and corporate tax credits for purchases of business equipment and 547 EZ establishments received \$1.8 million in incentives for hiring full-time employees residing within the Enterprise Zone boundaries. During that 3-year period businesses located in the EZ paid out \$7.1 million in wages in order to receive \$1.8 million in incentives for filling 482 positions (approximately \$4 in wages per \$1 of tax rebate). In calendar year 2013, businesses in the EZ provided 162 employment positions for EZ residents, paid out \$2.6 million in wages (an average annual wage of \$16,050), and received \$636,000 in state EZ tax credits. (See Table 1.)

Table 1. Miami-Dade Enterprise Zone Incentives: Sales or Corporate Income Tax Rebates
Monetary values in thousand dollars, except for state incentives per application.

Calendar Year	Purchases: Bldg Materials				Purchases: Business Equipment			
	Sales	State Incentive	Applications	Incentive / Application	Sales	State Incentive	Applications	Incentive / Application
	Thou. \$	Thou. \$	units	\$	Thou. \$	Thou. \$	units	\$
2005	167,122	8,835	1,763	5,011	13,800	522	191	2,733
2006	122,167	3,833	763	5,024	19,360	649	224	2,897
2007	101,676	2,308	10	230,774	13,280	882	135	6,530
2008	407,257	23,155	41	564,762	10,506	421	130	3,240
2009	621,595	29,496	41	6,206	10,023	459	134	3,423
2010	209,854	15,267	2,629	5,807	22,603	1,110	847	1,311
2011	1,257	77	25	3,097	7,444	424	220	1,928
2012	5,678	105	28	3,750	4,077	289	179	1,616
2013	10,597	127	36	3,515	8,514	482	239	2,016
Total	1,647,203	83,203	5,336	NA	109,608	5,238	2,299	NA
Ann. Avg.	183,023	9,245	593	62,371	12,179	582	255	9,114
Calendar Year	Jobs Sales Tax Credit				Jobs Corp. Inc. Tax Credit			
	Wages Paid	State Incentive	Incentive / Application	Jobs*	Wages Paid	State Incentive	Incentive / Application	Jobs*
	Thou. \$	Thou. \$	\$	units	Thou. \$	Thou. \$	\$	units
2005	1,472	294.4	1,211	189	458	91.6	1,527	61
2006	1,087	217.4	933	145	403	80.6	2,985	52
2007	1,378	282.5	1,139	253	3,295	659.0	25,346	136
2008	830	240.9	1,125	158	473	142.4	5,696	30
2009	263	242.2	1,742	118	234	65.5	1,820	38
2010	633	163.7	1,820	38	141	28.3	1,010	16
2011	1,547	404.5	2,829	153	711	184.7	8,395	18
2012	1,404	352.1	2,083	129	911	265.7	8,858	20
2013	1,612	409.7	2,696	146	965	226.8	7,315	17
Total	10,226	2,607.5	15,578	1,328	7,591	1,744.6	62,952	388
Ann. Avg.	1,136	289.7	1,731	148	843	193.8	6,995	43

Notes:

- 1) Data reflects information submitted on quarterly applications for disbursement of incentives.
- 2) Jobs are the annual average of employment positions submitted each quarter in applications requesting disbursement of the Job Tax Credits.

Comparative Performance of the Enterprise Zone

The Miami-Dade Enterprise Zone was established in 1994 and reauthorized in 2005. Since then, the Enterprise Zone incentive programs have been adjusted from time to time and Enterprise Zone boundaries were modified in 2004 and 2008. Economic progress in the EZ has been influenced not only by financial incentives, but also by changes in the general economic climate at the global, national, and countywide levels. The County's economy experienced robust growth from 2003 through the middle of 2007, as it benefited from a favorable global and national economic environment that spurred an increase in international trade, tourism, construction activity and consumer spending. During that period both employment and household incomes rose at a fast pace, unemployment rates along with poverty rates were falling to historically low levels, and property values were rising along with home ownership rates. These trends not only yielded positive effects on the County as a whole, but also in many of the neighborhoods within the boundaries of the Enterprise Zone. The recession from the end of 2007 through the summer of 2009, however, reversed nearly all of those earlier gains. The economic progress during the recovery has been modest but gaining additional momentum in 2014, but the advances in key socio-economic indicators have been discernably stronger within the boundaries of the EZ compared generally to the areas outside the EZ.

Changes in incentive programs and the general economic environment make it difficult to isolate the importance of enterprise designation in the long-term economic progress of the zone, and it would be unlikely that EZ incentives alone would have a significant positive impact without complementary public policies in areas of education and childcare, public transportation and other infrastructure, public safety, small business development efforts and the regulatory environment that businesses must navigate. The economic development initiatives of the County and other local government entities have focused much of their efforts and resources to areas within the EZ. An examination of the relative changes in several socio-economic indicators in Miami-Dade's EZ from 2000 to 2012 show significant progress in the EZ over that timeframe when compared with the same indicators for the areas of the County outside the zone.³

Socio-Economic Conditions in the Enterprise Zone and Outside the EZ in 2000

Socio-economic indicators from 2000 show extreme levels of economic distress throughout much of the Enterprise Zone. The residents of the EZ living in households with incomes at or below the official poverty threshold comprised 36.4 percent of all EZ residents. The poverty rate within the EZ was more than twice the rate found among residents of the rest

³ The estimates of socio-economic indicators in 2000 are from the Census Bureau's *2000 Decennial Census*, while the indicators in 2012 are from the *2012 American Community Survey 5-year Estimates*. The ACS is based on a rolling monthly survey of households over a 5-year period.

of Miami-Dade (15.3 percent). If one considers the residents with incomes on the edge of poverty (*income exceeding the poverty level by 25 percent or less*) where a health issue or even temporary unemployment could push them into poverty, then the poor and “near poor” comprised 46 percent of the EZ population in 2000 compared to 21 percent in the areas outside the EZ.

High unemployment was also pervasive among EZ residents in 2000, when 14.7 percent of residents looking for work were unable to find employment. The unemployment rate in the EZ was 1.75 times higher than in the rest of the County. High and persistent unemployment rates tend to discourage participation in the labor force and in the EZ 50 percent of the non-institutionalized population 16 or older participated in the labor force, while nearly 60 percent of the 16 or older population outside the EZ boundaries participated in the labor force. Lower participation in the labor force is, of course, directly correlated with lower than average household earnings and higher poverty rates.

Median household income and median family income outside the EZ were approximately double the incomes inside the EZ in 2000. Median household income within the EZ was \$19,600, compared to \$39,300 for households outside the EZ. Median family income within the EZ was \$22,300 and \$43,300 in the areas outside the EZ. Per capita income in the EZ was \$10,700 in 2000, and just below half the per capita income in the areas outside the EZ.

High rates of homeownership tend to promote neighborhood stability and enhance other social benefits. Homeownership in 2000 was less common in the Enterprise Zone, where only 29 percent of households owned their own homes, compared to 62 percent of households living outside the EZ. Relatively more households living in the EZ in 2000 were described as “housing cost burdened” than in the areas outside the EZ. Nearly 47 percent of households in the EZ that owned their home reported spending more than 30 percent of income on housing costs, while outside the EZ 41 percent of homeowners reported spending more than 30 percent of income on housing. In 2000, a significant number of renters in the EZ and outside the EZ were burdened by expensive housing costs. Forty-nine (49) percent of renters in the EZ and 48 percent of renters outside the EZ spent 30 percent or more of their income on housing expenses.

Socio-Economic Gains and Losses in the Enterprise Zone and Outside the EZ: 2000-2012

Since 2000, socio-economic conditions in the Enterprise Zone have improved significantly in key areas, despite a deep recession from the end of 2007 through the summer of 2009. The recession reversed the gains that were made from 2003 through the summer of 2007. Nevertheless, an examination of economic progress between 2000 and 2012 reflected in economic indicators such as poverty and unemployment rates, employment growth, household incomes, and homeownership and housing costs affirms the Enterprise Zone outperforming the areas outside the EZ in 15 of the 20 economic

indicators. **(See Table 2.)** The gaps between socio-economic conditions in the EZ and in the rest of the County remain wide, but the narrowing of the gaps during the past decade suggests that the Enterprise Zone program combined with local and federal resources have made a difference in the economic conditions within the EZ. **(See Figures 1 and 2.)**

The latest available information from the U.S. Census Bureau suggests that the poverty rate in Miami-Dade's EZ declined by as much as 4.3 percentage points between 2000 and 2012. The same data suggests that the poverty rate in the County outside the Enterprise Zone remained essentially unchanged with the most recent estimate of the poverty rate outside the EZ showing a slight increase of 0.2 percentage points. When including the near poor, one finds that the percentage of the EZ population considered poor or near poor declined by 4.8 percentage points between 2000 and 2012. During the same period, the percent of the population outside the EZ classified as poor or near poor increased by 0.5 percentage points.

