The Florida Senate

COMMITTEE MEETING EXPANDED AGENDA

COMMERCE AND TOURISM
Senator Detert, Chair
Senator Dockery, Vice Chair

MEETING DATE: Wednesday, March 9, 2011
TIME: 1:00 —3:00 p.m.
PLACE: *James E. "Jim" King, Jr., Committee Room,* 401 Senate Office Building

MEMBERS: Senator Detert, Chair; Senator Dockery, Vice Chair; Senators Flores, Gaetz, Lynn, Montford, and Ring

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	**SB 366** Altman (Similar H 63)	Handbill Distribution; Provides additional penalties for the offense of unlawfully distributing handbills in a public lodging establishment. Specifies that certain items used in committing such offense are subject to seizure and forfeiture under the Florida Contraband Forfeiture Act. Authorizes a law enforcement officer to arrest a person without a warrant when there is probable cause to believe the person violated s. 509.144, F.S., and where the owner or manager of the public lodging establishment signs an affidavit containing information supporting the determination of probable cause, etc. CJ 02/08/2011 Favorable CM 03/09/2011 BC	
2	**SB 462** Latvala (Similar H 259)	Beverage Law; Exempts performance arts centers from obtaining approval from the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation of volunteer officers or directors of the performing arts center or of changes in such positions. RI 02/22/2011 Favorable CM 03/09/2011 RC	
3	**SB 106** Ring (Identical H 121)	Public Records; Creates an exemption from public records requirements for information that identifies a donor or prospective donor of a donation made for the benefit of a publicly owned performing arts center if the donor desires to remain anonymous. Creates such exemption for information identifying a donor or prospective donor to the direct-support organization of the Legislative Research Center and Museum at the Historic Capitol. Provides for future legislative review and repeal of the exemptions under the Open Government Sunset Review Act, etc. CA 01/11/2011 Favorable CM 03/09/2011 GO	

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	**SB 418** Flores (Identical H 103)	State Lotteries; Requires each retailer of lottery tickets to provide assistance to any individual who is blind or visually impaired and has requested assistance in filling out his or her lottery ticket. Provides that a retailer or an employee of the retailer is not liable under certain circumstances, etc. RI 02/07/2011 Favorable CM 03/09/2011 RC	

Facilitating Economic Development in Florida: Assessments and Strategies Relating to State Economic Development Incentives:

State Competiveness Indexes and Rankings:
Dominic Calabro, President and CEO,Florida TaxWatch

Enterprise Zone Program: OPPAGA Report No. 11-01:
"Few Businesses Take Advantage of Enterprise Zone Benefits:
the Legislature Should Consider Several Options to Modify the Program"

Innovation Incentive Program

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 Commerce and Tourism Committee

BILL: SB 366

INTRODUCER: Senator Altman

SUBJECT: Handbill Distribution

DATE: March 8, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Erickson	Cannon	CJ	**Favorable**
2.	Hrdlicka	Cooper	CM	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

I. Summary:

SB 366 amends current law related to distribution of handbills at public lodging establishments. Under the bill, handbills may only be distributed with written permission of the public lodging establishment.

The bill increases the penalties for violation of the handbill statute by:

- Increasing the fines for persons who direct others to unlawfully distribute handbills from $500 to $1,000;
- Imposing new fines for persons who unlawfully distribute handbills and who direct others to unlawfully distribute handbills for subsequent violations of the statute ($2,000 for the second violation, and $3,000 for the third and any subsequent violations);
- Expanding the property that is subject to seizure or forfeiture under the Florida Contraband Forfeiture Act to include property used in violation of a person's third or subsequent violation of the handbill distribution statute; and
- Permitting law enforcement officers to make a warrantless arrest of violations of the handbill statute.

This bill substantially amends the following sections of the Florida Statutes: 509.144, 901.15, and 932.701.

II. Present Situation:

Unlawful Handbilling
Under Florida law, it is illegal to deliver, distribute, or place, or attempt to deliver, distribute, or place, a handbill[1] at or in a public lodging establishment[2] without either written or oral permission when the public lodging establishment has posed a sign.[3]

Any individual, agent, contractor, or volunteer who is acting on behalf of an individual, business, company, or food service establishment and engages in prohibited handbill distribution commits a first degree misdemeanor.[4] There is no statutorily imposed fine for violation of this provision.

Any person who directs another person to deliver, distribute, or place, or attempts to deliver, distribute, or place, a handbill at or in a public lodging establishment commits a first degree misdemeanor. Any person sentenced under this provision shall be ordered to pay a minimum fine of $500 in addition to any other penalty imposed by the court.[5]

Florida Contraband Forfeiture Act
The Florida Contraband Forfeiture Act (act) provides that any contraband article, vessel, motor vehicle, aircraft, other personal property, or real property used in violation of any provision of the act, or in, upon, or by means of which any violation of the act has taken or is taking place, may be seized and shall be forfeited subject to the provisions of the act.[6]

Section 932.701(2)(a), F.S., defines the term "contraband article" to include:
- Any controlled substance as defined in chapter 893 or any substance, device, paraphernalia, or currency or other means of exchange that was used, was attempted to be used, or was intended to be used in violation of any provision of chapter 893, if the totality of the facts presented by the state is clearly sufficient to meet the state's burden of establishing probable cause to believe that a nexus exists between the article seized and the narcotics activity, whether or not the use of the contraband article can be traced to a specific narcotics transaction.
- Any gambling paraphernalia, lottery tickets, money, currency, or other means of exchange which was used, was attempted, or intended to be used in violation of the gambling laws of the state.
- Any equipment, liquid or solid, which was being used, is being used, was attempted to be used, or intended to be used in violation of the beverage or tobacco laws of the state.
- Any motor fuel upon which the motor fuel tax has not been paid as required by law.

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[1] Section 509.144(1)(a), F.S., defines "handbill" to mean "a flier, leaflet, pamphlet, or other written material that advertises, promotes, or informs persons about an individual, business, company, or food service establishment, but shall not include employee communications permissible under the National Labor Relations Act."
[2] Section 509.144(1)(c), F.S., defines "at or in a public lodging establishment" to mean "any property under the sole ownership or control of a public lodging establishment." The term "public lodging establishment" is defined in s. 509.013, F.S.
[3] Section 509.144(1)(b), F.S., defines "without permission." Section 509.144(4), F.S., sets forth the requirements that a posted sign must meet in order to prohibit advertising or solicitation under the statute.
[4] Section 509.144(2), F.S. A first degree misdemeanor is punishable by up to 1 year in a county jail, a fine up to $1,000, or both. *See* ss. 775.082 and 775.083, F.S.
[5] Section 509.144(3), F.S.
[6] Sections 932.701 – 932.706, F.S.

- Any personal property, including, but not limited to, any vessel, aircraft, item, object, tool, substance, device, weapon, machine, vehicle of any kind, money, securities, books, records, research, negotiable instruments, or currency, which was used or was attempted to be used as an instrumentality in the commission of, or in aiding or abetting in the commission of, any felony, whether or not comprising an element of the felony, or which is acquired by proceeds obtained as a result of a violation of the Florida Contraband Forfeiture Act.
- Any real property, including any right, title, leasehold, or other interest in the whole of any lot or tract of land, which was used, is being used, or was attempted to be used as an instrumentality in the commission of, or in aiding or abetting in the commission of, any felony, or which is acquired by proceeds obtained as a result of a violation of the Florida Contraband Forfeiture Act.
- Any personal property, including, but not limited to, equipment, money, securities, books, records, research, negotiable instruments, currency, or any vessel, aircraft, item, object, tool, substance, device, weapon, machine, or vehicle of any kind in the possession of or belonging to any person who takes aquaculture products in violation of s. 812.014(2)(c), F.S.
- Any motor vehicle offered for sale in violation of s. 320.28, F.S.
- Any motor vehicle used during the course of committing an offense in violation of s. 322.34(9)(a), F.S.
- Any photograph, film, or other recorded image, including an image recorded on videotape, a compact disc, digital tape, or fixed disk, that is recorded in violation of s. 810.145, F.S., and is possessed for the purpose of amusement, entertainment, sexual arousal, gratification, or profit, or for the purpose of degrading or abusing another person.
- Any real property, including any right, title, leasehold, or other interest in the whole of any lot or tract of land, which is acquired by proceeds obtained as a result of Medicaid fraud under s. 409.920, F.S., or s. 409.9201, F.S.; any personal property, including, but not limited to, equipment, money, securities, books, records, research, negotiable instruments, or currency; or any vessel, aircraft, item, object, tool, substance, device, weapon, machine, or vehicle of any kind in the possession of or belonging to any person which is acquired by proceeds obtained as a result of Medicaid fraud under s. 409.920, F.S., or s. 409.9201, F.S.

The current definition of the term “contraband article” does not include property that was used as an instrumentality in the commission of a violation of s. 509.144, F.S., relating to handbill distribution.

Relevant to the bill, there are indications that forfeitures may or do occur in some misdemeanor cases. For example, one Florida court has indicated (in dicta) that the definition of “contraband article” in s. 932.701(2)(a), F.S., would apparently apply to the seizure of “money as suspected contraband connected with narcotics activity, regardless of whether the crimes constitute felonies.”[7] Additionally, the Florida Supreme Court has held that the Florida Contraband Forfeiture Act “does not preempt to the Legislature the field of vehicle seizure and forfeiture, much less impoundment, for misdemeanor offenses.”[8] Therefore, a municipality may adopt “an ordinance that authorizes the seizure and impoundment of vehicles used in the commission of certain misdemeanors.”[9]

[7] *Shuler v. State*, 984 So.2d 1274, 1275 (Fla. 2d DCA 2008) (footnote omitted).
[8] *City of Hollywood v. Mulligan*, 934 So.2d 1238, 1246 (Fla.2006).
[9] *Id.*

Warrantless Arrest
Section 901.15, F.S., sets forth the instances in which a law enforcement officer can arrest a person without a warrant. For misdemeanor offenses, the general rule is that law enforcement officers must witness the occurrence of the offense in order to make an arrest without a warrant. If the officer does not witness the offense, the officer must obtain an arrest warrant.

In certain instances the Legislature has deemed particular misdemeanor offenses to be of such a nature that they should be exceptions to the above rule. Some examples include violations of injunctions for protection in domestic violence, repeat violence, sexual violence, and dating violence situations; violations of pretrial release conditions in domestic and dating violence cases; misdemeanor battery; and criminal mischief or graffiti-related offenses. For these offenses, an officer does not have to witness the crime in order to make a warrantless arrest – the officer only needs to have probable cause to believe the person committed the crime.

III. Effect of Proposed Changes:

Currently, s. 509.144, F.S., prohibits delivering, distributing, or placing a handbill at or in a public lodging establishment without the expressed written or oral permission of the owner, manager, or agent of the owner or manager of the establishment where a sign is posted prohibiting advertising or solicitation as specified in the statute.

Section 1 states that this act may be cited as the "Tourist Safety Act."

Section 2 amends s. 509.144, F.S., as follows:
- Modifies the definition of 'handbill' to indicate that the term does not include communication protected by the First Amendment to the United States Constitution.
- Restricts permission to distribute handbills to written permission, by striking "oral permission" from the definition of the term "without permission."
- Increases the fine for persons who unlawfully direct another to distribute handbills from $500 to $1,000.
- Imposes new fines for persons who unlawfully distribute handbills and who direct others to unlawfully distribute handbills for subsequent violations of the statute:
  - For a second violation, a minimum fine of $2,000.
  - For a third or subsequent violation, a minimum fine of $3,000.
- Provides for seizure and forfeiture under the Florida Contraband Forfeiture Act of any personal property that was used or was attempted to be used as an instrumentality in the commission of, or aiding and abetting in the commission of, a person's third or subsequent violation of the statute, whether or not comprising an element of the offense.
  - Personal property includes, but is not limited to, any vehicle of any kind, item, object, tool, device, weapon, machine, money, securities, books, or records.

Section 3 amends s. 901.15, F.S., to add another exception to the general rule that officers must witness a misdemeanor offense in order to make a warrantless arrest. Specifically, the bill provides that an officer may arrest a person without a warrant:
- If there is probable cause to believe that a violation of s. 509.144, F.S., has been committed; and

- Where the owner or manager of the public lodging establishment in which the violation occurred signs an affidavit containing information that supports the probable cause determination.

Section 4 amends the definition of the term "contraband article" in s. 932.701, F.S., to indicate the term also includes the property specified in s. 509.144, F.S., which is subject to seizure and forfeiture upon a person's third or subsequent offense of that statute.

Section 5 provides that the terms and provisions of the act do not affect or impede provisions of s. 790.251, F.S. (rights to keep and bear arms in motor vehicles for self-defense and other lawful purposes), or any other protection or right guaranteed by the Second Amendment to the United States Constitution.

Section 6 provides an effective date of October 1, 2011.

