

## Budget Subcommittee on Finance and Tax

### HB 7087 — Economic Development

by Finance and Tax Committee and Reps. Precourt and others

This bill contains many provisions relating to taxation. It provides tax incentives for various Florida industries, and provides for additional distributions of tax revenue for various purposes.

1. New Markets – It increases the total amount of tax credits available for the New Markets Development Program from \$97.5 million to \$163.8 million. The amount of credits that can be taken in a given fiscal year is increased from \$20 million to \$33.6 million.
2. Enterprise Zones – It authorizes Charlotte and Citrus counties to apply for enterprise zones.
3. Electricity Used in Packing Houses – It provides a sales tax exemption for electricity used in packinghouses for fresh fruit and vegetables and for meat from cattle and hogs.
4. Aircraft Repairs – It extends the current-law sales tax exemption for labor charges and parts used in the repair of aircraft weighing more than 15,000 pounds to include aircraft weighing more than 2,000 pounds.
5. Aircraft Engine Manufacturing – It creates sales tax exemptions for certain items used to manufacture aircraft and gas turbine engines.
6. Accessible Vehicles – It provides a sales tax exemption for vehicles-for-hire designed to transport eight or fewer physically-disabled persons and for the cost of an after-market conversion of such a vehicle.
7. Manufacturer's Machinery and Equipment – It lowers from 10% to 5% the increase in productive output needed to qualify for a sales tax exemption for industrial machinery and equipment.
8. Corporate Tax Exemption – Increases from \$25,000 to \$50,000 the amount of corporate income that is exempt from the corporate income tax.
9. Cigarette Tax Distributions – Effective July 1, 2013, it increases the cigarette tax distribution to the H. Lee Moffitt Cancer Center by \$5.0 million annually and continues the distribution through 2033. It also creates a new distribution of \$2.6 million annually through June 30, 2021 to the Sanford-Burnham Medical Research Institute.
10. Urban High-Crime Area Job Tax Credit – Under current law taxpayers are entitled to a credit for increasing employment in certain areas of the state. The bill changes the date from which employment increases are measured to January 1, 2009, or the previous application date, whichever is later.

11. Entertainment Industry Financial Incentive Program – (Film Tax Credits) – The bill extends the program for one year and provides an additional \$42 million in tax credits that may be taken in 2015-16. It also makes changes to the order in which projects are awarded credits and the types of projects that qualify.

12. Sale of a Municipal Airport – It authorizes a municipality participating in the Federal Aviation Administration’s Airport Privatization Pilot Program to lease or sell an airport to a private party. If state funds were provided to the municipality to pay for the airport, the transfer must be approved by DOT. The only eligible Florida facility is located in Hendry County.

13. Governmental Leaseholds – The bill grants an exemption from the intangibles tax to leaseholds of government-owned property that serve a public purpose.

14. Severance Tax on Phosphate – It reduces the tax rate and changes the distribution of the severance tax on phosphate.

15. 153 Proof spirits – It allows distilled spirits greater than 153 proof to be manufactured in Florida for sale outside the state.

16. Sales Tax Holiday – It provides for a 3-day holiday on clothing, shoes, and textbooks valued \$75 or less and school supplies valued \$15 or less, August 3-5, and provides an appropriation of \$226,284 to the Department of Revenue to administer the sales tax holiday.

17. Mature Field Recovery Oil – It provides a lower severance tax rate for oil recovered from new wells in fields discovered prior to 1981.

18. SEED Fund – It provides \$14.9 million in non-recurring funds to the State Economic Enhancement and Development Trust Fund, to be used by the Department of Economic Opportunity for economic development programs, supplementing amounts provided in the GAA.

19. Preference for Florida Businesses – It grants a 5% preference to Florida vendors for purchases of printing services and purchases of tangible personal property by state agencies, universities, colleges, school districts and other political subdivisions of the state. Counties and municipalities are not required to provide this preference. It exempts the provider of a statewide public service announcement program provided by a Florida statewide nonprofit corporation, with a guaranteed documented match of at least \$3 to \$1 from competitive bidding requirements. Also, it provides that a vendor whose principal place of business is in Florida may not be precluded from being an authorized reseller of information technology commodities of a state contractor if certain criteria are met.

#### State Fiscal Impact:

The bill is expected to reduce General Revenue by (\$77.9) million in FY 2012-2013, and to have a recurring impact on General Revenue of (\$119.6) million.

If approved by the Governor, these provisions take effect July 1, 2012, except as otherwise provided.

*Vote: Senate 40-0; House 117-1*