While unemployment rate within the Enterprise Zone increased by 0.6 percentage points between 2000 and 2012, the unemployment rate outside the EZ increased by 2.2 percentage points. Labor force participation rates in the EZ increased by 10 percentage points over this time period, while the labor force participation rate outside the EZ rose by 5 percentage points. The gap in labor force participation rates between the two areas narrowed by almost half between 2000 and 2012. Jobs held by residents of the EZ increased by 140% between 2000 and 2012, while employment growth outside the EZ increased by 10% over the same period. (The population in the EZ doubled between 2000 and 2012.)

In 2000, the median household income in the EZ (\$19,600) was half the median household income outside the EZ (\$39,300), but by 2012 that gap had narrowed markedly. In 2012 median household income in the EZ increased by nearly 40 percent to \$27,200, while median household income outside the zone increased by just 26 percent to \$49,700. The difference in purchasing power between the median household living outside the EZ and the median household living inside the EZ declined by 14 percent from 2000 to 2012. Similarly, median family income in the EZ (\$22,300 in 2000) increased by 42 percent (\$31,600), while the median family income outside the EZ (\$43,300 in 2000) experienced an increase of 29 percent (\$56,000) and the gap in purchasing power narrowed by 13 percent. The gains in per capita income within the EZ outperformed the gains outside the EZ. Per capita income in the EZ increased by 47 percent from \$10,700 to \$15,800, while outside the EZ the increase was 29 percent and per capita income outside the EZ rose from \$19,600 to \$25,400 in 2012.

Homeownership became more prevalent from 2001 to 2008 at the national level, the State level and in Miami-Dade County, as mortgage interest rates declined and access to home mortgages expanded. As the foreclosure crisis deepened in 2009 and 2010,

homeownership rates among all households in the County fell back to levels below 2004, but the EZ was able to sustain prior gains in homeownership. Only 29 percent of households in the EZ owned their own residential property in 2000, but by 2012 that ratio had increased to 34 percent. Homeownership rates also increased outside the EZ, but not at a pace as strong as that found in the EZ. From 2000 to 2012 homeownership rates outside the EZ increased modestly from 62% in 2000 to 63 percent in 2012.

Table 2. Comparative Progress in Miami-Dade County's Enterprise Zone 2000 to 2012

Economic and Social Indicators	Enterprise Zone			Non-Enterprise Zone Areas			Progress Differential, EZ-non EZ	EZ Performed Better?
	2000	2012	Change	2000	2012	Change		
Poverty Rate (population)	36.4%	32.1%	-4.3%	15.3%	15.5%	0.2%	-4.6%	✓
Percent of Persons "Near Poor" ¹	9.2%	9.2%	0.0%	5.7%	6.0%	0.3%	-0.3%	✓
Percent Poor or Near Poor	45.7%	41.4%	-4.3%	21.0%	21.5%	0.5%	-4.8%	✓
Unemployment Rate	14.2%	14.7%	0.6%	8.1%	10.3%	2.2%	-1.7%	✓
Labor Force Participation Rate ²	49.9%	59.9%	9.9%	58.5%	63.7%	5.3%	4.7%	✓
Job growth (% change)	NA	139.9%	NA	NA	9.9%	NA	130.1%	✓
Median Household Income \$000	\$19.6	\$27.2	38.8%	\$39.3	\$49.7	26.5%	12.3%	✓
Median Family Income \$000	\$22.3	\$31.6	41.7%	\$43.3	\$56.0	29.2%	12.5%	✓
Per Capita Income \$000	\$10.7	\$15.8	46.7%	\$19.6	\$25.4	29.4%	17.3%	✓
Homeownership Rate	28.9%	34.0%	5.1%	62.2%	63.4%	1.2%	3.9%	✓
% Homeowners Cost Burdened ³	46.9%	62.4%	15.5%	40.9%	56.6%	15.7%	-0.2%	✓
% Renters Cost Burdened ³	48.8%	64.0%	15.2%	46.7%	59.8%	13.1%	2.1%	X
Real Estate Development Investment Indicators	Enterprise Zone			Non-Enterprise Zone Areas			Progress Differential, EZ-non EZ	EZ Performed Better?
	2004	2014	Change	2004	2014	Change		
Average Building Value per SF								
Industrial/Warehouse	\$25.10	\$22.31	-11.1%	\$31.81	\$35.49	11.6%	-22.7%	X
Commercial (excl. ind./wrhs)	\$40.81	\$45.77	12.2%	\$54.21	\$61.97	14.3%	-2.2%	X
Aggregate Bldg Size (SF million)								
Industrial/Warehouse	72.2	79.3	9.8%	108.0	93.4	-13.6%	23.4%	✓
Commercial (excl. ind./wh)	79.6	101.8	27.9%	152.0	150.6	-0.9%	28.8%	✓
Residential Units Value per SF								
Multi-family Rental	\$39.21	\$41.02	4.6%	\$40.96	\$44.81	9.4%	-4.8%	X
Single-family and Condominiums	\$47.42	\$39.29	-17.2%	\$60.09	\$66.55	10.7%	-27.9%	X
Residential Units (SF million)								
Multi-family Rental	38.0	44.5	17.3%	96.3	69.2	-28.1%	45.5%	✓
Single-family and Condominiums	55.1	81.4	47.7%	691.0	759.4	9.9%	37.8%	✓

Data Sources. Economic and social indicators: U.S. Census Bureau, *2000 Decennial Census; 2012 American Community Survey 5-year estimates*. Industrial/warehouse and commercial value/SF and building size, Miami-Dade Property Appraiser.

Notes:

- "Near Poor" are individuals living in households whose incomes exceed the poverty threshold by no more than 25%.
- The participation rate represents the percent of persons 16 years or older who are employed or actively seeking employment (unemployed).
- Cost burdened homeowners or renters spend 30% or more of their income on housing costs.
- ✓ indicates Enterprise Zone outperformed the rest of the County, while an X indicates that rest-of-County outperformed the EZ.

Housing costs in Miami-Dade have typically been high relative to household income. Approximately 47 percent of homeowners (with a mortgage) living in the EZ in 2000 spent at least 30 percent of their income on housing costs (i.e. *housing cost burdened*), and by 2012, 62 percent of EZ homeowners were considered housing cost burdened. In 2000 only 41 percent of homeowners outside the EZ were housing cost burdened, but by 2012 that percentage had increased to 57 percent (an increase that was just slightly above what was experienced by homeowners in the EZ).

Expansion of the Property Tax Base in the Enterprise Zone

Records from Miami-Dade’s Property Appraiser reveal that industrial and commercial⁴ development increased significantly in the Enterprise Zone between 2004 and 2014. Industrial space grew by 7.1 million SF (10 percent gain) within the EZ, while commercial space added 22.2 million SF (28 percent). The average value per SF of industrial space in the EZ decline by 11 percent during that period due to competitive pressures in this market segment. (See Table 2.)

The areas outside the EZ experienced a contraction in both industrial and commercial space between 2004 and 2014, reflecting a shift toward additional residential development. Industrial space declined by 14.7 million SF (-14 percent), while commercial space remained essentially unchanged (a loss of 1.4 million SF, -1 percent). The value per SF of building space outside the EZ, however, increased for both industrial and commercial space.

Table 3. Aggregate Private Real Estate Investment¹ and Contribution to Property Tax Base: Enterprise Zone and Outside the Zone.

Type of Real Estate	Enterprise Zone			Non-Enterprise Zone Areas			EZ Performed Better?
	Millions of Dollars		Percent Change	Millions of Dollars		Percent Change	
	2004	2014		2004	2014		
Industrial/Warehouse	1,358	1,630	20.0%	2,373	2,735	15.2%	✓
Commercial	<u>3,019</u>	<u>4,321</u>	43.1%	<u>6,164</u>	<u>6,719</u>	9.0%	✓
Sub Total	4,378	5,951	35.9%	8,537	9,454	10.7%	✓
Multi-Family Rental Housing	1,101	1,669	51.6%	2,599	3,123	20.2%	✓
Single-Family (incl. condominiums)	<u>1,900</u>	<u>1,836</u>	-3.3%	<u>25,746</u>	<u>36,989</u>	43.7%	X
Sub Total	3,000	3,505	16.8%	28,345	40,112	41.5%	X
All other uses or not specified	2,075	4,157	100.3%	18,546	34,824	87.8%	✓
TOTAL BUILDING VALUE	9,454	13,612	44.0%	55,428	84,389	52.3%	X

Notes:

- 1) Includes only building values before tax exemptions. Land value is excluded.
- 2) ✓ indicates Enterprise Zone outperformed the rest of the County, while an X indicates that rest-of-County outperformed the EZ.

Data Source. Miami-Dade Property Appraiser.

⁴ “Commercial” refers to retail, food services, personal services, lodging, and office space, and similar uses.