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:

The rights of private property owners to prohibit certain activities versus a person's right to free expression on that private property has been addressed by the U.S. Supreme Court. In one example, the Court allowed picketers to protest on shopping mall property because the characteristics of the shopping mall were more like a public forum than private property.[10] The Court generally gives greater deference to free expression over property rights when a public forum is involved. Later, the Court revised its position, stating that a relationship must exist between the speech and the property when it upheld a ban against anti-war protesters on mall property.[11] The current position of the Court appears to be that the right to free expression on private property is not guaranteed in the U.S. Constitution when the property owner objects.[12]

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[10] *Amalgamated Food Employees Union Local 590 v. Logan Valley Plaza*, 391 U.S. 308 (1968).
[11] *Lloyd Corp. v. Tanner*, 407 U.S. 551 (1972).
[12] *Hudgens v. NLRB*, 424 U.S. 507 (1976) (finding no right of free expression for picketers wishing to demonstrate on mall property when the mall owner objected).

However, the U.S. Supreme Court has found that state constitutions may expand upon existing federal rights.[13] For example, a Florida circuit court held that the State Constitution “prohibits a private owner of a ‘quasi-public’ place from using state trespass laws to exclude peaceful political activity.”[14] The court reversed the conviction of a man (Wood) who was convicted in county court of trespass for staying in the Panama City Mall after having been told by mall security that his solicitation of signatures in the mall to appear on a ballot for political office violated the mall’s rules and was told to stop the solicitation in the mall or leave. However, in a later Florida circuit court case, the court held that “there is no right under the First Amendment to the United States Constitution to engage in free speech or other political activity on private property without the property owner’s permission.”[15] This case involved a citizen and political action committee soliciting signatures for a political petition on the private property of a Publix supermarket in Tallahassee.

Most cases have only applied to a situation involving a “quasi-public” forum of a shopping mall. This bill only addresses public lodging establishments, which unlike shopping malls are generally open only to paying patrons.[16] The bill amends the definition of “handbill” in s. 509.144(1)(a), F.S., to specify that it does not include communication protected by the First Amendment to the United States Constitution. As a result, if a court or law were to hold that sliding pizza delivery pamphlets under hotel room doors without permission is constitutionally protected free speech, the bill’s provisions would not apply to such activity.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Persons or businesses violating s. 509.144, F.S., will be faced with increased financial penalties. Additionally, for the third and any subsequent offenses, personal property may be seized and forfeited.

C. Government Sector Impact:

The Criminal Justice Impact Conference met on March 2, 2011, and determined that this bill would have no prison bed impact.

Local governments may see increased revenues because the bill increases the fines for violations of s. 509.144, F.S., and provides for seizure and forfeiture of personal property.

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[13] *Pruneyard Shopping Center v. Robins*, 447 U.S. 74 (1980).
[14] *Wood v. State*, 2003 WL 1955433 (Fla.Cir.Ct., 2003) (not reported in So.2d).
[15] *Publix Supermarkets, Inc. v. Tallahasseeans for Practical Law Enforcement*, 2005 WL 3673662 (Fla.Cir.Ct., 2005) (not reported in So.2d)(citations omitted).
[16] The prohibition of handbill distribution in public lodging establishments has only been specifically permitted by Florida law since 2005. Ch. 2005-183, L.O.F.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

439072

LEGISLATIVE ACTION

Senate	.	House
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The Committee on Commerce and Tourism (Flores) recommended the following:

Senate Amendment

Delete lines 37 - 38
and insert:
Act, other communications protected by the First Amendment to the United States Constitution, or communications that relate to the public health, safety, or welfare which are distributed by a federal, state, or local governmental entity or a public or private utility.

780626

LEGISLATIVE ACTION

Senate	.	House
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The Committee on Commerce and Tourism (Flores) recommended the following:

Senate Amendment (with title amendment)

Between lines 184 and 185 insert:

Section 5. Subsection (7) of section 509.032, Florida Statutes, is amended to read:

509.032 Duties.—

(7) PREEMPTION AUTHORITY.—The regulation of public lodging establishments and public food service establishments, including, but not limited to, ~~the inspection of public lodging establishments and public food service establishments for compliance with the~~ sanitation standards, inspections, ~~adopted~~

~~under this section, and the regulation of food safety protection standards for required~~ training and testing of ~~food service establishment~~ personnel, and matters related to the nutritional content and marketing of foods offered in such establishments, are preempted to the state. This subsection does not preempt the authority of a local government or local enforcement district to conduct inspections of public lodging and public food service establishments for compliance with the Florida Building Code and the Florida Fire Prevention Code, pursuant to ss. 553.80 and 633.022.

Section 6. Subsection (1) of section 509.261, Florida Statutes, is amended to read:

509.261 Revocation or suspension of licenses; fines; procedure.—

(1) Any public lodging establishment or public food service establishment that has operated or is operating in violation of this chapter or the rules of the division, operating without a license, or operating with a suspended or revoked license may be subject by the division to:

(a) Fines not to exceed $1,000 per offense;

(b) Mandatory completion ~~attendance~~, at personal expense, of a remedial ~~at an~~ educational program administered ~~sponsored~~ by a food safety training program provider whose program has been approved by the division, as provided in s. 509.049 ~~the Hospitality Education Program~~; and

(c) The suspension, revocation, or refusal of a license issued pursuant to this chapter.

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

780626

And the title is amended as follows:

Delete lines 2 - 17

and insert:

An act relating to public lodging and public food service establishments; providing a short title; amending s. 509.144, F.S.; revising definitions; providing additional penalties for the offense of unlawfully distributing handbills in a public lodging establishment; specifying that certain items used in committing such offense are subject to seizure and forfeiture under the Florida Contraband Forfeiture Act; amending s. 901.15, F.S.; authorizing a law enforcement officer to arrest a person without a warrant when there is probable cause to believe the person violated s. 509.144, F.S., and where the owner or manager of the public lodging establishment signs an affidavit containing information supporting the determination of probable cause; amending s. 932.701, F.S.; revising the definition of the term “contraband”; amending s. 509.032, F.S.; clarifying provisions relating to the preemption to the state of the regulation of public lodging and public food service establishments; amending s. 509.261, F.S.; providing for remedial training in response to a violation of laws or rules governing public lodging and public food service establishments; providing that the terms and provisions

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 Commerce and Tourism Committee

BILL: SB 462

INTRODUCER: Senator Latvala

SUBJECT: Beverage Law

DATE: February 24, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	**Favorable**
2.	McCarthy	Cooper	CM	**Pre-meeting**
3.			RC	
4.				
5.				
6.				

I. Summary:

The bill revises the alcoholic beverage license qualification requirements for a performing arts center by providing an exemption from the requirement that all persons with an interest, directly or indirectly, in an alcoholic beverage license must obtain the approval of the Division of Alcoholic Beverage and Tobacco (division) within the Department of Business and Professional Regulation. The exemption applies to the performing arts center's volunteer officers or directors or any change of such positions or interests.

The bill would permit volunteer officers or directors of a performing arts center to continue to serve without having to be fingerprinted as part of the alcoholic beverage license application process. The bill does not affect the requirement that the performing arts center must disclose the identity of the volunteer officers or directors. Those persons would not have to submit separate applications and a set of fingerprints for the division's approval of their qualifications.

This bill substantially amends sections 561.15 and 561.17, Florida Statutes.

II. Present Situation:

The Division of Alcoholic Beverages and Tobacco (division) within the Department of Business and Professional Regulation (department) is the agency authorized to enforce the provisions of the Beverage Law in chs. 561, 562, 563, 564, 565, 567, and 568, F.S.[1]

[1] *See* s. 561.08, F.S.

Definitions

Section 561.01, F.S., defines "alcoholic beverages" as "distilled spirits and all beverages containing one-half of one percent or more alcohol by volume."

Section 561.01(17), F.S., provides the following definition for the term "performing arts center":

> Performing arts center" means a facility consisting of not less than 200 seats, owned and operated by a not-for-profit corporation qualified as an exempt organization under the provisions of s. 501(c)(3) of the Internal Revenue Code of 1986 or of the corresponding section of a subsequently enacted federal revenue act, which is used and occupied to promote development of any or all of the performing, visual, or fine arts or any or all matters relating thereto and to encourage and cultivate public and professional knowledge and appreciation of the arts through:
> (a) The preparation, production, public presentation, or public exhibition of dramatic or musical works, dance, opera, motion pictures, television, music, recordings, or works of fine, performing, or visual arts of any nature;
> (b) The conducting of lectures, seminars, classes, or workshops for development of skills or techniques related to the practice or appreciation of any or all of these arts;
> (c) The broadcast or telecast of the performing or visual arts through whatever means is desirable, including, but not limited to, television, radio, cable, or the latest state-of-the-art media, equipment, or techniques;
> (d) The reproduction of the performing, visual, or fine arts through motion pictures, videotapes, video disks, delayed presentations, sound recordings, or whatever in the future becomes a viable means or state-of-the-art;
> (e) The provision of banquet, concession, or other on-premises food and alcoholic and nonalcoholic beverage activities;
> (f) The conduct of retail activities reasonably related to the other uses of the facility;
> (g) The conduct of fundraising activities reasonably related to the arts;
> (h) The provision of auxiliary services for performing or visual artists, educators, students, or the public which are necessary or desirable to promote or facilitate the foregoing uses, including, but not limited to, the publication and dissemination of any or all materials related to the foregoing;
> (i) The conduct of rehearsals, conventions, meetings, or commercial or other activities; or
> (j) Such other activities for the promotion and development of the arts not described in paragraphs (a)-(i) as the not-for-profit corporation determines, provided that no such activity is inconsistent with or otherwise violates any applicable statute, ordinance, or regulation.

License Application Requirements

Section 561.15, F.S., sets forth the basic qualifications for holding an interest in an alcoholic beverage license. These include being of good moral character and being 21 years of age or older. If a corporation applies for an alcoholic beverage license, its officers must be of good moral character and not less than 21 years of age.[2]

The beverage law also restricts the issuance of an alcoholic beverage to persons with a specified criminal history, including corporations whose officers possess the disqualifying criminal history. Section 561.15(2), F.S., provides:

> No license under the Beverage Law shall be issued to any person who has been convicted within the last past 5 years of any offense against the beverage laws of this state, the United States, or any other state; who has been convicted within the last past 5 years in this state or any other state or the United States of soliciting for prostitution, pandering, letting premises for prostitution, or keeping a disorderly place or of any criminal violation of chapter 893 or the controlled substance act of any other state or the Federal Government; or who has been convicted in the last past 15 years of any felony in this state or any other state or the United States; or to a corporation, any of the officers of which shall have been so convicted. The term "conviction" shall include an adjudication of guilt on a plea of guilty or nolo contendere or the forfeiture of a bond when charged with a crime.

If a corporation is unable to qualify for or continue to hold an alcoholic beverage license because an officer is disqualified due to a prior criminal conviction, the corporation must terminate its relationship with the officer so convicted.[3]

Section 561.17(1), F.S., authorizes the division to require an applicant for an alcoholic beverage license to submit a set of fingerprints as a condition for approval of the application.[4] The fingerprint requirement in s. 561.17(1), F.S., is permissive. Section 561.17(1), F.S., provides in relevant part:

> Before any application is approved, the division <u>may</u> require the applicant to file a set of fingerprints on regular United States Department of Justice forms for herself or himself and for any person or persons interested directly or indirectly with the applicant in the business for which the license is being sought, when required by the division.
> *(Emphasis supplied.)*

To determine whether the applicant meets the requirements for licensure, applicants for an alcoholic beverage license must disclose all persons with a direct or indirect interest in the alcoholic beverage license, and the applicant's officers, shareholders, and directors. The disclosure is performed by filing with the division a sworn application, and a personal questionnaire for each person required to be disclosed, and a set of fingerprints.

[2] *See* s. 561.15(1),F.S.
[3] *See* s. 561.15(4), F.S.
[4] See 61A-2.014 F.A.C.

Performing Arts Center Alcoholic Beverage License

The beverage law provides an alcoholic beverage license for performing arts centers.[5] The license permits the sale of alcoholic beverages for consumption only on the licensed premises and provided that any consumption of alcoholic beverages, except as part of food and beverage service for banquets or receptions, may occur only in conjunction with an artistic, educational, cultural, promotional, civic, or charitable event occurring on the premises under the authorization of or offered directly by the performing arts center.

The performing arts center may transfer the license to a qualified applicant authorized by contract with the performing arts center to provide food and beverage service for the center. However, the license must remain at all times the exclusive property of the performing arts center, and upon termination by any manner of the contract between the performing arts center and the applicant concerning the furnishing of food and beverage service, the license shall revert to the performing arts center by operation of law.[6]

The fee for a performing arts center's alcoholic beverage license cannot exceed $400.[7]

If the license is transferred to a food and beverage service provider with a contract for services with the performing arts center, as provided in s. 561.20(2)(j), F.S., then the persons, officers, shareholders or directors of the food and beverage provider would complete a personal data questionnaire and be fingerprinted. Changes to the persons, officers, shareholders or directors are required to submit a change of officer application and new persons, officers, shareholders or directors would submit a personal data questionnaire and be fingerprinted.[8]

Exemptions

Section 561.15(3), F.S., exempts companies regularly traded on a national securities exchange and not over the counter, insurers, banks, and savings and loan associations that have an interest in an alcoholic beverage license from the requirement to obtain the division's approval of their officers, directors, or stockholders or any change of these positions. Because the division is not required to approve the qualifications of these persons, these persons are not required to submit a set of fingerprints.