Net investment in non-residential properties in the EZ exceeded the level of net investment outside the EZ between 2004 and 2014. **(See Table 3)** The combined investment value⁵ of industrial and commercial buildings increased by \$1.6 billion (+36 percent) within the EZ during that decade. Investment in industrial and commercial buildings outside the EZ increased by \$917 million (+11 percent) from 2004 to 2014. Investment in multi-family rental buildings within the EZ increased by 52 percent over the same period compared to an increase of 20 percent outside the EZ.

The growth in assessed value of industrial, commercial and multi-family rental housing in the EZ led to an additional \$106 million in property taxes for all taxing jurisdictions in 2014 alone. Approximately 56 percent of the additional property taxes from the EZ were directed to municipal and countywide services in 2014, while 42 percent of assessments supported public K-12 education.

Single-family construction activity from 2004 and 2014 added 26 million SF to the stock of single-family residential structures⁶ in the EZ, but value per SF fell by 17 percent during that period. The assessed value of single-family property in the EZ increased by \$6.8 billion from 2004 to 2014 and generated approximately \$131 million to 2014 property taxes.

Economic Challenges Remain in the Enterprise Zone Despite Recent Gains

Despite considerable economic progress in Miami-Dade's Enterprise Zone since 2000, the majority of the EZ's residents continue to face high unemployment, low incomes and the adverse social and health effects of pervasive poverty.

In the latest available economic data from the U.S. Census Bureau at the time of this report, 41 percent of EZ residents were considered poor or near poor, almost double the rate found outside the EZ. Unemployment in the EZ was estimated at nearly 15 percent, approximately 1.5 times higher than the rate outside the zone. If one factors in a reasonable estimate of the 16 and over population that has dropped out of the labor force because of the low probability of finding a job ("*discouraged workers*"), then the unemployment rate in the EZ could be as high as 20 percent.

Sustaining and continuing the economic progress achieved since 2000 requires not only the reauthorization of the Enterprise Zone program, but also the continued focus of the County and other local governments on coordinated policies and programs that promote socio-economic development in the EZ. Continuing economic progress requires local government commitments to public investments and programs in the EZ that: 1) increase access to public transit; 2) repair, upgrade and build necessary public infrastructure; 3) enhance the quality and effectiveness of education, job training and other

⁵ The building values are obtained from the Miami-Dade Property Appraiser's electronic data files.

⁶ This activity includes the conversion of rental apartments to condominiums.

social services; 4) support the development of small businesses; and 5) maintain an adequate level of public safety.

Recommended Program Adjustments to Accelerate Socio-Economic Gains in the EZ

Based on the experience of Miami-Dade County's Enterprise Zone, modest changes aligned with the legislative intent of the program could improve the effectiveness of the sales and corporate income tax credits already available in the EZ.

Six recommended program adjustments:

- a) Allow small businesses to receive prorated sales tax jobs credits on wages paid to part-time workers scheduled for more than 20 hours per week or 84 hours per month.
- b) Allow businesses located outside the Enterprise Zone to be eligible for the sales or corporate income tax jobs credit when they hire full-time workers living in the Enterprise Zone.
- c) Increase the number of small businesses that can make use of the tax credit for purchases of business equipment by reducing the threshold for granting sales tax credits for investments in business equipment from \$5,000.00 per unit of machinery or equipment to \$500.00.
- d) Increase the cap on corporate tax jobs credit to reflect price inflation since 2004.
- e) Allow unused sales tax job credits for small business establishments providing business, personal and professional services to carry over their earned sales tax job credits for two years. Small businesses often do not generate enough sales tax remittances to the State to make effective use of the job tax credits. Unlike the corporate income tax job credits, earned sales tax job credits do not carry over to future tax returns.
- f) Raise the cap on the building materials tax credit from \$5,000 to \$60,000 for industrial or commercial construction in the EZ and adjust the cap each year for price inflation.

Figure 1: Change in Poverty Rates Between 2000 - 2012
in the Miami-Dade County Enterprise Zone

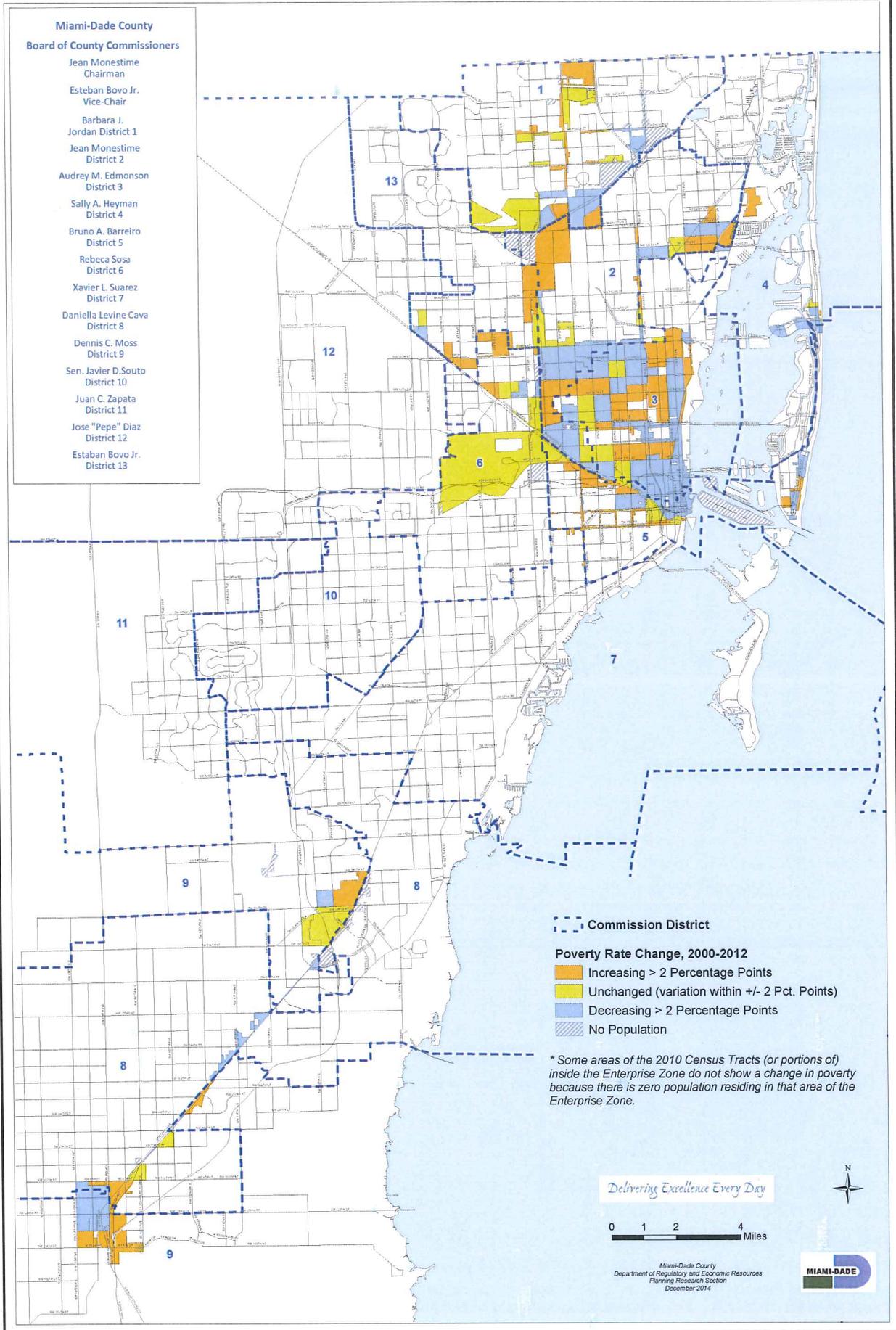
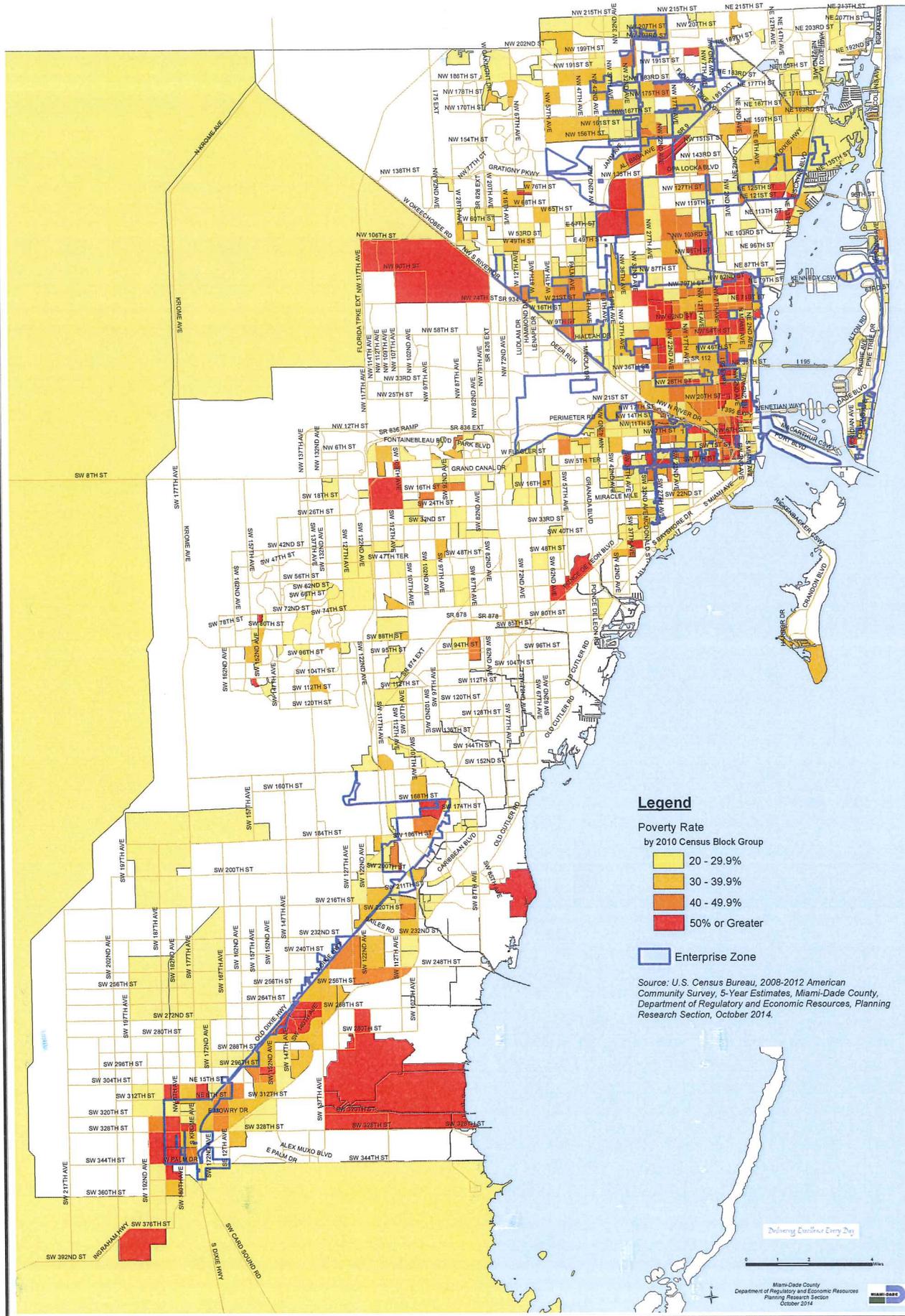


Figure 2: Poverty Rate by 2010 Census Block Groups, Miami-Dade County

Excludes Block Groups with Population Less than 200 Persons



Legend

Poverty Rate
by 2010 Census Block Group

- 20 - 29.9%
- 30 - 39.9%
- 40 - 49.9%
- 50% or Greater

Enterprise Zone

Source: U.S. Census Bureau, 2008-2012 American Community Survey, 5-Year Estimates, Miami-Dade County, Department of Regulatory and Economic Resources, Planning Research Section, October 2014.

Florida Enterprise Zone Act Proposed Reforms

Marketing

- Issue: No Current Statewide Marketing Efforts
- Solution: Establish an Enterprise Zone Marketing Fund Administered by the Department
 - Increases program awareness
 - Enable the production of program literature for use at site selection and economic development events
 - Provide technical workshops for program participants and economic development professionals

Re-Designation

- Issue: No Current Requirement for Periodic Re-Designation of Enterprise Zone Areas
- Solution: Establish Requirement for EZ Areas to be Re-Designated within 12 months of each Census
 - Ensures that areas which no longer meet the required demographics are graduated out of the program
 - Allows mileage from graduated areas to be re-targeted to other distressed areas
 - Requires Local Governments to periodically review and endorse current designated areas

Reporting

- Issue: No Current Reporting Method to Capture Full Economic and Social Impact
- Solution: Establish Standardized Goals and Reporting to Encompass All Economic Activity by Participating Businesses
 - Report total capital investment by participants
 - Report total jobs created by program participants
 - Report number of jobs created filled by applicants receiving public assistance

Veterans

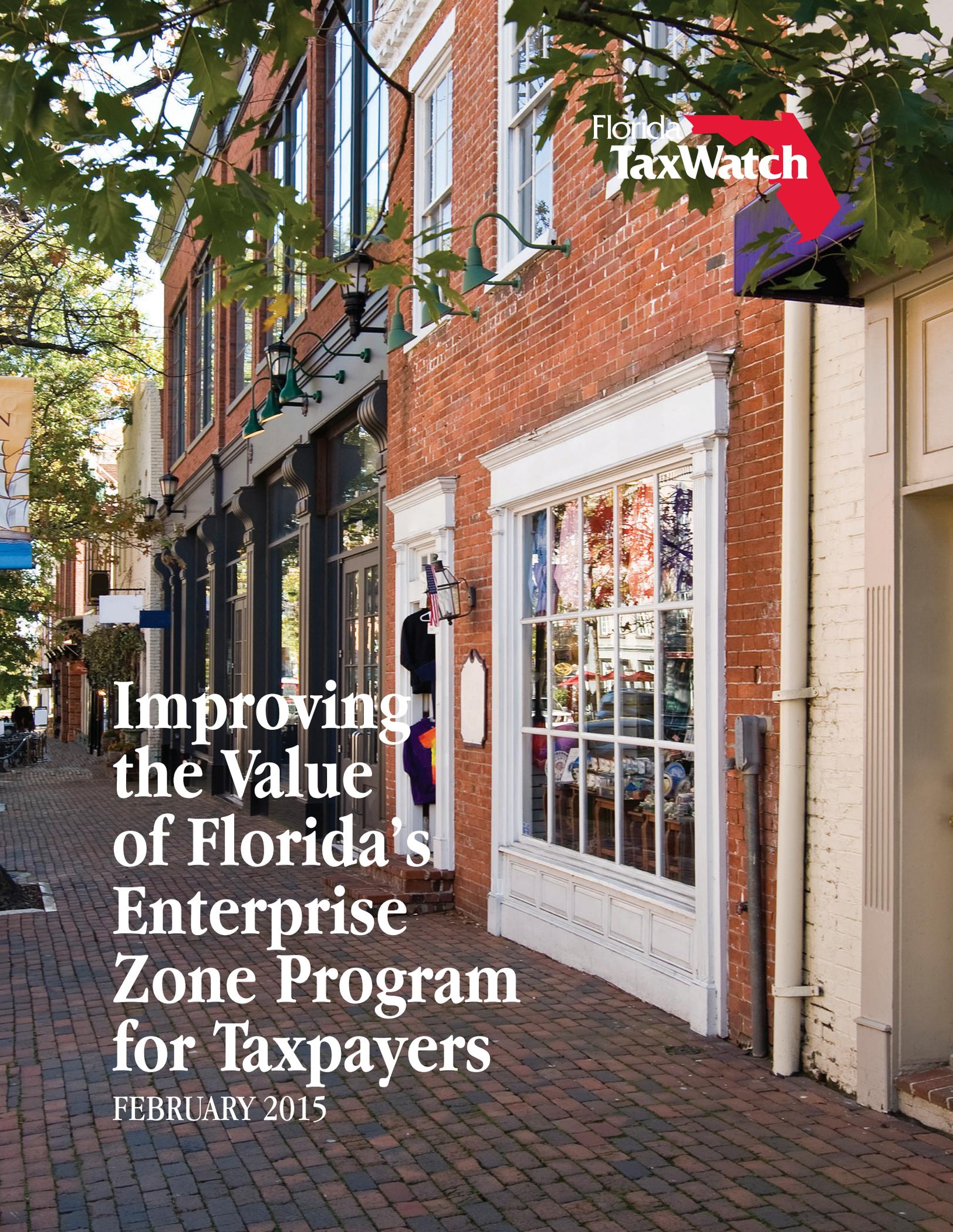
- Issue: Lack of Qualified Applicants Eligible for Job Creation Incentives. Currently only Enterprise Zone Residents and Welfare Recipients are Eligible for Job Creation Incentives
- Solution: Establish Unemployed Veterans as Qualified Applicants for Hiring Credits
 - Veterans must be Honorably Discharged within the past 5 years
 - Veterans must be unemployed for a period of 3 months at time of hire

Tiers

- Issue: Current Program Guidelines limit Small Business Participation in the Program
- Solution: Establish Tiered Incentives for Small Business Participants
 - Lower minimum investment for business equipment to \$1,000 for Small Businesses
 - Increase maximum refund for equipment and building materials for Small Businesses
 - Increase job creation credit for Small Businesses

Clarity

- Issue: Current Program Guidelines Require Updating to Increase Clarity and Prevent Misinterpretations
- Solution: Modify and Clarify Existing Guidelines to Provide Clarity and Certainty to Participants
 - Clarifies when equipment is considered relocated outside the Enterprise Zone
 - Clarifies the requirements all participants must meet to receive job creations incentives
 - Clarifies the calculation and duration of job creation incentives



Improving
the Value
of Florida's
Enterprise
Zone Program
for Taxpayers

FEBRUARY 2015



106 North Bronough Street, Tallahassee, FL 32301 floridataxwatch.org o: 850.222.5052 f: 850.222.7476

Michelle A. Robinson
Chairman

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer:

As Florida begins another legislative session, our elected officials will review and debate the future of many of the state's programs and policies intended to help create jobs, bring essential services to areas of the state where they are needed most, and maximize taxpayer investments.