This exemption does not apply to performing arts centers and their officers, shareholders or directors. They are required to submit a personal data questionnaire and to be fingerprinted.

III. Effect of Proposed Changes:

The bill amends the qualification requirements for an alcoholic beverage license in s. 561.15(3), F.S., and the license application requirements in s. 561.17(1), F.S., to provide an exemption for performing arts centers from the requirement that all persons with an interest, directly or indirectly, in an alcoholic beverage license must obtain division approval. The exemption applies

[5] Section 561.20(2)(j), F.S
[6] *Id.*
[7] *Id.*
[8] Section 561.32, F.S.

to the performing arts center's volunteer officers or directors or any change of such positions or interests.

The exemption in the bill is similar to the current exemption in ss. 561.15(3) and 561.17(1), F.S., for companies regularly traded on a national securities exchange, insurers, banks, and savings and loan associations.

The bill would permit volunteer officers or directors of a performing arts center to continue to serve without having to be fingerprinted as part of the alcoholic beverage license application process. The bill does not affect the requirement that the performing arts center must disclosure on the application the identity of volunteer officers or directors.

If a performing arts center changed any volunteer officer or director, the division could still require that the center identify the new officer by submitting a change of officer application with the division, but the officer would not have to submit a personal data questionnaire or be fingerprinted.

The bill does not appear to affect the process for food and beverage service providers contracted with the performing arts center.

Because the volunteer officers and directors of a performing arts center would not be subject to division approval as a condition for a license, the division could not suspend, revoke, or refuse to issue an alcoholic beverage license based on any disqualifying criteria associated with any of the volunteer officers or directors of the performing arts center.

The bill uses the undefined term "volunteer" and appears to limit the exemption to officers or directors who are unpaid, do not receive a salary, or are otherwise not compensated for their service.[9]

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

[9] Although, the term "volunteer" is often used in the Florida Statutes without reference to whether the service is provided for compensation, the term is usually presented in the context of a service provided without compensation or specifically described or defined as an uncompensated service. For example, in the context of worker's compensation, s. 440.02(15)(d)6., F.S., specifically excludes volunteers from the definition of an employee by providing that a volunteer is a "person who does not receive monetary remuneration for services is presumed to be a volunteer." In the context of the state employment of volunteers, s. 110.501(1), F.S., defines the term "volunteer" to mean "any person who, of his or her own free will, provides goods or services, or conveys an interest in or otherwise consents to the use of real property pursuant to chapter 260, to any state department or agency, or nonprofit organization, with no monetary or material compensation." Section 766.1115, F.S., relating to "Access to Health Care Act" and providing health services to underserved populations, also provides that volunteer services are not compensated by referencing "volunteer, uncompensated services." In the context of the state's strategy to combat the threat of sexual predators to the public safety, s. 775.21(3)(b)5., F.S., references "prohibiting sexual predators from working with children, either for compensation or as a volunteer."

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

There are 49 performing arts centers in Florida that are licensed to serve or sell alcoholic beverage and whose officers and directors would be affected by this bill. A performing arts center and its volunteer officers and directors would save the costs associated with submitting a set of fingerprints for new volunteer officers and directors or any change of volunteer officers or directors. According to the department, that cost ranges from $50 to $55 per individual. The division does not assess a fee for the personal questionnaire for the officers and directors, which the volunteer officers and directors would be exempted by the bill from having to submit to the division for approval of their qualifications.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

IX. None.

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 Commerce and Tourism Committee

BILL: SB 106

INTRODUCER: Senator Ring

SUBJECT: Public Records

DATE: March 8, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	**Favorable**
2.	Pugh	Cooper	CM	**Pre-meeting**
3.			GO	
4.				
5.				
6.				

I. Summary:

SB 106 creates exemptions from public-records requirements for information identifying a donor or prospective donor of a donation made to a "publicly owned performing arts center" and for the benefit of the Legislative Research Center and Museum at the Historic Capitol, should the donor wish to remain anonymous.

The bill defines the term "publicly owned performing arts center" as a facility owned and operated by a city or county, has at least 200 seats, and promotes development of any or all performing, visual, or fine arts. At least one performing arts center in Florida meets this definition. The bill also includes the required statement of public necessity.

Both exemptions are subject to legislative review and repeal under the Open Government Sunset Review Act in October 2016.

Since SB 106 creates a new public-records exemption, it requires a two-thirds vote of the membership of each house of the Legislature for passage.

SB 106 substantially amends s. 272.136, F.S., and creates two undesignated sections of law.

II. Present Situation:

Public Access

The State of Florida has a long history of providing public access to governmental records, with the first public records law being enacted by the Florida Legislature in 1892.[1] In 1992, Florida voters adopted an amendment to the State Constitution, which raised the statutory right of access to public records to a constitutional level.[2]

Section 24, Art. I, of the State Constitution, states that:

> Every person has the right to inspect or copy any public record made or received in connection with the official business of any public body, officer, or employee of the state, or persons acting on their behalf, except with respect to records exempted pursuant to this section or specifically made confidential by this Constitution. This section specifically includes the legislative, executive, and judicial branches of government and each agency or department created thereunder; counties, municipalities, and districts; and each constitutional officer, board, and commission, or entity created pursuant to law or this Constitution.

The Public Records Act

The Public Records Act, located in ch. 119, F.S., specifies conditions under which the public must be provided access to agency records.[3] Section 119.07(1)(a), F.S., requires every person who has custody of a public record to allow the record to be inspected and examined by any person, "at any reasonable time, under reasonable conditions, and under supervision by the custodian of the public records".[4] Unless specifically exempted by law, all agency records are available for public inspection.

The term "public record", is broadly defined in s. 119.011(12), F.S., to include:

> . . . all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.[5]

[1] Section 1390, 1391 F.S. (Rev. 1892).

[2] FLA. CONST. art. I, s. 24.

[3] The word "agency" is defined in s. 119.011(2), F.S., to mean ". . . any state, county, district, authority, or municipal officer, department, division, board, bureau, commission, or other separate unit of government created or established by law including, for the purposes of this chapter, the Commission on Ethics, the Public Service Commission, and the Office of Public Counsel, and any other public or private agency, person, partnership, corporation, or business entity acting on behalf of any public agency." The Florida Constitution also establishes a right of access to any public record made or received in connection with the official business of any public body, officer, or employee of the state, or persons acting on their behalf, except those records exempted by law or the state constitution.

[4] Section 119.07(1)(a), F.S.

[5] Section 119.011(12), F.S.

The Florida Supreme Court has interpreted this definition to encompass any materials prepared by an agency in connection with official business to "perpetuate, communicate or formalize knowledge of some type".[6]

The Legislature is the only entity that is authorized to create exemptions from open government requirements.[7] The Legislature may provide an exemption by a general law that is approved by a two-thirds vote of each house of the Legislature.[8] The exemption must specifically state the public necessity justifying the exemption and must be no broader than necessary to accomplish the stated purpose of the law.[9] A bill enacting an exemption[10] may not contain other substantive provisions, although it may contain multiple exemptions that relate to one subject.[11]

There is a difference between records that the Legislature exempts from public inspection and those that that the Legislature makes *confidential* and exempt for public inspection. If the Legislature makes a record confidential and exempt, then such information may not be released by an agency to anyone other than the persons or entities designated in the statute.[12] If a record is simply made exempt from disclosure requirements, an agency is not prohibited from disclosing the record in all circumstances.[13]

Open Government Sunset Review Act

The Open Government Sunset Review Act (act), in s. 119.15, F.S., provides a process for the review, and repeal or reenactment of, public records exemptions.[14] Under Florida law, a new exemption or substantial amendment to an existing exemption shall be repealed on October 2nd of the 5th year after enactment, unless the Legislature acts to reenact the exemption.[15] By June 1 of each year, the Division of Statutory Revision of the Office of Legislative Services is required to certify to the President of the Senate and the Speaker of the House of Representatives, the language and statutory citation of each exemption scheduled for repeal the following year.[16]

As part of the legislative review process for exemptions from public meeting and public records requirements, the Legislature is required to consider the following criteria:

- Specific records or meetings that are affected by the exemption;
- Whom the exemption uniquely affects, as opposed to the general public;
- The identifiable public purpose or goal of the exemption;
- Whether the information contained in the records or discussed in the meeting can be readily obtained by alternative means, and if so, how;

[6] *Shevin v. Byron, Harless, Schaffer, Reid and Associates, Inc.*, 379 So.2d 633, 640 (Fla. 1980).
[7] FLA. CONST. art. I, s. 24(c).
[8] *Id.*
[9] *Id. See also Memorial Hospital-West Volusia v. News-Journal Corporation*, 729 So. 2d 373, 380 (Fla. 1999); *Halifax Hospital Medical Center v. News-Journal Corporation*, 724 So. 2d 567 (Fla. 1999).
[10] Under s. 119.15, F.S., an existing exemption may be treated as a new exemption if it is "substantially amended," so that the exemption is expanded to cover additional records or information, or to include meetings as well as records. *See* s. 119.15(4)(b), F.S.
[11] FLA. CONST. art. I, s. 24(c).
[12] Op. Att'y Gen. Fla. 85-62 (1985).
[13] *Williams v. City of Minneola*, 575 So.2d 683, 687 (Fla. 5th DCA), review denied, 589 So.2d 289 (Fla. 1991).
[14] This act applies to exemptions from s. 24, Art. I, of the State Constitution and s. 119.07(1), F.S., or s. 286.011, F.S.
[15] Section 119.15(3), F.S.
[16] Section 119.15(5)(a), F.S.

- Whether the record or meeting is protected by another exemption; and
- If there are multiple exemptions for the same type of record or meeting that would be appropriate to merge.[17]

The act states that an exemption may only be created, revised, or expanded if it serves an identifiable public purpose and the exemption is no broader than necessary to meet the public purpose it serves.[18] An identifiable public purpose is considered to be served if the exemption meets one of three specified criteria, and the Legislature finds that the purpose is "sufficiently compelling to override the strong public policy of open government and cannot be accomplished without the exemption."[19] The prescribed statutory criteria include whether the exemption:

- Allows the state or its political subdivisions to effectively and efficiently administer a governmental program, which administration would be significantly impaired without the exemption;
- Protects information of a sensitive personal nature concerning individuals, the release of which would be defamatory or cause unwarranted damage to the good name or reputation of such individuals, or would jeopardize their safety; or
- Protects information of a confidential nature concerning entities, including, but not limited to, a formula, pattern, device, combination of devices, or compilation of information that is used to protect or further a business advantage over those who do not know or use it, the disclosure of which would injure the affected entity in the marketplace.[20]

Examples of current exemptions for donors or prospective donors

Entity	***Exemption***	***Florida Statute***	***Status***
Enterprise Florida, Inc.	Identity of donor or prospective donor who desires to remain anonymous and all identifying information	s. 11.45(3)(i)	Confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution.
Florida Development Finance Corporation, Inc.	Identity of donor or prospective donor who desires to remain anonymous and all identifying information	s. 11.45(3)(j)	Confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution.
Cultural Endowment Program (Department of State)	Information which, if released, would identify donors and amounts contributed. Information which, if released, would identify prospective donors.	s. 265.605(2)	Confidential and exempt from s. 119.07(1), F.S.
Direct Support Organization (University of West Florida)	Identity of donor or prospective donor of property to a DSO who desires to remain anonymous, and all identifying information.	s. 267.1732(8)	Confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution.

[17] Section 119.15(6)(a)1. - 6., F.S.
[18] Section 119.15(6)(b), F.S.
[19] *Id.*
[20] *See* s. 119.15(6)(b)1. - 3., F.S.

Entity	Exemption	Florida Statute	Status
Citizen Support Organization (Fish and Wildlife Commission)	Identity of donor or prospective donor to a CSO who desires to remain anonymous and all identifying information.	s. 379.223(3)	Confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution.
Florida Agricultural Museum (Department of Agriculture and Consumer Services)	Identity of donor or prospective donor who desires to remain anonymous and all identifying information.	s. 570.903(6)	Confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution.
John and Mable Ringling Museum of Art Direct Support Organization (Florida State University)	Information that, if released, would identify donors who wish to remain anonymous or prospective donors who wish to remain anonymous when the DSO has identified the prospective donor and has not obtained the name in another manner.	s. 1004.45(2)(h)	Confidential and exempt from s. 119.07(1), F.S.
Florida Prepaid College Board Direct Support Organization	Identity of donors who wish to remain anonymous. Any sensitive, personal information regarding contract beneficiaries, including identity.	s. 1009.983(4)	Confidential and exempt from s. 119.07(1) and s. 24(a), Art. I, State Constitution.