One of these programs is the Enterprise Zone program, which offers tax incentives to companies that move into blighted or financially struggling areas as part of the community's revitalization and reinvestment efforts. Enterprise Zones exist across much of the state and have helped curb a shortage of investment, in both local community support and in private capital, experienced by the state's deteriorated areas.

This report identifies certain aspects of the Enterprise Zone program that are often overlooked by policymakers. This comprehensive analysis calls for substantial legislative reforms that will advance the public benefits and eliminate some notable shortcomings of the current program while increasing the program's efficacy and value to taxpayers and each of the communities they were established to serve.

Sincerely,

Dominic M. Calabro

Dominic M. Calabro

President & CEO

Executive Summary

The Florida Enterprise Zone program was created in 1982 explicitly to revitalize and redevelop distressed blighted areas in the state of Florida. Its primary goal is different from other economic development programs in the state, which focus on inducing business expansion within or relocation to the state. There are several benefits that the program offers, including:

- The program is one of the few economic development programs available to small businesses and retailers.
- Many companies located in Enterprise Zones provide access to food and medications to Floridians who would otherwise live in “food deserts.”
- The cost of the program to the state is relatively low.

Based on these benefits, the Florida Legislature should revise and extend the program, and take steps to increase the efficacy and taxpayer benefit of the program statewide by considering the following recommendations:

- Marketing efforts should focus on attracting companies that grow faster and create more jobs: small and medium-sized businesses, specifically second stage companies;
- The Legislature should require all zones to measure and report their progress, to be periodically recertified based on established, written, and empirical criteria, and to be dissolved if inactive or ineffective;
- Local authorities should be given some flexibility to best utilize the Enterprise Zone program within their designated community, in consultation with and subject to approval of the state oversight entity;
- The program should be more transparent: Florida taxpayers should be able to easily access all distributed incentives;
- The program’s marketing efforts should be improved and the application process simplified;
- The program could be made more attractive by promoting its coupling with other state and federal programs;
- Residency requirements for tax incentives should be waived for some Enterprise Zones; and
- A tiered system could be created with different requirements and thresholds for small and large businesses.

Florida's Enterprise Zones

Around the state, there are a number of blighted areas that “chronically display extreme and unacceptable levels of unemployment, physical deterioration,” and high crime rates.¹ Such conditions raise the cost of doing business, discourage businesses from locating in these communities, reduce the desirability of the community as a place to visit or live, and threaten the public safety and health of its residents, businesses, and visitors.

In an effort to revitalize and redevelop these distressed areas, the Florida Enterprise Zone program was created in 1982, and was one of the first of its kind nationally. According to the Legislative findings:

The revitalization and redevelopment of each such area for the ultimate benefit of its residents and the community as a whole is of critical importance to the individual community and to this state. The resources of all levels of government are insufficient, and often inappropriate, to undertake successfully the massive task of restoring the social and economic productivity of such areas. The ultimate revitalization of such areas can occur only if the private sector can be induced to invest its own resources in productive enterprises that rebuild the industrial and commercial viability of the areas and provide jobs for residents of the areas. In order to provide the private sector with the necessary incentives to invest in such distressed areas, governments at all levels should seek ways to relax or eliminate fiscal and regulatory constraints and should seek to identify supportive actions that facilitate business investment in such distressed areas and overcome business objections to distressed area site locations.²

There are currently 65 zones, both urban and rural, in 52 Florida counties. The location and nature of these zones vary greatly. In some cases, Enterprise Zones are urban neighborhoods that lack basic and essential services and suffer high poverty and crime rates, but may be only miles from thriving business and retail districts. Other zones are in rural communities where job opportunities are scarce and the closest grocery store may be many miles away or in another county, presenting substantial transportation challenges for residents. These areas need jobs, services, and private sector investment. The Enterprise Zone program exists to assist these areas.

State tax incentives are available to businesses that locate within an Enterprise Zone, including job and corporate income tax credits, and sales tax refunds. In addition to these state incentives, local incentives are offered by some city and county governments. Locally provided supplemental incentives include: reducing fees for development and licensure; exemptions for local option taxes,

1 Florida Statutes 290.002

2 Florida Statutes 290.002

property taxes, and utility taxes; and local grants for revitalization and building improvements.³ Additionally, local governments often leverage federal money available to supplement their revitalization efforts.⁴

The cost of this program does not place a significant burden on Florida’s taxpayers. In FY2013-14 (July 1, 2013 – June 30, 2014), a total of \$15,767,116 in state tax incentives were approved by the Department of Revenue (DOR), as shown in the table below.⁵ This is approximately \$500,000 less than the previous year, and \$51.8 million less than the last year in which tax rebates for condominiums were available.⁶ After the 2010 changes to the definition of real property, the program currently costs about \$0.79 per Floridian per year,⁷ and created 12,982 jobs in FY2013-14.⁸

Enterprise Zone Incentives Approvals FY2013-14

STATE INCENTIVE	TYPE OF TAX	APPROVED AMOUNT	APPROVALS
Sales Tax Exemption for Electrical Energy	Sales	\$751,485	79
Property Tax Credit	Corporate Income	\$1,191,181	17
Building Materials Sales Tax Refund	Sales	\$1,194,130	317
Business Equipment Sales Tax Refund	Sales	\$1,561,339	834
Jobs Tax Credit	Corporate Income	\$4,237,163	47
Jobs Tax Credit	Sales	\$6,831,758	203
TOTALS		\$15,767,116	1,497

Source: Florida Department of Economic Opportunity. *Florida Enterprise Zone program Annual Report*. November 2014.

At least 40 other states, including the District of Columbia, have programs similar in nature to Florida’s. However, requirements for zone designation and available incentives vary greatly, therefore not allowing for a fair state-to-state comparison. The literature shows that no state has found an ideal model for Enterprise Zone programs. In fact, many of the states have built their program from Florida’s structure, given that the Florida Enterprise Zone program was one of the first in the nation. In addition, Enterprise Zone programs (or their equivalent names in other states) have undergone several changes, and therefore a best practice is yet to be determined.

3 Department of Economic Opportunity, Bureau of Economic Development, Division of Community Development. Enterprise Zone program Annual Report, November 1, 2014. Pages 8 & 9.

4 Ibid

5 See footnote #3. Note: Local governments approved additional incentives worth approximately \$11.4 million.

6 In 2010, the Florida Legislature made the Enterprise Zone program less costly by removing the sales tax refunds for building materials afforded to condominiums within the zones. This change cut down the approved state incentives in FY2010-11 by more than 65 percent (from \$67.6 million to \$22.9 million).

7 \$0.79 per Floridian represents \$15,767,116 in tax incentives divided by the latest US Census population figures for the state of Florida (released December 23, 2014): 19,893,297. Including local contributions (\$11,342,891) to the program increases the total tax incentives to \$27,110,007, which works out to \$1.36 per Floridian.

8 See footnote #3.

The Enterprise Zone program is scheduled to sunset on December 31, 2015 unless the Legislature acts to continue the program. After an extensive review of the Enterprise Zone program in Florida and other states, Florida TaxWatch has identified several benefits of the Enterprise Zone program that may not have been properly understood.

Benefits of Enterprise Zones: Filling a Vital Need

The Enterprise Zone program is one of the only state economic development programs that provides needed jobs⁹ to residents of blighted communities with limited access to employment opportunities, distinguishing it from other economic development programs intended to add a significant number of jobs and increase state tax revenues by inducing large business expansion or relocation to the state. The Enterprise Zone program's focus is strictly to induce private sector investment in designated areas to improve the local economy and residents' quality of life, whereas other economic development programs are focused on attracting out-of-state investment and business expansion to bolster state revenues, capital formation, and high-paying job opportunities.

Given this difference in purpose, one-dimensional comparisons between the Enterprise Zone program and other economic development programs are not entirely fair and appropriate and can be misleading.

In addition, metrics such as the return-on-investment (ROI), which captures tangible financial gains or losses to state revenues, may not show the true impact of the Enterprise Zone program's effectiveness in a given area, and may not represent a primary goal of that program. As stated in a 2014 Office of Economic and Demographic Research (EDR) report, "For some programs, the ROI may not be the principal purpose of the program or even a secondary goal. This applies to the Brownfield Redevelopment Bonus Tax Refund, Innovation Incentive, and Enterprise Zone programs."¹⁰

Furthermore, the Enterprise Zone program is one of the few economic development programs for which small businesses and start-ups qualify, as it does not require applicants to create a minimum

Enterprise Zone Incentives Attract Two Companies to the Port of Pensacola

Recently, two company announced their relocation to the port of Pensacola, which is located within an Enterprise Zone. One of these companies needed a location along the Gulf of Mexico in order to expand their new subsea product lines and offshore customer base. The Port of Pensacola site was shortlisted as one of top two sites under consideration. Each of these companies will create 100 full-time jobs, with annual average wages above both the Pensacola and the state's averages.

⁹ The creation of these needed jobs has often been underestimated. as several jobs which do not get the tax credits, such as part-time and induced jobs, are often left out of job creation figures by several reports.

¹⁰ Florida EDR. "Return-on-Investment for Select State Economic Development Incentive Programs." January 2014.

number of jobs or pay high wages in order to receive the program’s incentives. However, eligibility for some of the tax credits available through the Enterprise Zone program require a minimum investment that is prohibitive for some target businesses.

Aggregate data from the DOR,¹¹ exhibited in the table below, show that several industries key to the Florida economy receive a substantial portion of these incentives, including Manufacturing, Utilities and Construction,¹² Accommodation and Food Services, and Retail.

Companies in Key Industries Benefit from Enterprise Zone Incentives¹³

INDUSTRY	AMOUNT	NUMBER OF BUSINESSES
Sales Tax - Jobs Credit		
Total Statewide*	\$6,831,601	194
Top 3 industries:		
Accommodation and Food Services	\$2,845,245	98
Retail Trade	\$1,357,586	47
Manufacturing	\$317,349	11
Jobs Credit		
Total Statewide	\$4,234,163	38
Top 3 industries:		
Retail Trade	\$1,770,185	16
Finance and Insurance	\$526,863	5
Various Industries**	\$687,220	5
Business Equipment Credit		
Total Statewide	\$1,557,083	108
Top 3 industries:		
Accommodation and Food Services	\$271,591	32
Manufacturing	\$146,902	16
Retail Trade	\$103,652	11
Building Investment Credit		
Total Statewide	\$1,194,130	83
Top 3 industries:		
Not Designated	\$106,233	25
Real Estate and Rental and Leasing	\$129,610	22
Utilities/Construction***	\$815,340	14

Source: Department of Revenue, FY2013-14 *Statewide totals for the above categories may be slightly different than the table on page 3, due to differences in calculations by DOR. **Five industries make up this category: Real Estate and Rental and Leasing; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Service; Educational Services; and Healthcare and Social Assistance. ***These two categories were combined to meet DOR confidentiality standards.

11 Aggregate data provided by the DOR upon TaxWatch request.

12 The Department of Revenue combined some industries into one in order to meet internal confidentiality standards

13 The table shows the top three industries (based on NAICS codes) that benefitted the most from the Enterprise Zone incentives. Several other industries not shown in this table also benefited from these incentives.

Manufacturing is key to Florida's exports, a driver of research and development, and has the biggest multiplier of all industries in Florida.¹⁴ According to the *2015 Economic Preview* from Florida TaxWatch, an 8.7 percent increase in Construction industry jobs is expected to lead Florida job growth in 2015.¹⁵ Accommodation and Food Services is a vital component of the tourism industry, which is the number one provider of jobs for Floridians and is less correlated to the Florida business cycle when compared to other industries.¹⁶

Florida's Retail industry is a significant beneficiary of the Enterprise Zone program. Companies in the Retail industry have limited access to economic development incentives; programs like the Qualified Target Industry (QTI), Capital Investment Tax Credit (CITC), and Quick Action Closing Fund (QACF) programs do not include retail in their list of target industries.

Retailers help put Floridians to work (approximately 13 percent of Floridians, or more than one million residents, employed statewide work in the retail sector),¹⁷ reduce Florida's welfare expenses, and increase personal income for residents, all while providing necessary services and improving public safety in their communities.

Furthermore, many businesses located within Enterprise Zones are grocery stores and pharmacies. These businesses provide fresh food and access to healthcare to Enterprise Zone residents. For instance, one national pharmacy has located about 10 percent of their 850 Florida stores in

While not its main goal, the program has attracted out-of-state investments into Florida

Out-of-state businesses, after narrowing down the list of states where they wish to locate, often make their decisions based on the economic incentives available. The Enterprise Zone program has been instrumental in the decision of several companies that have located in Florida.

One of these companies, an Illinois-based manufacturing and technology company, established manufacturing operations in the Okeechobee County Enterprise Zone. The company made a \$3.85 million capital investment,¹ and has subsequently created 18 new jobs.²

In Palm Beach County, data from Enterprise Zone activity between 2010 and 2014 show that employees hired by new businesses within the zone largely remain with their employer for several years, and the cumulative, estimated 5-year impact of the Palm Beach County Enterprise Zones is \$36.5 million.³

- 1 Office of the Florida Governor. "Gov. Scott Announces Charles Composites' Creating 28 Jobs in Okeechobee." July 2013.
- 2 Personal communication with industry expert. January 12, 2015.
- 3 Personal communication with Daniel Martell, Palm Beach County Economic Council. January 8, 2015.

14 Florida TaxWatch. "Manufacturing: An Economic Driver for Jobs and Florida's Future." August 2011.

15 Florida TaxWatch. "2015 Economic Preview." January 2015.

16 Florida TaxWatch. "Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism." January 2013.

17 US Department of Labor, Bureau of Labor Statistics. 2014 Employment Data.

Enterprise Zones, providing access to immunizations, prescriptions, blood pressure screenings, and diabetes awareness to the zones' residents.

Without these companies, many of the Enterprise Zones would not only lack health services, but would also be "food deserts," which the USDA defines as "urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food."¹⁸ Food deserts present a problem for many residents of blighted areas because they often lack adequate transportation to access fresh food. In addition to negatively affecting the quality of life for these residents, food deserts are costly to the state, as they are associated with an increase in health care costs. Marian Wright Edelman of the Children's Defense Fund said, "As legislators struggle to reform our nation's health care system and contain its skyrocketing costs, addressing the problem of access to nutritious food is one obvious step we must take."¹⁹

Removing the program from the state's toolbox of incentives could undermine the perception of stability of the state's other economic development programs. Taking away the Enterprise Zone program could make Florida less attractive even to businesses who are not eligible to take advantage of an Enterprise Zone program. Many businesses consider the availability of such a program in making their site decisions. Without certainty in the state's incentives package, fewer businesses would be confident in the decision to relocate to or expand in Florida. This could result in huge missed opportunities to attract investment and jobs to the Sunshine State.

Additionally, eliminating Enterprise Zone incentives would act as a tax increase to those businesses that are currently taking advantage of the program, potentially forcing some of those businesses to close their doors, resulting in a loss of jobs, capital, and access to services to needy residents.

Success in bringing in out-of-state dollars into Glades County

A new start-up company that manufactures masonry products of patented design for the construction industry located its new facility in Moore Haven, a rural area of Glades County.

The company considered several locations for the facility, including two in Georgia, and the Florida Enterprise Zone program was key in Glades County's success in recruiting this business. This company plans to add new product lines, invest in more equipment, and hire additional employees.

In addition, this company will supply building materials to the new Americas Gateway Logistics Center. The new facility is open and operational with a capital investment of over \$6 million to date and has created 15 full-time jobs.

¹⁸ US Department of Agriculture. <http://apps.ams.usda.gov/fooddeserts/fooddeserts.aspx>

¹⁹ Huffington Post. "Urban Food Deserts Threaten Children's Health." http://www.huffingtonpost.com/marian-wright-edelman/urban-food-deserts-threat_b_410339.html

The Enterprise Zone program brought a grocery store into a food desert

In 2012, residents of Glades County were faced with the closure of their only grocery store, limiting their food choices to convenience store items, or commuting over 20 miles to the nearest grocery store.

Thanks to the Enterprise Zone program, a grocer was able to open a mid-sized store in the area, employing 5 full time and 11 part time employees, all from the surrounding area.

There is no credible evidence in our review of existing academic literature or of similar programs operating in other states that there is another program model serving rural communities that would serve the purpose of the Enterprise Zone program more effectively for a similar investment. The importance of Enterprise Zones to rural areas cannot be underscored, as severe geographic isolation puts their residents, especially those without access to adequate transportation, at greater risk. Eliminating the Enterprise Zone program entirely without a replacement already identified to serve this vital purpose would create a lag period where no program exists, which will put Florida years behind in addressing the problem of blighted communities and at a significant disadvantage in the business perception of economic competitiveness compared to other states for the period.