Direct-Support Organization

A.) In General

Florida law provides for the establishment of direct-support organizations as a means to assist state agencies in accomplishing their missions. Direct-support organizations are established as Florida corporations not for profit which are incorporated under ch. 617, F.S., and approved by the Department of State. Section 617.01401(5), F.S., defines the term "corporation not for profit" as "a corporation no part of the income or profit of which is distributable to its members, directors, or officers."

Direct-support organizations perform a variety of services for state agencies, including:

- Raising money;
- Submitting requests for, and receiving grants from, the federal government, the state, or its political subdivisions;
- Receiving, holding, investing, and administering property;
- Assisting an agency in performing its mission; and
- Making expenditures for the benefit of the supported agency.[21]

Direct-support organizations have been established in Florida to support a wide array of services and agencies, including: child abuse prevention and adoption; tourism; amateur athletics and professional sports; public guardianship; victims of crime; universities, community colleges, and school districts; the Florida National Guard; the Departments of Corrections, Juvenile Justice,

[21] Sections 39.0011, 250.115, 267.1732, 267.1736, 288.1226, 288.1229, 292.055, 570.903, 744.7082, 944.802, 960.002, 985.672, 1001.453, 1004.28, 1004.70, and 1009.983, F.S.

Agriculture and Consumer Services, and Veterans' Affairs; and the Florida Prepaid College Board.[22]

Florida Statutes generally require direct-support organizations to:

- Operate under written contract with the supported agency;
- Be governed by a board of directors; and
- Operate for the benefit of, and in a manner consistent with, the goals of the agency and in the best interest of the state.

B.) Direct-Support Organization for the Florida Historic Capitol and the Legislative Research Center and Museum

In 2009, the Legislature enacted s. 272.136, F.S., authorizing the Legislative Research Center and Museum at the Historic Capitol and the Capitol Curator[23] to establish a direct-support organization (DSO) in order to provide assistance and promotional support through fundraising for the Florida Historic Capitol and the Legislative Research Center and Museum, including but not limited to, their education programs and initiatives.[24] The DSO established under s. 272.136, F.S., must be:

- A Florida corporation;
- Not for profit;
- Incorporated under ch. 617, F.S.; and
- Approved by the Department of State.[25]

The DSO[26] is governed by a board of directors with a demonstrated capacity for supporting the mission of the Historic Capitol. Initial appointments to the board shall be made by the President of the Senate and the Speaker of the House of Representatives, and thereafter by the board.[27] The DSO received its not-for-profit designation in October 2010, and has been receiving contributions.

If the DSO is no longer authorized or fails to comply with the requirements of s. 272.136, F.S., fails to maintain its tax-exempt status, or ceases to exist, then all funds obtained through grants, gifts, and donations in the DSO's account revert to the state and are deposited into an account designated by the Legislature.[28]

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[22] *Id.*

[23] The Florida Historic Capitol Curator (curator) is appointed by and serves at the pleasure of the President of the Senate and the Speaker of the House of Representatives. The curator is responsible for: (a) promoting and encouraging state knowledge and appreciation of the Florida Historic Capitol; (b) collecting, researching, exhibiting, interpreting, preserving and protecting the history, artifacts, objects, furnishings and other materials related to the Florida Historic Capitol, other than archaeological materials; and (c) developing, directing, supervising, and maintaining the interior design and furnishings within the Florida Historic Capitol. In conjunction with the Legislative Research Center and Museum at the Historic Capitol, the curator may also assist the Florida Historic Capitol in the performance of certain monetary duties outlined in subsection (3) of s. 272.135, F.S. *See* s. 272.135, F.S.

[24] Chapter 2009-179, s.3, L.O.F.

[25] Subsection (2), of s. 272.136, F.S.

[26] The DSO's official name is the Florida Historic Capital Foundation, Inc., and its website is http://www.flhistoriccapitol.gov/foundation.cfm.

[27] Subsection (1), of s. 272.136, F.S.

[28] Subsection (6), of s. 272.136, F.S.

Performing Arts Centers in Florida
According to the Florida Department of State Division of Cultural Affairs, spending on arts and cultural events in Florida generated nearly $250 million in state and local tax revenues in 2008 and the overall return on investment by goverments on art and cultural spending is 5 to 1.[29] There is no breakout specifically reflecting the economic impact of Florida's performing arts centers.

Florida has dozens of performing arts centers[30] in every region of the state, and their ownership, management and financing varies widely, according to information on their websites.

III. Effect of Proposed Changes:

Section 1 of SB 106 creates an undesignated section of law stating that if a donor or a prospective donor of a donation made for the benefit of a publicly owned performing arts center wishes to remain anonymous, then that donor or prospective donor's name, address, and telephone number are confidential and exempt from s. 119.07(1), F.S., and section 24(a), Art. I, of the State Constitution.

SB 106 defines "publicly owned performing arts center" as:

> a facility consisting of at least 200 seats, owned and operated by a county or municipality, which is used and occupied to promote development of any or all of the performing, visual or fine arts or any or all matters relating thereto, and to encourage and cultivate public and professional knowledge and appreciation of the arts.

Based on a list of performing arts centers in provided by the Division of Cultural Affairs, at least one appears to meet the bill's definition: The Broward Center for the Performing Arts in Fort Lauderdale, because it is owned by the county and managed by a county board.

The exemption created under this section subject to legislative review and repeal under the provisions of the Open Government Sunset Review Act in s. 119.15, F.S., and shall stand repealed on October 2, 2016, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 2 of the bill creates subsection (7) of s. 272.136, F.S., stating that the identity and all information identifying a donor or prospective donor to the direct-support organization for the Florida Historic Capitol and the Legislative Research Center and Museum who desires to remain anonymous is confidential and exempt from s. 119.07(1), F.S., and section 24(a), Art. I, of the State Constitution. The section also provides that such anonymity shall be maintained in any auditor's report created pursuant to the annual financial audits required under subsection (5) of this section, in accordance with s. 215.981, F.S.

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[29] Information provided by the Department of State's Division of Cultural Affairs in an email dated February 1, 2011. On file with the Commerce and Tourism Committee.
[30] An unofficial list is available at http://funandsun.com/1tocf/artf/perfs.html.

This exemption is subject to legislative review and repeal under the provisions of the Open Government Sunset Review Act in s. 119.15, F.S., and shall stand repealed on October 2, 2016, unless reviewed and saved from repeal through reenactment by the Legislature.

Section 3 of the bill expresses legislative findings that these two exemptions are a public necessity, in order to:

- Encourage private support for publicly owned performing arts centers and the direct-support organization;
- Promote the giving of gifts to, and the raising of private funds for, the acquisition, renovation, rehabilitation, and operation of publicly owned performing arts centers; and
- Promote the programming and preservation of the Florida Historic Capitol and the Legislative Research Center and Museum.

According to this section, without these two exemptions there could be a "chilling effect" on private donations in Florida because potential donors would be concerned that disclosure of their personal identifying information could lead to theft and threats to their personal safety and security.

Section 4 of the bill provides an effective date of October 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

Vote Requirement
Section 24(c), Art. I, of the State Constitution requires a two-thirds vote of each chamber of the Legislature for passage of a newly created or expanded public-records or public-meetings exemption. Since SB 106 creates a new public-records exemption, it will require a two-thirds vote of each chamber of the Legislature for passage.

Statement of Public Necessity
Section 24(c), Art. I, of the State Constitution requires a statement of public necessity for a newly-created or expanded public-records or public-meetings exemption. Section 3 of this bill provides a statement of public necessity for the new public record exemptions proposed therein.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Donors or prospective donors to a publicly owned performing arts center and the direct-support organization for the Florida Historic Capitol and The Legislative Research Center and Museum, would have the option of requesting anonymity, which may encourage more private entities to donate to these facilities.

C. Government Sector Impact:

This exemption may encourage donations, and therefore result in a financial gain to counties and municipalities that own and operate publicly owned performing arts centers.

Similarly, this exemption also may encourage donations that result in financial gain to the state's direct-support organization for the Florida Historic Capitol and the Legislative Research Center and Museum.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

109718

LEGISLATIVE ACTION

Senate	.	House
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The Committee on Commerce and Tourism (Ring) recommended the following:

Senate Amendment

Delete line 26
and insert:

200 seats, owned and operated by a county, municipality, or special district, which

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 Commerce and Tourism Committee

BILL:	SB 418
INTRODUCER:	Senator Flores
SUBJECT:	State Lotteries
DATE:	March 8, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Young/Harrington	Imhof	RI	**Favorable**
2.	Pugh/Gault	Cooper	CM	**Pre-meeting**
3.			RC	
4.				
5.				
6.				

I. Summary:

Florida requires state lottery retailers to make their retail locations accessible to disabled patrons, and Department of Lottery rules require retailers to be compliant with the federal Americans with Disabilities Act. Current Department of Lottery rules also give players, disabled or not, the option to tell lottery retailers their selections, rather than mark play slips.

SB 418 will require lottery retailers to assist blind or visually impaired players, at their request, in filling out a lottery ticket. The bill also specifies that a retailer or a retailer's employee will not be held liable for a scrivener's error causing a mismarked ticket, absent a court finding of intentional fraud or malice.

The bill takes effect July 1, 2011.

SB 418 amends s. 24.112, F.S.

II. Present Situation:

General Background

The Department of the Lottery (department) is authorized by s. 15, Art. X, Florida Constitution. Chapter 24, F.S., was enacted by ch. 87-65, L.O.F., to establish the state lottery. Section 24.102, F.S., provides legislative purpose and intent in regard to the lottery.

It specifies, in part:

> "The purpose of this act is to implement s. 15, Art. X of the State Constitution in a manner that enables the people of the state to benefit from significant

additional moneys for education and also enables the people of the state to play the best lottery games available."

That section also specifies that the intent of the Legislature was "[t]hat the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise." Additionally, it requires the department to be a self-supporting, revenue-producing enterprise.

Another provision, s. 24.104, F.S., requires the department to operate the state lottery "so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens."

Assistance for Disabled

Section 24.112(13), F.S., currently specifies that lottery retailers must make their retail locations accessible for disabled persons. It specifies that there must be ramps, wide aisles, turnaround areas, parking spaces, and other such facilities to ensure accessibility for disabled persons to participate in the Florida Lottery.

Inspections and enforcement of the provisions of s. 24.112(13), F.S., are under the enforcement authority of the Florida Building Code under s. 553.80, F.S.

The department has indicated that, currently, department game rules[1] specify that tickets in terminal-generated games—those that can be initiated by means of a play slip—also can be initiated by the player verbally giving his or her desired numbers to the retailer. The verbally requested numbers can then be manually selected on the ticket terminal by the retailer to produce a ticket with the player's desired numbers.

The department expects retailers to comply with applicable accessibility requirements and these requirements are included in the department's contracts with the retailers. Retailers also are subject to the federal Americans with Disabilities Act.

There are approximately 13,200 lottery retailers in Florida, according to the department's estimates.

Americans with Disabilities Act

The Americans with Disabilities Act (ADA) was enacted in 1990. Congress indicated that the ADA was enacted in part to address the finding that "historically, society has tended to isolate and segregate individuals with disabilities, and, despite some improvements, such forms of discrimination against individuals with disabilities continue to be a serious and pervasive social problem" and that disabled individuals were relegated to "lesser services, programs, activities, benefits, jobs, or other opportunities."[2]

The overarching purpose of the ADA was to provide a "national mandate" to end discrimination based on disabilities, provide a national and enforceable standard that addresses discrimination,

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[1] For example, the Florida Department of Lottery rule 53 ER 10-39 (1)(c)(1), F.A.C., states that a person may choose to play the Cash 3 game by making a verbal communication to the retailer instructing them on which selections to make.

[2] 42 U.S.C. s. 12101(a).

to ensure that the Federal Government plays a central role in enforcement against discrimination, and to invoke the power of the United State Congress to address the areas of discrimination against disabled persons.[3]

Section 12132 of the ADA provides: "[s]ubject to the provisions of this subchapter, no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of services, programs, or activities of a public entity, or be subjected to discrimination by any such entity." Under this provision, disabled persons are not to be discriminated against and retailers who sell Florida Lottery tickets must be accessible to customers who have disabilities, including visual impairments.

Legal interpretations of "malice" and "intentional fraud"
When a word is not specifically defined by statute, reviewing courts apply its plain and ordinary meaning. Florida courts have recognized the ordinary meaning of the word "malice" to be synonymous with its legal definition, which is "wrongfully, intentionally, without legal justification or excuse."[4]

Florida courts have not specifically defined intentional fraud, but "intent" is an element of actual fraud, which they have defined. Fraud requires that four elements be met: (1) a false statement concerning a material fact; (2) the representor's knowledge that the representation is false; (3) an intention that the representation induces another to act on it; and (4) consequent injury by the party acting in reliance on the representation.[5]

III. Effect of Proposed Changes:

Section 1: Amends s. 24.112(13), F.S., to expand the statutory accessibility requirements beyond physical access to include help in filling out and purchasing tickets for blind and visually impaired customers who request such assistance.