The Enterprise Zone program requires minimal investment compared to the potential costs driven by unemployment, food deserts, and limited access to health care. One of the dangers of previously discussed food deserts is diet-related illness, such as diabetes. Figures from the American Diabetes Association show that the average diabetes patient's diabetes-related health care costs will be \$7,900 annually, and are likely to be 2.3 times higher than healthy patients.²⁰

State expenditures on Medicaid, welfare, and unemployment benefits are significant and would likely be much higher without the Enterprise Zones and other programs with similar goals, such as the federal Work Opportunity Tax Credit (WOTC), which provide tax incentives for hiring of individuals with difficulty finding employment. Estimates show that WOTC saves the state of Florida approximately \$93.4 million annually by putting to work individuals in public assistance programs.²¹ While the Enterprise Zone program employs fewer individuals than WOTC, it further reduces the state's expenditures on public assistance, and in conjunction with the aforementioned avoided costs of diet-related illnesses, provides significant benefits.

²⁰ American Diabetes Association. "The Cost of Diabetes." <http://www.diabetes.org/advocacy/news-events/cost-of-diabetes.html>

²¹ National Employment Opportunity Network. WOTC Factsheet. <http://neon.aristotle.com/Shared%20Documents/WOTC%20Summary%20Leave-Behind%20Fact%20Sheet.pdf>

Conclusion

Overall, Florida's Enterprise Zone program offers significant benefits to the communities where it is used successfully, at relatively low cost to Florida taxpayers. Florida TaxWatch has, on numerous occasions, recommended that Florida invest in diversifying its economy and in attracting industries that highly benefit the state economy, and the Enterprise Zone program has helped the state meet this recommendation by attracting businesses in a variety of industries that provide high benefits to the state.

While this program is not the largest or most visible economic development program in Florida, it is in many cases the only applicable economic incentive tool for Florida's more rural and disadvantaged areas. No clear replacement program is available, and it is a tool that generally allows Florida to compete for business investment with other states, even if this is not the main goal of the program. Thus, the Enterprise Zone program should be revised to include forward-looking reforms and extended.

Policy Recommendations

In conjunction with the extension and revision of the program, Florida TaxWatch recommends that:

Marketing Efforts Should Focus On Attracting Companies That Grow Faster And Create More Jobs

Small and medium-sized businesses have a very important role in Florida's economy. In fact, four out of five new jobs in the Sunshine State are created by small businesses.²² A sub-set of small and medium businesses, known as "second-stage companies,"²³ have the potential to create a large number of jobs.

A 2015 Florida TaxWatch report²⁴ shows that second-stage companies, while making up only 7.9 percent of Florida companies in 2013, were responsible for 31.7 percent of jobs and 33.4 percent of sales. Second-stage companies were also responsible for more than 394,000 net new jobs from 2009 to 2013. Focusing on these companies would not only put more Floridians to work, but it would also increase state and local tax receipts.

22 Florida Chamber of Commerce. "Florida Small Business Index: 2014 Quarter 3 Survey Results". September 2014.

23 Generally, a company is considered a second-stage company when it employs 10-99 employees and generates revenues between \$1 million and \$50 million

24 Florida TaxWatch. "Cultivating Florida's Second-Stage Companies: Examining the Benefits of Expanding the Statewide Impact of the GrowFL Program." January 2015.

The Legislature Should Require All Zones To Measure And Report Their Progress, To Be Periodically Recertified Based On Established, Written, And Empirical Criteria, And To Be Dissolved If Inactive Or Ineffective

The program was never intended to be a perpetual crutch. Designated Enterprise Zones, and/or the boundaries of those zones, should be subject to a periodic review and progress on redevelopment and revitalization of Enterprise Zones should be monitored. When an area has achieved revitalization and redevelopment of blight, it should no longer be eligible to receive tax incentives under this program. In fact, communities should ultimately seek, secure, and celebrate the elimination of the need for each specific Enterprise Zone.

Furthermore, the Legislature should consider adding a provision that would effectively eliminate an Enterprise Zone that has been inactive for a certain period, given that it is not achieving its goal of revitalizing the community in which it is located. Such a clause would also motivate inactive zones' stakeholders to work on attracting companies in order to stimulate their blighted communities.

Local Authorities Should Be Given Some Flexibility To Best Utilize The Enterprise Zone Program Within Their Designated Community , In Consultation With And Subject To Approval Of The State Oversight Entity

Given that they know their community best, local governments should be allowed to provide more insight to the state about where zones should be located and if boundaries or definitions should be modified in order to attract more competitive projects. This is especially the case for rural Enterprise Zones, where conditions are significantly different from those in urban Enterprise Zones.

One example of how the program's requirements may need flexibility to be more useful to rural zones is the limitation of one building material application per parcel, because a "parcel" in an urban Enterprise Zone is likely to be a single lot whereas a parcel in rural Florida may include several acres of land, which can and may need to sustain multiple buildings for a rural business. In yet other cases, the zone boundaries have rendered some rural zones unattractive for businesses because of a lack of infrastructure suitable for business investment; local authorities have suggested that these zones could be much more attractive if they are modified to include a portion of areas with better infrastructure.

All of these scenarios could be improved if there were more consultation with local authorities. However, boundaries and/or definitions should not be modified to the extent that they exclude most of the blighted areas that allowed for Enterprise Zone designation in the first place.

The Program Should Be More Transparent: Florida Taxpayers Should Be Able To Easily Access All Distributed Incentives

Data on individual Enterprise Zone awards are not easily accessible. More effort should be put towards reporting details such as business size and industry information to the public, as awards are paid for with Floridians' hard-earned dollars. This type of data will help decision makers better track the jobs that are being created and their potential impact, and could help target desired businesses more effectively.

The Program's Marketing Efforts Should Be Improved And The Application Process Simplified

Businesses need to be informed of the available incentives in order to make decisions that will improve the program's desired impact on local communities. For instance, a new company may be unaware of incentives for hiring residents of the zone within which the business is located; therefore, businesses learning about all of the available incentives would have a positive impact on that business and the residents of that particular zone. One opportunity to help promote the program to business could be adding maps on the Department of Economic Opportunity website with the exact boundaries of all existing Enterprise Zones.

Additionally, streamlining the application process and associated documentation required for eligibility could assist small businesses that lack the resources to manage complex bureaucratic technicalities to take advantage of the program. This goal could potentially be achieved by shifting some of the activities of the program, including the incentive-approving role, from the Department of Revenue to the Department of Economic Opportunity.

The Program Could Be Made More Attractive By Promoting Its Coupling with Other State and Federal Programs

Coupling economic incentive programs can increase business savings and better achieve the goals of the individual programs. For instance, approved QTI applicants that locate in Enterprise Zones are eligible to receive double refunds for each full-time equivalent job created. WOTC applicants, on the other hand, would be eligible for state job tax credits if they located within an Enterprise Zone.

Marketing efforts could be directed to inform businesses of all of the options they have and how those opportunities can be combined. Bundling the Enterprise Zone program with QTI would attract out-of-state dollars and create a higher impact in the state and local economies, while bundling it with WOTC would provide higher incentives to employ zone residents that are currently on social assistance programs.

Residency Requirements For Tax Incentives Should Be Waived For Some Enterprise Zones

In some Florida Enterprise Zones, there are not enough residents to meet employment demands of companies locating into the zones. Therefore, in the event that an Enterprise Zone does not have enough residents to be employed by program beneficiaries, or in the event that residents are not qualified for the positions offered by businesses in these zones, then businesses should be able to employ non-residents to occupy these positions and still receive benefits. Businesses must justify, however, that no zone resident was available for the positions.

A Tiered System Could Be Created With Different Requirements And Thresholds For Small And Large Businesses

In an early 2015 Enterprise Zone report, Florida's Office of Program Policy Analysis and Government Accountability suggested that the state create a tiered system with requirements varying based on business size. For instance, in order to receive a business machinery and equipment sales tax refund, a minimum \$5,000 investment must be made in a single piece of equipment. This expense is too high for small businesses. Lowering this threshold would be more attractive for small businesses, and should be considered a viable option for Florida's Enterprise Zone program.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 35 years.

FLORIDA TAXWATCH RESEARCH LEADERSHIP

Dominic M. Calabro	President & CEO
Robert Weissert, Esq.	Sr. VP for Research & General Counsel
Kurt Wenner	VP of Research

FLORIDA TAXWATCH VOLUNTEER LEADERSHIP

Michelle Robinson	Chairman
David Mann	Treasurer
Senator Pat Neal	Secretary
John Zumwalt, III	Imm. Past Chairman

RESEARCH PROJECT TEAM

Robert E. Weissert, Esq.	Sr. VP for Research & General Counsel	
Jennifer Linares	Research Analyst	<i>Lead Researcher</i>
Chris Barry	Director of Publications	<i>Design, Layout, Publication</i>

All Florida TaxWatch research done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

FOR MORE INFORMATION: WWW.FLORIDATAXWATCH.ORG

The findings in this *Report* are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its donors, staff, Executive Committee, or Board of Trustees; and are not influenced by the individuals or organizations who may have sponsored the research, per the Florida TaxWatch Research Policies and Procedures.

This independent *Report* was made possible by the generous financial support of the Florida Economic Development Council and Florida TaxWatch donors.

This *Report* is intended for educational and informational purposes. If they appear, references to specific policy makers or private companies have been included solely to advance these purposes, and do not constitute an endorsement, sponsorship, or recommendation of or by the Florida TaxWatch Research Institute, Inc.

106 N. Bronough St., Tallahassee, FL 32301 o: 850.222.5052 f: 850.222.7476

Copyright © February 2015, Florida TaxWatch Research Institute, Inc. All Rights Reserved.



Stay Informed:



www.floridataxwatch.org



facebook.com/floridataxwatch



[@floridataxwatch](https://twitter.com/floridataxwatch)



youtube.com/floridataxwatch

106 N. BRONOUGH ST., TALLAHASSEE, FL 32301 O: 850.222.5052 F: 850.222.7476

COPYRIGHT © FEBRUARY 2015, FLORIDA TAXWATCH RESEARCH INSTITUTE, INC. ALL RIGHTS RESERVED.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

March 23-2015

Meeting Date

Bill Number (if applicable)

Topic Enterprise Zone Discussion

(Tab 7)

Amendment Barcode (if applicable)

Name Amy Evancho

Job Title President & CEO

Address 3802 Spectrum Blvd. Suite 141

Phone 954-319-2435

Street

Tampa

FL

33616

Email aevancho@fedc.net

City

State

Zip

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing The Florida Economic Development Council

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

CourtSmart Tag Report

Room: SB 401

Case:

Type:

Caption: Senate Committee on Finance and Tax

Judge:

Started: 3/23/2015 4:02:47 PM

Ends: 3/23/2015 5:08:12 PM

Length: 01:05:26

4:02:49 PM Sen. Hukill (Chair)
4:03:57 PM Sen. Abruzzo (Chair)
4:04:10 PM SB 140
4:04:11 PM Sen. Hukill
4:05:18 PM Sen. Abruzzo
4:05:24 PM Tim Nungesser, Legislative Director, National Federation of Independence Businesses (waives in support)
4:05:31 PM Randy Miller, Ex. Vice President, Florida Retail Federation (waives in support)
4:05:38 PM Amber Hughes, Legislative Advocate, Florida League of Cities
4:06:59 PM Sen. Abruzzo
4:07:09 PM A. Hughes
4:07:14 PM Sen. Abruzzo
4:07:19 PM Carolyn Johnson, Policy Director, Florida Chamber (waives in support)
4:07:24 PM H. Lee Moffitt, Building Owners and Managers Association of Florida (waives in support)
4:07:29 PM Richard Turner, General Counsel, Florida Restaurant and Lodging Association (waives in support)
4:07:32 PM Trey Price, Public Policy Representative, Florida Realtors (waives in support)
4:07:37 PM David Daniel, International Council of Shopping Centers (waives in support)
4:07:41 PM Melissa Fause, Policy Analyst, Americans for Prosperity (waives in support)
4:07:49 PM Doug Mann, AIF (waives in support)
4:07:56 PM Doug Bell, McDonald's Corporation (waives in support)
4:08:00 PM Brian Pitts, Trustee, Justice-2-Jesus
4:10:43 PM Sen. Abruzzo
4:10:49 PM Sen. Hukill
4:10:54 PM Sen. Abruzzo
4:11:17 PM SB 142
4:11:27 PM Drew Aldikacti, Sen. Dean's Legislative Assistant
4:11:44 PM Am. 972468
4:11:52 PM Sen. Altman
4:11:55 PM Sen. Abruzzo
4:11:56 PM D. Aldikacti
4:12:06 PM Sen. Margolis
4:12:13 PM D. Aldikacti
4:12:18 PM Sen. Margolis
4:12:27 PM D. Aldikacti
4:12:30 PM Sen. Margolis
4:12:54 PM Sen. Abruzzo
4:13:10 PM Sen. Abruzzo
4:13:12 PM D. Aldikacti
4:13:16 PM SB 142 (cont.)
4:13:22 PM Sen. Abruzzo
4:13:26 PM Ryan Matthews, Associate Director of Legal Affairs, Florida League of Cities
4:14:18 PM Doug Mann, AIF (waives in support)
4:14:22 PM Stephen James, Florida Association of Counties (waives in opposition)
4:14:31 PM Adam Basford, Legislative Affairs Director, Florida Farm Bureau (waives in support)
4:14:36 PM Sen. Abruzzo
4:15:07 PM SB 278
4:15:14 PM Sen. Diaz de la Portilla
4:16:42 PM Sen. Abruzzo
4:17:05 PM Sen. Margolis
4:17:10 PM Sen. Abruzzo
4:17:15 PM Sen. Diaz de la Portilla
4:17:21 PM Sen. Abruzzo

4:17:45 PM Sen. Margolis
4:17:49 PM Sen. Abruzzo
4:18:43 PM Sen. Abruzzo
4:18:47 PM Sen. Margolis
4:18:53 PM Sen. Abruzzo
4:18:59 PM Sen. Margolis
4:19:04 PM Sen. Diaz de la Portilla
4:19:15 PM Sen. Abruzzo
4:19:35 PM Sen. Diaz de la Portilla
4:19:43 PM Sen. Abruzzo
4:20:24 PM Sen. Diaz de la Portilla
4:20:53 PM Sen. Abruzzo
4:21:06 PM Sen. Diaz de la Portilla
4:21:17 PM Sen. Abruzzo
4:21:51 PM Sen. Abruzzo
4:22:05 PM Sen. Margolis
4:22:14 PM Sen. Abruzzo
4:22:26 PM Sen. Margolis
4:22:36 PM Sen. Abruzzo
4:22:40 PM Sen. Margolis
4:22:48 PM Sen. Abruzzo
4:22:59 PM Sen. Margolis
4:23:03 PM Sen. Abruzzo
4:23:22 PM Michael Cantens, City of Miami (waives in support)
4:23:28 PM Melissa Fause, Policy Analyst, Americans for Prosperity (waives in opposition)
4:23:35 PM Joe Ruiz, Legal Consultant, City of Miami (waives in support)
4:23:41 PM Javier Betancourt, Deputy Director, Miami DDA
4:23:47 PM Brian Pitts, Trustee, Justice-2-Jesus
4:26:36 PM Sen. Abruzzo
4:26:44 PM Sen. Margolis
4:29:11 PM Sen. Abruzzo
4:29:17 PM Sen. Diaz de la Portilla
4:31:57 PM Sen. Abruzzo
4:32:05 PM Sen. Margolis
4:32:11 PM Sen. Abruzzo
4:32:49 PM SB 686
4:32:55 PM Sen. Lee
4:35:21 PM Sen. Abruzzo
4:35:29 PM Am. 294286
4:35:30 PM Sen. Altman
4:35:55 PM Sen. Abruzzo
4:36:06 PM SB 686 (cont.)
4:36:15 PM Brian Pitts, Trustee, Justice-2-Jesus
4:39:30 PM Sen. Abruzzo
4:39:37 PM Sen. Lee
4:40:24 PM Sen. Abruzzo
4:40:49 PM CS/SB 384
4:41:04 PM Jesus Tundidor, Sen. Garcia's Legislative Assistant
4:41:20 PM Am. 243860
4:41:30 PM Sen. Simpson
4:41:43 PM Sen. Abruzzo
4:42:01 PM Brian Pitts, Trustee, Justice-2-Jesus
4:44:31 PM Tim Nungesser, Legislative Director, National Federation of Independence Businesses (waives in support)
4:44:37 PM Sen. Abruzzo
4:45:05 PM Sen. Hukill
4:45:14 PM Sen. Abruzzo
4:45:15 PM Sen. Hukill (Chair)
4:46:26 PM Ellen Fournier, Chief Legislative Analyst
4:46:33 PM Discussion of Other Tobacco Products Tax
4:57:23 PM Sen. Hukill
4:57:38 PM Michael Martinez, Deputy General Counsel, Department of Business and Professional Regulation

4:58:39 PM	Sen. Hukill
4:58:59 PM	Sen. Soto
4:59:12 PM	Sen. Hukill
4:59:28 PM	M. Martinez
4:59:58 PM	Sen. Hukill
5:00:02 PM	M. Martinez
5:00:17 PM	Sen. Hukill
5:00:30 PM	M. Martinez
5:01:26 PM	Sen. Hukill
5:01:30 PM	M. Martinez
5:02:12 PM	Sen. Hukill
5:02:20 PM	M. Martinez
5:02:32 PM	Sen. Hukill
5:02:44 PM	M. Martinez
5:03:32 PM	Sen. Hukill
5:03:50 PM	M. Martinez
5:04:04 PM	Sen. Hukill
5:04:16 PM	Sen. Flores
5:04:34 PM	Discussion of the Enterprise Zone Program
5:05:24 PM	Amy Evancho, President and CEO, The Florida Economic Development Council
5:07:24 PM	Sen. Hukill
5:07:31 PM	Sen. Margolis
5:07:50 PM	Sen. Hukill
5:07:57 PM	Meeting adjourned