Additionally, the bill specifies that neither the retailer nor the employee of a retailer will be liable for any actual or alleged scrivener's error unless there is a finding by a court of intentional fraud or malice.

Section 2: Specifies an effective date of July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

[3] 42 U. S. C. s. 12101(b).
[4] Seese v. State, 955 So.2d 1145, 1149 (Fla. App. 4 Dist., 2007).
[5] Townsend v. Morton, 36 So.3d 865, 868 (Fla. App. 5 Dist., 2010).

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

State Competitiveness Indices & Rankings:

What National Rankings Tell Us about Florida's Competitiveness

Florida TaxWatch

Presented to the Senate Committee on Commerce and Tourism

Senator Nancy Detert, Chair

Senator Paula Dockery, Vice-Chair

March 9, 2011

Overall State Competitiveness Rankings (2010)

Organization	Competitiveness Ranking		
	Florida	Highest	Lowest
American Legislative Exchange Council	5	Utah	New York
Beacon Hill Institute	12	North Dakota	Mississippi
CNBC	28	Texas	Alaska
Forbes	26	Utah	Maine
Kauffman Foundation	21	Massachusetts	Mississippi
Small Business & Entrepreneurship Council	6	South Dakota	New Jersey
Tax Foundation	5	South Dakota	New York

Florida TaxWatch

Florida's Neighboring States

Seven Neighboring States: **Alabama; Georgia; Louisiana; Mississippi; North Carolina; South Carolina; and Texas**

Florida TaxWatch

Business Tax Burden

Overall Tax Burden: **Higher than the rest of the nation and neighboring states.**

- Includes income, corporate, sales, property, fees,etc.

Personal Income Tax

- Ranked 1st national and regionally

Corporate Income Tax

- Ranks within top 15 states nationally
- Majority of neighboring states ranked higher for a more favorable CIT.

Florida TaxWatch

Property Tax

- Ranked among the bottom half of the nation for high property tax (37th)
- Texas is the only neighboring state ranked lower than Florida for property tax burden.

Local & State Sales Tax

- Ranked poorly for its high local and state sales tax – no higher than 30th in the nation.
- Ranked last among neighboring states with the exception of Louisiana.

Florida TaxWatch

Remaining Tax Burden

- Includes tax on insurance, capital gains, utilities, gas, worker's compensation, and unemployment compensation taxes.
- <u>Florida is ranked nearly last. All neighboring states ranked considerably higher.</u>
- A significant deterrent to Florida's competitiveness.

Unemployment Compensation Tax

- Consistently ranked within the top ten states, but projected tax increases in September 2011 will remove Florida from high national rankings.

Worker Compensation Assessments

- Average ranking in the nation and in comparison to neighbor states.

Florida TaxWatch

Regulation

"Business friendliness"

based on regulatory and legal environment.

Forbes:	CNBC:
Florida ranked 22nd	Florida ranked 23rd

Florida ranked much lower in comparison to neighboring states when transportation and bond ratings were included.

Quality of Life & Cost of Living

In the two indices using broad measures, Florida ranked in the <u>bottom-half</u> of states for its cost of living and quality of life.

Crime and Security

- Ranked near the bottom in the nation, but similarly to neighboring states.
- SBEC ranks Florida **48th**
- Beacon Hill ranks Florida **34th**

Infrastructure and Transportation

- Ranks in middle of states (**21st** and **24th** in nation)
- Rankings are average among states but greater strength in infrastructure than transportation.
- GA and NC consistently ranked higher than Florida.

Florida TaxWatch

Workforce Quality

- Florida was ranked 1st and 14th in the nation for overall workforce quality (availability of labor).

- Florida was ranked 32nd in the nation for engineers and scientists as a percentage of the population.

- Florida's neighboring states ranked higher due to higher-tech/skilled workforces.

Workforce quality by absolute # of available of labor

Percentage of workforce involved in innovation and high-tech industries

Quality of Education

Area Development found availability of skilled labor ranks
6th overall in business location decisions.
Quality of education plays a large role in creating a skilled labor force.

35th

- CNBC: Measured quality of K-12 education institutions & number of higher education institutions
- Georgia, Louisiana, and Texas ranking slightly higher

43rd

- Beacon Hill: Percentage of population enrolled in degree seeing institutions
- Louisiana, Mississippi, South Carolina, and Texas rank slightly higher

46th

- Beacon Hill: Number of science and engineering degrees awarded
- Every neighboring state ranks higher

Florida TaxWatch

Investment in Innovation

Investment in Innovation: Amount of corporate and academic research and development and number of patents.

Beacon Hill	Kaufmann Foundation
• 31st for number of patents issued • 47th for level of academic investment in R&D	• 26th for number of patents issued • 32nd for corporate investment in R&D

All Neighboring States were Ranked Higher for Investment in Innovation

Florida TaxWatch

Florida's Competitive Advantages and Disadvantages: *Nationally*

Advantages

Business Tax Burden:

Absence of personal income tax, relatively low corporate income tax, unemployment compensation tax, low labor costs

Business Friendliness:

Stable tax and regulatory environment, small business incubation, and limits on government expenditures

Other Factors:

Leader for growth prospects, ranking 3rd for anticipated growth in jobs, income, and GSP

Disadvantages

Business Tax Burden:

High overall business tax due to high sales, property, and excise tax burden.

Quality of Living:

High crime rates

Innovation and labor:

Shortages of highly skilled labor and lacking investment in research and development

Florida TaxWatch

Florida's Competitive Advantages and Disadvantages: *Regionally*

Advantages

Business Tax Burden:

Ranked higher than neighboring states for absence of personal income tax.

Grey area (mixed results): **Worker's compensation assessments**, **quality of life**, **crime**, **infrastructure**, **number of scientists and engineers in the labor force**, and **quality of education.**

Disadvantages

Business Tax Burden:

Neighboring states ranked higher for corporate income tax, property tax, sales tax, and remaining tax burden

Business Friendliness:

Neighboring states ranked higher in government regulation, infrastructure, and transportation

Innovation:

Neighboring states ranked higher in investment in research and development in innovation

THANK YOU

Florida TaxWatch

State Competitiveness Indices & Rankings:
What National Rankings Tell Us about Florida's Competitiveness

In these difficult fiscal times, policymakers across the country have made competitiveness a top policy priority to help lead their state's economy on the road to recovery. The first step in the process of improving competitiveness is to identify where the state business climate is well perceived and where reforms are needed. Several reputable organizations publish annual indices that rank states based on measures of competitiveness, which provides key insights that help shape the policy discussion. In this Florida TaxWatch *Briefing*, seven such indices are analyzed to identify recurring themes that reveal important information on Florida's competitiveness.[1]

Between the seven indices, Florida is ranked among both the top ten states as well as the bottom half of states for its competitiveness nationally. The variability in these rankings is caused by the different factors of the business climate being considered by each index and the different weights assigned to those measures. For this reason, more detailed analysis is warranted.

State Competitiveness Rankings (2010)			
Organization	**Competitiveness Ranking**		
	Florida	**Highest**	**Lowest**
American Legislative Exchange Council	5	Utah	New York
Beacon Hill Institute	12	North Dakota	Mississippi
CNBC	28	Texas	Alaska
Forbes	26	Utah	Maine
Kauffman Foundation: New Economy	21	Massachusetts	Mississippi
Small Business & Entrepreneurship Council	6	South Dakota	New Jersey
Tax Foundation	5	South Dakota	New York

To do this, Florida's rankings are compared both nationally and regionally in several areas to generate a more accurate picture of Florida's competitiveness. A regional comparison is conducted because a state's stiffest competition may come from its neighboring states. Studies have shown that business and employment is more likely to migrate to states close in proximity if they offer a more competitive business environment.[2] Therefore, this analysis compares Florida with its "neighboring states" to further indentify competitive advantages and disadvantages. For the purposes of this study, ***Florida's "neighboring states" will be referred to as the following seven states: Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas.***

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[1] The seven business ranking indices analyzed in this briefing are national studies of state business climates conducted by the American Legislative Exchange Council (ALEC); Beacon Hill; CNBC; Forbes; the Kauffman Foundation; Small Business & Entrepreneurship Council; and the Tax Foundation.

[2] National Conference of State Legislatures, Tax Policy Handbook for State Legislators, *Principles for Evaluating Tax Sources,* Third edition, February 2010. http://www.ncsl.org/documents/fiscal/TaxPolicyHandbook3rdEdition.pdf

Business Tax Burden

It is well documented that the relative tax burden levied on business directly affects the decisions of entrepreneurs, firms, and investors to start, relocate, or expand within a state. Several taxes and fees make up the total business tax burden including personal income tax, corporate income tax, property tax, sales and excise taxes, corporation fees, and an assortment of other assessments, fees, and taxes.

Florida ranked near the bottom for overall tax burden (37th and 41st nationally by Forbes and CNBC, respectively), which includes sales, property, corporate, income, and other taxes. Florida ranked even lower – 43rd in the nation by the Small Business and Entrepreneurial Council – when state and local taxes were calculated as a share of personal income. Each of Florida's neighboring states was ranked significantly higher.

In all indices, Florida's overall tax burden was found to higher (more costly to business) than the rest of the nation and its neighboring states.

Personal Income Tax

A constitutionally guaranteed absence of state personal income tax generates a competitive advantage for Florida in attracting high product margin industry that is less capital intensive and because it generally decreases the tax burden for all business.[3] Unsurprisingly, Florida's income tax policy is ranked 1st in the nation by all indices that measured it (ALEC, the Tax Foundation, and the Small Business and Entrepreneurial Council).

Florida's ranks highest in the nation due to an absence of personal income tax – outperforming all of its neighboring states.

Corporate Income Tax

Florida ranks within the top third of all states for its corporate tax burden.[4] Florida is ranked 14th by the Small Business and Entrepreneurial Council and 15th by the Tax Foundation.[5]

A majority of Florida's neighboring states were ranked higher for a more favorable corporate income tax policy: Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Texas. However, when measuring taxable income brackets along with the top corporate income tax rate, only Georgia (8), Mississippi (13), and South Carolina (9) are ranked higher than Florida (15). Nationally, South Dakota and Nevada were ranked 1st in the nation due to their lack of a Corporate Income tax at all.

Florida's current corporate income tax stands at a flat rate of 5.5 percent on net business income based on a mixed apportionment of in-state sales (50%), real estate (25%), and payroll (25%). Allowing

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[3] In addition to Florida, Alaska, Nevada, South Dakota, Washington, and Wyoming do not impose an income tax. Tennessee imposes an excise tax on net business earnings done in the state.

[4] Only five states have a corporate income tax rate lower than Florida including Colorado, Michigan, Ohio, South Carolina, and Utah.

[5] The SBE Council measures only the top corporate income tax while the Tax Foundation measures three factors: the top tax rate, the level of taxable income at which the top rate kicks in, and the number of brackets.

optional corporate income liability calculation based only on in-state sales (known as elective Single Sales Factor) creates a competitive advantage for Florida to attract multi-state and multi-national firms who conduct a majority of their business outside of the state because the largest portion of their taxable corporate income is comparatively reduced which benefits their bottom line. Attracting this type of business provides a larger boost to Florida's economy overall as they draw in a higher amount of national and global dollars, which generates a larger economic impact overall.

Florida ranks within the top 15 states for its corporate income tax policy. A majority of its neighboring states were ranked higher for a more favorable corporate income tax but not significantly. However, Florida's corporate income tax is not likely as harmful to its competitiveness as other parts of the state's business tax burden.

Property Tax

Florida has a relatively higher property tax burden than rest of the nation. High property taxes negatively affect Florida's competitiveness predominantly in attracting and maintaining manufacturing – oriented firms as well as business that requires large amounts of real estate to conduct their business.

Florida ranked 28th and 37th nationally due to a relatively higher property tax burden by the Tax Foundation and ALEC, respectively. The Tax Foundation ranks Florida higher because it includes capital stock taxes, such as franchise taxes, in its measurement for property tax burden where the measurement used by ALEC looks only at the effective property tax rate and collection per capita. Therefore, Florida is ranked higher due to its lack of franchise taxes.

When compared with neighboring states, Florida's high property tax burden is apparent. Every neighboring state except Texas was ranked better Florida when looking only at the effective property tax rate and collection per capita. Nationally, New Mexico and Alabama were ranked number one in the country for maintaining the lowest property tax burden on business. The primary reason for a higher property tax burden on business is their ineligibility for homestead exemptions, which shifts the tax burden from Florida homeowners to business.

Florida ranked low – the bottom half of the nation – for its relatively high property tax burden on businesses. Every neighboring state except Texas was ranked higher for its more favorable (lower) property tax burden. High property tax rates may negatively affect Florida's competitiveness.

Sales Tax

Florida ranks poorly for its high local and state sales tax burden. Florida ranked no higher than 30th in the nation for its total sales tax burden (the Tax Foundation ranked Florida highest). When the sales tax burden is calculated a portion of personal income, Florida is ranked lower as 39th in the nation by ALEC. When excise taxes are added to the calculation, Florida ranks even lower – 42nd in the nation by the Small Business and Entrepreneurial Council.

Florida did not fare well compared with its neighboring states. Of them, Louisiana was the only neighboring state that was consistently ranked lower than Florida. Nationally, Delaware, New Hampshire, and Oregon were ranked number one in the nation for the lowest sales tax burden.

A high sales tax burden creates a competitive disadvantage for Florida in attracting certain industry. For instance, businesses that need to purchase a significant amount of goods and services from other businesses for production are more negatively impacted by a state's sales tax policy than other types of industry. Currently, Florida has a base sales tax rate of 6.0 percent with a 1.5 percent additional local sales tax option. Colorado has the lowest sales tax base rate at 2.9 percent and eight states have a state sales tax base rate of 4.0 percent: Alabama, Georgia, Hawaii, Louisiana, New York, South Dakota, Virginia, and Wyoming.

Florida is ranked poorly – nearly last in the nation – for its total sales tax burden. Florida's sales tax burden on business was also ranked last compared with every neighboring state except Louisiana. However, this low ranking is offset by Florida's high ranking in personal income tax as most states use a combination of the two taxes to raise revenue while Florida relies only on the sales tax.

Remaining Tax Burden

Beyond the most immediate taxes facing businesses, there are additional taxes and fees that are factored into a business' calculation of its tax burden, which can significantly hinder a state's competitiveness. These factors include taxes on insurance, capital gains, utilities, and gas, as well as worker and unemployment compensations taxes. These taxes are known as the "remaining tax burden."

When ranked solely on remaining tax burden, Florida is ranked near dead last by ALEC, which was the only index that measured and ranked this burden. ALEC ranks Florida 45th in the nation due to its high remaining tax burden on business after personal income, corporate, property, sales, and severance taxes are accounted for (measured as a share of personal income). Every one of Florida's neighboring states is ranked significantly higher including Georgia, which ranked 2nd in the nation for its low remaining tax burden.

The remaining tax burden on business in Florida is one of the worst in the nation. All of Florida's neighboring states were ranked considerably higher. The low ranking in this category reveal that the remaining tax burden is a significant threat to Florida's competitiveness.

Unemployment Compensation Tax

Florida is ranked consistently within the top ten states for its low unemployment compensation tax payments. Florida is ranked 3rd in the nation by both the Tax Foundation and the Small Business and Entrepreneurial Council. Additionally, Florida is ranked higher than each of its neighboring states.

Low tax payments for unemployment compensation create a competitive advantage for Florida as it reduces the cost of labor for business – savings that can be spent on hiring more employees, increasing income, or investing in the economy. However, it is projected that these taxes will significantly increase when assessments and tax increases are imposed on Florida businesses in order to begin loan repayments to the federal government beginning in September 2011.[6]

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[6] It is projected that Unemployment Compensation tax payments will increase significantly for business in the near future as Florida begins to make payments on the interest owed to the federal government for loans made to Florida's Unemployment Compensation System in September 2011. On January 1, 2011, the minimum

While low unemployment compensation tax payments are a competitive advantage for Florida, projected tax increases will undoubtedly remove Florida from its high national rankings.

Worker Compensation Assessments

Florida is ranked in the middle of all states for the cost of worker compensation assessments – Florida ranked 23rd and 27th in the nation by ALEC and the Small Business and Entrepreneurial Council, respectively. Among neighboring states, only Alabama (25); North Carolina (21); and Texas (2) were ranked higher, according to ALEC. However, Florida ranked higher than every neighboring state according to the Small Business and Entrepreneurial Council, which measured worker's compensation assessment costs as workers' compensation benefits per $100 of covered wages (ALEC measured worker's compensation assessments per $100 of payroll).

While not ranked most favorable in the nation, Florida's worker compensation assessments are average when compared nationally and with neighboring states.

Regulation

Two indices ranked states based on their overall "business friendliness", which took into account the regulatory and legal environments among states. Florida is ranked the 22nd business friendly state by Forbes and CNBC ranks Florida 23rd in the nation for the most favorable regulatory and legal environment. Based on these similar ranks, Florida is approximately in the middle of all states for its hospitable regulatory and legal climate toward business.[7] However, these rankings may not fully reflect the current regulatory situation in Florida because they consider such vast array of factors that affect certain industries differently.

According to Forbes, Florida ranks significantly lower than its neighboring states including Alabama (10); Georgia (17); North Carolina (1); South Carolina (8); and Texas (17). Florida is ranked much highly compared with its neighboring states according to CNBC – only Georgia, North Carolina, and Texas were perceived as more friendly to business in this index. There is a discrepancy between neighboring states because the CNBC rankings do not include transportation and bond ratings as a part of its consideration as the Forbes index does. It may be concluded that these factors negatively impact Florida's competitiveness when compared with its neighboring states.

The regulatory and legal climate of Florida is ranked in the middle of all states by the two indexes that measured it. All but two of Florida's neighboring states are ranked significantly higher than Florida. This may be an area for reform in Florida to improve its competitiveness.

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unemployment compensation tax increased from $25.20 to $72.10 per employee. An additional $9.52 per employee will be due in June 2011. This assessment is for the first interest payment due to the federal government for loans to the state's UC trust fund. Florida employers are facing a total $4 billion UC tax increase over three years. (Florida TaxWatch, *Mitigating Unemployment Comp Increases Facing Employers*, March 2011).

[7] Forbes regulatory measurement took into account states' regulatory and tort climate, incentives, government integrity, transportation, and bond ratings. CNBC measured states on the perceived "friendliness" of their legal and regulatory frameworks to business.

Quality of Life & Cost of Living

Beyond taxes, the decision to start, expand, or relocate a business depends on long-term considerations of the cost of living and quality of life offered in a state. Two indices ranked states based on a broad measure for the quality of life and cost of living. CNBC ranked Florida 31st in the nation for quality of life and 30th for its cost of living while Forbes ranked Florida more poorly as 39th in the nation for quality of life.[8] Unlike CNBC, Forbes included the quality of education and cost of living in its measurement for quality of life, which may be the reason why quality of life in Florida is ranked lower than in the CNBC index.

In the two indices using broad measures, Florida is ranked in the bottom-half of states for its cost of living and quality of life.

Other indices look at more specific measurements for quality of life:

Crime & Security

Considerations of security are so significant that most business executives found it to be the most important factor in determining a state's quality of life when deciding where to open or expand business operations.[9] When measured by crime per 100 residents, the Small Business and Entrepreneurial Council ranks Florida 48th in the nation for crime, which indicates that Florida has a high crime rate. According to this index, Florida is considered to be safer than two of its neighboring states: South Carolina (50) and Texas (49).

However, Florida is ranked more favorable according to the Beacon Hill index, which ranks Florida 34th in the nation. In this index, crime per capita, the murder rate, and percent change in the crime rate over time is included to rank states, which is a more accurate measurement of security as it accounts for the size of a state relative to the amount and nature of crimes committed. In the Beacon Hill Index, Florida is ranked higher than every neighboring state except North Carolina (25).

Florida is ranked near the bottom of the nation for its high crime rate but is ranked similarly to all of its neighboring states. Given the importance of security to businesses, Florida's high crime rate may be a threat to competitiveness in the state.

Infrastructure and Transportation

A developed, accessible transportation system and modern infrastructure is an important aspect to state competitiveness because of the benefits it affords everyday business operations as well as the quality of life for employees. A survey conducted by Area Development of top business executives, predominantly owners, presidents, and chief executive officers, asked which factors were weighted most heavily when selecting locations for new or expanded business operations. It found that highway accessibility ranked 1st overall in business location decisions.[10]

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[8] Forbes included of quality of schools, health care, crime, cost of living, and poverty rates in its measurement of quality of life.
[9] Area Development Magazine, *Area Development 25th Annual Corporate Survey,* 2010.
[10] Ibid.

CNBC ranked Florida 21st in the nation for transportation and infrastructure, which measured transportation by ranking state systems based on the value of goods shipped by air, land, and water; the availability of air travel; and quality of roads. A majority of neighboring states are ranked higher than Florida in this index: Georgia (2); North Carolina (10); South Carolina (8); and Texas (1). According to the Small Business and Entrepreneurial Council, Florida is ranked even lower at 39th in the nation for quality of transportation and infrastructure but this index focuses solely on the condition and performance of roads and highways as well as the cost effectiveness of highway projects.

Florida is ranked 24th in the nation when only state infrastructure is considered, according to the one index to measure this (Beacon Hill).[11] Of neighboring states, Florida is ranked higher than most except for Georgia (10); Louisiana (13); and North Carolina (9). In this index, Florida's infrastructure quality is average amongst its neighboring states.

Florida ranks in the middles of all states for its quality of its transportation and infrastructure, which is a lower ranking than a majority of its neighboring states. One index reveals that Florida may be stronger in its overall infrastructure than transportation but these rankings were still average among all states. Of neighboring states, Georgia and North Carolina ranked higher than Florida consistently.

Workforce Quality

The availability of quality skilled labor was recently ranked as the 6th most important decision for businesses when deciding where to locate.[12] Indices that used a broad measure of workforce quality ranked Florida 1st and 14th in the nation for overall workforce quality. However, these indices measured workforce quality by the absolute availability of labor and not the composition of the workforce.

When looking at the composition and quality, Florida ranks consistently low for the percentage of its workforce that is involved in innovation and high-tech industries. Florida ranked in the bottom half – 32nd in the nation – for engineers and scientists as a percentage of the population and 27th for the amount of high technology jobs in the state, according to the Kauffman Foundation. However, Florida is similarly ranked to its neighboring states with Georgia, North Carolina, and Texas consistently ranking higher than Florida but not significantly. This reflects a shortage of high technology/knowledge-based industry, which generates states' competitiveness because it accelerates wage growth and diversifies the economy.

Florida ranks low nationally for its shortage of high-technology and high-skilled labor. Florida was also ranked low for the amount of engineers and scientists as a percentage of the labor force. However,

[11] The Beacon Hill included measurements of telephone penetration (as measured by cell phone use); High speed lines per 1000 residents; Air passengers per capita; Travel time to work; Electricity prices per million BTU; and Median monthly housing costs in the ranking of infrastructure.

[12] Area Development Magazine, *Area Development 25th Annual Corporate Survey,* 2010.

Florida was ranked similarly to its neighboring states for high-technology jobs and the number of scientists and engineers in the labor force.

Quality of Education

Quality of education directly impacts the quality of life and availability of a skilled workforce, all of which are intimately tied to a state's competitiveness. CNBC used a broad measure of education to rank states, measuring both the quality of K-12 public education institutions (based on test scores and graduation rates) and the number of higher education institutions (as a measurement of talent recruitment and partnership opportunities). In this index, Florida is ranked 35th in the nation with only Georgia, Louisiana, North Carolina, and Texas ranking slightly higher.

Looking only at higher education, Florida was ranked 43rd in the nation for the percentage of its population enrolled in degree granting institutions, according to the Beacon Hill Index. Four of Florida's neighboring states ranked slightly higher: Louisiana (39), Mississippi (36), South Carolina (40), and Texas (37). However, Florida fares much worse when ranked on the number of science and engineering degrees awarded – 46th in the nation, according to the Beacon Hill Index. Every neighboring state was ranked higher than Florida in this category.

Investment in Innovation

Florida is ranked in the bottom half of the nation for investment in innovation as measured by the amount of corporate and academic investment in research and development and number of patents. Florida ranked 31st for patents and 47st in the nation for its level of *academic* investment in research and development, according to Beacon Hill. Florida's investment in research and development ranks lower than every neighboring state, except for Louisiana and Mississippi.

However, Florida is ranked higher when the scope is broadened to include corporate patents and corporate investment in research and development. The Kaufmann Foundation ranks Florida 26th in the nation for patents and 32nd for corporate investment in research in development. Yet, Florida still performs poorly when compared neighboring states for investment in research and development with each one ranking higher than Florida, except for Louisiana and Mississippi.

Florida ranks from the upper bottom-half for overall higher education and K-12 education but ranks at the bottom of the nation for its shortage of investment in innovation. Florida's neighboring states did not rank significantly higher in broad measures of educational quality or higher education. However, Florida was consistently ranked lower than neighboring states for technical degrees awarded and investment in research and development.

Conclusion

Policy makers and all who are interested in Florida should pay attention to enhancing our state's competitiveness factors; strengthening our foundation for growth; and addressing the areas that constrain it to help lead Florida to economic recovery and future prosperity.

Analysis of all the indices reveals some noteworthy trends of Florida's competitive advantages and disadvantages nationally:

Florida is ranked high for its absence of a personal income tax, relatively low corporate income tax and unemployment compensation tax[13]; and low labor costs. Florida also scored highly for maintenance of a relatively stable tax and regulatory environment; favorable conditions for entrepreneurs and small business (4th in the nation by the Kauffman Foundation, the only survey to measure this); and statutory limits on government expenditures. Forbes found Florida to be a leader in growth prospects; ranking 3rd in the nation for anticipated growth in jobs, income, and gross state product growth as well as business openings in the only national survey measuring this variable. There were mixed results in some areas, including worker's compensation tax; overall quality of life; and quality of transportation and infrastructure.

The indices did reveal areas where reform may be needed. Florida ranks poorly for a high overall business tax burden (due to high sales, property, and excise tax burdens); high crime rates; shortages of highly skilled labor; and a lack of investment in research and development.

Analysis of all the indices reveals some noteworthy trends of Florida's competitive advantages and disadvantages regionally:

Regionally, Florida is ranked higher than neighboring states for its absence of personal income tax. Yet, in most areas, results were mixed when Florida is compared with its neighboring states. Areas where Florida did not clearly rank higher or lower include worker's compensation assessments; quality of life; crime; infrastructure; number of scientists and engineers in the labor force; and quality of education. However, the rankings did reveal some areas where reform may be needed when Florida is compared with its neighboring states. National indices clearly ranked our neighboring states more favorably for lower corporate income tax; property tax; sales tax; the remaining tax burden; government regulation; infrastructure and transportation; and investment in innovation.

[13] Florida TaxWatch, *Mitigating Unemployment Comp Tax Increases Facing Employers*, Report, March 2011.

Strengths and Weaknesses of Florida's Economic Competitiveness Rankings
(Numbers in parenthesis indicate Florida's ranking among the 50 states)

ALEC	**Organization:**	American Exchange Legislative Council www.alec.org
	Report:	A.B. Laffer, S. Moore, J. Williams. "Rich States, Poor States". 2010.
	Scope:	State Economic Competitive Index
	Design:	15 state determined policy variables; equal weighting.
	Florida Rank:	5
	Strength(s):	No personal income tax(1); No inheritance tax(1); Right to work state(1).
	Weakness(s):	State liability system(42);Sales tax burden(39); Property tax burden(37).
Beacon Hill	**Organization:**	Beacon Hill Institute at Suffolk University. Www.beaconhill.org
	Report:	Tenth Annual State Competitiveness Report (2010).
	Scope:	State Competitive Index.
	Design:	8 broad sub indices, 43 variables measuring state policies and conditions.
	Florida Rank:	12
	Strength(s):	Government and fiscal policy(1); Business Incubator(7); Openness(12).
	Weakness(s):	Security(50); Human Resources(47); Technology(35).
CNBC	**Organization:**	CNBC www.cnbc.com
	Report:	America's Top States for Businesses 2010
	Scope:	State Business Competitive Index
	Design:	10 categories, 40 measures of state competitiveness; unequal weighting.
	Florida Rank:	28
	Strength(s):	Workforce(1); Access to Capital(17); Technology and innovation(13).
	Weakness(s):	Cost of doing business(41); Economy(48); Education(30).
Forbes	**Organization:**	Forbes Magazine www.Forbes.com
	Report:	K. Badenhausen. "The Best States for Business and Careers". Oct, 2010.
	Scope:	State Business Climate Index.
	Design:	6 categories; 33 measures of state business climate; unequal weighting.
	Florida Rank:	26
	Strength(s):	Labor supply(14); Growth prospects(3).
	Weakness(s):	Business costs(37); Economic climate(36); Quality of life(39).
Kauffman	**Organization:**	Ewing Marion Kauffman Foundation www.Kauffman.org
	Report:	R. Weitekamp, M. Pozel, S. Norton. "The 2010 State New Economy Index". Nov. 2010.
	Scope:	State New Economy Index
	Design:	5 categories; 26 indicators of state capacity for economic change
	Florida Rank:	21
	Strength(s):	Economic Dynamism(5); Digital Economy(16).
	Weakness(s):	Technological Innovation(32); Knowledge Jobs(33).

SBE Council		
	Organization:	Small Business & Entrepreneurship Councils www.SBEcouncil.org
	Report:	R. Keating. "15th Annual Small Business Survival Index 2010". December, 2010.
	Scope:	Small Business Survival Index
	Design:	38 major government-imposed costs impacting small business and entrepreneurship
	Florida Rank:	6
	Strength(s):	Personal income tax(1); Unemployment tax(3); Number of Gov't Employees(10).
	Weakness(s):	State and local property tax(43); Gross Receipts and Excise tax(42); Florida(48);

Tax Foundation		
	Organization:	The Tax Foundation www.TaxFoundation.org
	Report:	K. Padgitt. "2011 State Business Tax Climate Index". October, 2010.
	Scope:	State Business Tax Climate
	Design:	5 component indices; 112 variables; unequal weights
	Florida Rank:	5
	Strength(s):	Individual tax(1); Unemployment insurance tax(3); Corporate(15).
	Weakness(s):	Sales Tax(30); Property tax(28).

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Florida Compared with Neighboring States by Index Rankings

American Legislative Exchange Council	Overall Rank	Personal Income Tax Rate	Corporate Income Tax Rate	Property Tax Burden	Sales Tax Burden	Other Tax Burden	Estate/ Inheritance Tax	Recent Tax Changes	Number of Tax/ Expenditure Limits	Debt Service as Share of Tax Revenue	Public Employees per capita	State Min. Wage	Average Worker's Compensation Costs
FLORIDA	**5**	**1**	**13**	**37**	**39**	**45**	**1**	**4**	**4**	**22**	**9**	**1**	**23**
Neighbors													
Alabama	17	12	4	1	32	41	1	15	35	28	40	1	42
Georgia	9	25	16	24	37	2	1	11	35	4	25	1	26
Louisiana	16	11	11	6	48	25	1	1	4	30	42	1	39
Mississippi	18	19	7	16	42	16	1	35	13	6	46	1	27
North Carolina	21	36	23	12	20	22	1	33	13	8	39	1	29
South Carolina	31	33	7	28	24	24	1	21	13	49	34	1	38
Texas	19	1	14	40	36	30	1	17	13	48	27	1	34
Best/Worst													
Utah	1	18	7	13	38	9	1	24	13	21	4	1	6
New York	50	50	50	43	26	35	50	50	35	34	41	1	32

Beacon Hill	Overall Rank	State and Local Taxes Per Capita	Average Tax Payment for Unemployed	Budget Deficit as % of GSP	Bond Rating	Public Employees per capita	State Min. Wage	Openness to Foreign Countries[1]	Security[2]	Infrastructure & Transportation	Environmental Policy	Median Monthly Housing Costs
FLORIDA	**12**	**4**	**6**	**3**	**11**	**9**	**1**	**12**	**34**	**24**	**21**	**40**
Neighbors												
Alabama	48	11	2	47	N/A	42	1	43	46	35	19	11
Georgia	46	35	19	N/A	1	N/A	1	19	50	19	43	N/A
Louisiana	39	8	3	7	49	43	1	40	48	13	34	N/A
Mississippi	50	15	1	10	37	47	1	48	44	47	29	9
N. Carolina	21	31	N/A	18	1	37	1	32	25	9	37	N/A
S. Carolina	42	14	8	18	8	33	1	23	39	36	33	20
Texas	25	8	35	31	N/A	35	1	2	42	27	25	N/A
Best/Worst												
N. Dakota	1	18	N/A	1	N/A	40	1	36	12	1	1	N/A
Mississippi	50	15	N/A	10	37	47	1	45	44	47	29	9

Beacon Hill, cont.	% Population w/o Health Insurance	Unemployment Rate	% of Adults in Labor Force	Scientists & Engineers[3]	% of Population Enrolled in Degree Granting Inst.	Science & Engineering Degrees Awarded	Investment in R&D	Patents
FLORIDA	**49**	**41**	**38**	**39**	**43**	**46**	**47**	**31**
Neighbors								
Alabama	35	37	48	N/A	N/A	N/A	16	43
Georgia	46	35	44	32	47	40	N/A	N/A
Louisiana	33	12	36	49	39	31	36	46
Mississippi	37	35	50	48	36	43	13	50
N. Carolina	41	44	40	N/A	N/A	33	8	N/A
S. Carolina	36	48	45	40	40	42	N/A	35
Texas	50	18	N/A	12	37	41	35	N/A
Best/Worst								
N. Dakota	8	1	1	42	4	4	3	34
Mississippi	37	35	50	48	36	43	13	50

1. Immigration of knowledge workers
2. Crime Index
3. As percent of population

CNBC	Overall Rank	Overall Economic Outlook	Business Friendliness[1]	Overall Business Tax Burden	Access to Capital	Overall Quality of Life	Infrastructure & Transportation	Cost of Living	Workforce Quality	Education	Corporate Investment in R&D	Patents
FLORIDA	**28**	**48**	**23**	**41**	**17**	**31**	**21**	**30**	**1**	**35**	**13**	**13**
Neighbors												
Alabama	43	40	32	14	40	48	27	11	14	42	30	30
Georgia	10	37	17	20	13	35	2	9	3	28	17	17
Louisiana	44	25	31	21	22	50	30	24	35	32	34	34
Mississippi	45	35	47	11	40	42	45	13	21	48	46	46
N. Carolina	4	37	13	15	10	32	10	23	3	26	11	11
S. Carolina	31	46	30	6	34	45	8	24	5	43	26	26
Texas	1	1	19	30	7	29	1	8	16	30	4	30
Best/ Worst												
Texas	1	1	19	30	7	29	1	8	16	30	4	30
Alaska	50	47	44	46	0	38	50	47	49	45	41	41

Forbes	Overall Rank	Overall Economic Outlook	Growth Prospects	Business Friendliness[1]	Overall Business Tax Burden	Overall Quality of Life	Workforce Quality
FLORIDA	**26**	**36**	**3**	**22**	**37**	**39**	**14**
Neighbors							
Alabama	25	29	10	10	21	46	42
Georgia	6	2	1	17	31	38	7
Louisiana	44	41	18	27	25	50	50
Mississippi	48	49	31	30	20	48	49
N. Carolina	3	18	9	1	3	32	15
S. Carolina	34	43	26	8	26	45	28
Texas	7	2	1	17	31	38	7
Best/Worst							
Utah	1	1	20	6	8	18	5
Maine	50	45	44	48	47	16	26

1. Regulatory and legal environment

Kauffman	Overall Rank	Job Churning[1]	Entrepreneurial Activity	Access to Capital	Openness to Foreign Countries[2]	Scientists & Engineers[3]	High Technology Jobs	IT Professionals	Workforce Education	Corporate Investment in R&D	Patents
FLORIDA	**21**	**1**	**4**	**26**	**43**	**32**	**27**	**29**	**33**	**32**	**26**
Neighbors											
Alabama	47	46	44	32	41	30	28	41	45	25	45
Georgia	19	4	1	26	35	29	26	21	34	31	21
Louisiana	43	42	29	35	34	48	48	49	47	48	44
Mississippi	50	41	35	49	14	50	49	48	49	47	49
North Carolina	24	17	41	13	40	26	20	14	37	20	22
South Carolina	39	22	39	43	42	36	38	39	42	28	28
Texas	18	31	7	19	46	14	19	16	41	17	17
Best/Worst											
Massachusetts	1	28	23	1	13	4	1	4	1	2	2
Mississippi	50	41	35	49	14	50	49	48	49	47	49

1. Number of startups and failures as percentage of the share of total business
2. Immigration of knowledge workers
3. As percentage of workforce

SBE Council	Overall Rank	State and Local Taxes[1]	Personal Income Tax Rate	Corporate Income Tax Rate	Sales Tax Burden	Corporate Capital Gains Tax Burden	Average Tax Payment for Unemployed	Public Employees Per Capita	Average Cost of Worker's Compensation	Security[2]	Infrastructure & Transportation	Number of Health Insurance Mandates
FLORIDA	**6**	**43**	**1**	**14**	**42**	**16**	**3**	**10**	**27**	**48**	**39**	**35**
Neighbors												
Alabama	7	1	12	7	38	8	13	42	25	43	20	2
Georgia	20	25	26	15	32	17	8	27	29	42	9	29
Louisiana	27	6	14	13	49	15	12	43	29	46	36	37
Mississippi	16	16	20	9	41	11	9	47	32	25	16	8
North Carolina	38	12	43	27	16	28	38	37	21	40	21	38
South Carolina	8	21	38	9	13	11	10	33	46	50	6	8
Texas	3	38	1	1	40	1	18	35	2	49	13	48
Best/Worst												
South Dakota	1	17	1	1	39	1	30	29	23	1	12	8
New Jersey	50	50	47	44	11	45	35	36	21	6	45	29

1. As a share of personal income
2. Crime Index

Tax Foundation	Overall Rank	Personal Income Tax Rate	Corporate Income Tax Rate	Property Tax Burden	Sales Tax Burden	Average Unemployment Compensation Tax Payment
FLORIDA	**5**	**1**	**15**	**28**	**30**	**3**
Neighbors						
Alabama	28	18	24	9	40	10
Georgia	25	30	8	38	23	22
Louisiana	36	26	19	22	46	5
Mississippi	21	19	13	31	33	4
North Carolina	41	36	25	33	44	6
South Carolina	24	27	9	23	22	43
Texas	13	7	46	29	37	15
Best/Worst						
South Dakota	1	1	1	13	25	36
New York	50	50	20	42	34	46

WHAT ARE THE MOST IMPORTANT FACTORS IN BUSINESS SITE SELECTION PROCESS?

Most Important Factors (in rank order) in the Site Selection Process, by Respondents to Area Development's 25th Annual Corporate Survey (2010):

1	Highway accessibility	2007 – 1st	1990 – 1st
2	Labor costs	2007 – 2nd	1990 – 2nd
3	**Tax Exemptions**	2007 – 10th	1990 – 7th
4	Occupancy or construction costs	2007 – 5th	1990 – 4th
5	**State and local incentives**	2007 – 8th	1990 – 3rd
6	Corporate tax rate	2007 – 7th	1990 –
7	Availability of skilled labor	2007 – 4th	1990 – 6th
8	Inbound/Outbound shipping costs	2007 –	1990 –
9	Energy availability and costs	2007 – 3rd	1990 – 5th
10	Availability of Buildings	2007 –	1990 –

http://www.areadevelopment.com/Print/AnnualReports/jan2011/25th-annual-corporate-executive-survey48843.shtml?ID=2016&ID1=85 & Compiled from previous years reports

Area Development Magazine

Founded in 1965, *Area Development* magazine is considered the leading executive magazine covering corporate site selection and relocation. Editorial coverage provides valuable information pertinent to the factors, key issues, and criteria that affect a successful decision.

Area Development is published bi-monthly and has more than 45,000 executive subscribers. It also has a very active custom publishing group that has produced many award-winning magazines, inserts, and brochures on behalf of its clients.

Area Development maintains several highly visited websites. They can be reached through the main address of www.areadevelopment.com.

2010 PORTFOLIO OF STATE ECONOMIC DEVELOPMENT INCENTIVES

Compiled by staff of the Senate Commerce Committee, 1/11/11

TABLE 1
State Economic Development Incentives:
DIRECT FINANCIAL INCENTIVES

Through the Office of Tourism, Trade and Economic Development (unless otherwise indicated)

Program	Florida Statute	Appropriation: FY 2010/11	
Black Business Loan Program (Adm. by Contract)	288.7102	$ 2,250,000	
Brownfield Redevelopment	288.107	$ 2,480,000	
Defense Infrastructure Grants	288.980	$ 6,000,000	
Economic Dev. Transportation Fund	288.063	$ 20,000,000	
Economic Gardening Business Loan Pilot Program (Administered by contract)	288.1081		(1)
FL Research Commercialization Grant Program (Inst. for the Commercialization of Public Research)	288.9552 288.9625	$ 3,000,000	
High Impact Performance Grant – HIPI	288.108	$ 8,400,000	
Incumbent Worker Training Program – WFI	445.003(3)(a)3.	$ 2,000,000	
Innovation Incentive Program	288.1089	$ 75,000,000	(2)
Local Govt. Distressed Area Matching Grant Program	288.0659	$ 3,000,000	
Quick Action Closing Fund – QAC	288.1088	$ 16,000,000	
Qualified Target Industry Tax Refund Incentive – QTI	288.106	$ 12,200,000	(3)
Qualified Defense & Space Flight Business Tax Refund – QDS	288.1045		
Quick Response Training Program (WFI, EFI, & DOE)	288.047	$ 3,300,000	
Rural Infrastructure Fund	288.0655	$ 1,100,000	
Scripps Florida Funding Corporation (SFFC)	288.955		(4)
		============	
		$ 154,730,000	

(1) The FY 2008/09 Supplemental Appropriation, approved in 2/09, provided $8.5 m for this program.
(2) Section 73 of Ch. 2010-152, L.O.F., appropriated $75m to IIP. Of this amount, $50m was designated to fund "the development of a research institute focused on genetics and personalized medicine" meeting specified conditions.
The program received $450m in FYs 06/07 & 07/08.
(3) The annual state budget combines the appropriation for QTI & QDS tax refund programs. Section 288.095(3)(a), F.S., caps the total tax credits QDS and QTI at $35m annually, <u>subject to an annual appropriation</u>. For this reason, the QDS and QTI tax credit programs are categorized a "Direct Financial Incentive" in this Table.
(4) In FY 03/04, the Scripps Florida Funding Corporation received $310m in state funds. While similar to an Innovation Incentive Program award, it is not designated as such.

Status of Scripps Florida and Innovation Incentive Program (IIP) recipients

Entity	State Funding Committed	State Funding Released	Local/Other Match	Jobs Required by Agreement/Jobs Created
Scripps Florida*	$310 m	$272.227 m	>$200 m	545/ 377 as of 12/10
Sanford-Burnham Medical Resrch Inst.	$155.272 m	$79.384 m	$155.5 m	303/ 172.8 as of 9/10
Torrey Pines Inst. for Molecular Studies	$24.728 m + $7.272 from QACF	$22.099 m	$71.52 m	189/ 84 as of 6/10
SRI St. Petersburg	$20 m	$19.703 m	at least $30 m	200/ 84.8 as of 9/10
UM Hussman Inst for Human Genomics	$80 m	$43.385 m	at least $100 m (private)	296/ 169.7 as of 11/10
Max Planck Florida Institute	$94.09 m	$ 30 m	$93.46 m	135/ 37 as of 9/10
VGTI-Florida	$60 m	$55 m	at least $60 m	200/ 49 as of 9/10
Draper Laboratories	$15 m	$10 m	$15.3 m	165/ 36 as of 10/10

TABLE 2
State Economic Development Incentives:
INDIRECT INCENTIVES TO SUPPORT BUSINESS INVESTMENT OR DEVELOPMENT

Program	Florida Statute	Appropriation: FY 2010/11	
CURRENTLY STATE SUPPORTED			
Disney Entrepreneur Center	(ch. 2010-152, L.O.F.)	$ 500,000	
Economic Gardening Tech. Asst. Program	288.1082	$ 1,000,000	
Florida Export Finance Corporation	288.770	$ 4,900,000	(1)
Florida Manufacturing Extension Partnership	(ch. 2010-152, L.O.F.)	$ 500,000	
Hispanic Business Initiative Fund Outreach Program	(ch. 2010-152, L.O.F.)	$ 200,000	
Inst. for the Commercialization of Public Research	288.9625	$ 150,000	(2)
SBA/FRS – Technology and Growth Investments			(3)
Small Business Development Center Network	288.001	$ 500,000	
State University Research Commercialization Assistance Grant Program	1004.226(7)	$ 2,000,000	(4)
WFI/AWI /RWDB "One-Stop" Services for Employers	445.007(5)		
Employ Florida Banner Centers			(5)
PUBLIC / PRIVATE PARTNERSHIPS			(6)
Black Business Investment Board	288.707	$ 450,000	
Enterprise Florida, Inc.	288.901	$ 11,100,000	
Florida Commission on Tourism	288.1223	$ 26,647,961	
Florida Sports Foundation	288.1229	$ 2,500,000	
Space Florida	ch. 331	$ 20,839,943	
PREVIOUSLY SUPPORTED / CAPITALIZED			(7)
Enterprise Florida, Inc. Opportunity Fund	288.9624		(8)
Florida Development Finance Corporation	288.9604		(9)
Florida First Capital Finance Corporation	288.7011		(10)
Florida Small Business Tech Growth Program	288.95155		(11)
MicroEnterprise Florida	288.9618		(12)

(1) The FEFC, created in 1993, provides Florida businesses technical assistance on export opportunities, exporting techniques, and provides financial assistance through guarantees and direct loans in support of export transactions. From 1993 to 1997, the state provided $5.6m in capital and $1m in operating funds to the FEFC. In 2010/11, $4.9m was appropriated to capitalize the loan fund, $2m of which is contingent upon enactment of federal law which extends the enhanced Federal Medicaid Assistance Percentage rate, as provided under the American Reinvestment and Recovery Act (P.L. 111-5), from 12/10 through 5/11.

(2) $3m was appropriated in 2010/11 for grants through the Research Commercialization Grant Program. Up to 5% may be used for administration of the program. $1m was appropriated in 2008/09, and $600,000 was appropriated in 2009/10.

(3) In 2008, the SBA was directed to invest up to 1.5 percent of the net asset value of the Florida Retirement System Trust Fund in technology and growth investments in businesses that are either domiciled in Florida, or whose principal address is in Florida.

(4) $2m was appropriated in 2010/11, and $ 2m was appropriated in FY 2007/08 for the grants.

(5) Since FY 06/07, WFI has allocated $21.8m for the development of (now) 10 Employ Florida Banner Centers as a complement to the state's workforce education efforts. (See Senate Issue Brief 2009-307) WFI reports that the development process is characterized as a "business-driven approach which facilitates the collaboration of industry, local economic development entities, regional workforce boards, and educational institutions to create relevant and rigorous new curricula aligned to industry standards."

(6) These statutorily created public/private partnerships, under contract with OTTED, promote business investment or development in Florida. They offer unique services, support and may offer financial incentives to their respective target businesses.

(7) These programs or non-profit organizations were initially created (or provided significant state support) to provide investments in or provide specific services, technical assistance, or financial assistance to businesses in the state.

(8) $ 29m was appropriated to the program in FY08/09.

(9) The FDFC, created in 1993, is a special development finance authority formed through inter-local agreement with counties in the state. The FDFC provides bonds, both taxable and tax-exempt, for Florida business development. FDFC's Board of Directors is appointed by the governor, and its day to day operations are administered through Enterprise Florida Inc.

(10) The FFCFC was founded by the state and, until 2002, under contract with the State Dept. of Commerce to promote and assist the growth and development of small businesses in the state.

(11) Created in 1998, the FSBTGP is administered by EFI (through the Cap + program). In 1998, the program received $1.5m.

(12) In 1997, OTTED was authorized to contract with a third party to provided lending and assistance to microenterprises, and $1m was appropriated for this purpose. (s. 1649, ch. 97-152, L.O.F.) OTTED contracted with EFI, and as of 7/1/98, 105 loans had been made.

Source: Compiled by staff of the Senate Commerce Committee, 1/11/11

TABLE 3

State Tax-Based Economic Development Incentives: TAX CREDITS

Program	Florida Statute	Type Of Tax	$ Cap FY 10/11	
Certified Capital Company Act	288.99	IPTx		(1)
Capital Investment Tax Credit (CITC)	220.191	CITx	Uncapped	
Community Contribution Tax Credit	212.08(5)(p)	SUTx	$14,000,000	(2)
	220.183	CITx		
	624.5105	IPTx		
Contaminated Site Rehabilitation Tax Credit	220.1845	CUTx	$ 2,000,000	(3)
Entertainment Industry Financial Incentive (Office of Film & Entertainment, OTTED)	288.1254		$53,500,000	(4)
Enterprise Zone Property Tax Credit	220.182	CITx	Uncapped	(5)
Enterprise Zone Jobs Tax Credit	212.096	SUTx	Uncapped	(6)
	220.181	CITx	Uncapped	(7)
Jobs for the Unemployed Tax Credit Program	220.1896	CITx	$10,000,000	(8)
New Markets Development Tax Credit Program	288.991	IPTx & CITx		(9)
Renewable Energy Production Credit	220.193	CITx	$ 5,000,000	(10)
Renewable Energy Technologies Investment	220.192	CITx	$11,000,000	(11)
Rural Job Tax Credit Program	212.098	SUTx	$ 5,000,000	(12)
	220.1895	CITx		
Urban High Crime Area Job Tax Credit Program	212.097	SUTx	$ 5,000,000	(13)
	220.1895	CITx		

IPTx –Insurance Premium Tax
CITx – Corporate Income Tax
SUTx – Sales and Use Tax

(1) Tax credits may be claimed for up to 100% of investments. Tax credits are provided to a passive investor, through a certified capital company (CAPCO), in targeted businesses or businesses in targeted geographical areas. $150,000,000 was authorized from 1999 through 2009.
(2) Tax credits may be claimed for up to 50% of contributions. The CCTC is capped at $14m for all three authorized taxes.
(3) Tax credits may be claimed for up to 50% of the costs of voluntary cleanup activity. The credit is capped at $2,000,000 annually.
(4) Tax credits may be claimed for 20 – 30% of qualified expenditures. If the recipient does not have a tax liability, the credits may be sold to entities with a tax liability. $242m in tax credits have been authorized for FYs 2010-2015. However, <u>all</u> of the credits can be certified to eligible projects as applications are approved, pursuant to agency rule.
(5) Tax credits may be claimed for up to 100% of property taxes paid, up to $50,000 in any one year. Total credits to all qualified businesses are uncapped. $1,910,708 in credits were approved in 2008/09.
(6) Tax credits may be claimed for up to 45% of qualified wages. Total credits to all qualified businesses are uncapped. $5,227,245 in credits were approved in 2008/09.
(7) Tax credits may be claimed for up to 45% of qualified wages. Total credits to all qualified businesses are uncapped. $5,072,555 in credits were approved in 2008/09.
(8) For FY 2010/11 and FY 2011/12, a $1,000-per-employee CIT credit is available for businesses representing the state's target industry sectors that hire qualified persons. Total credits to all qualified businesses are capped at $5,000,000 per year.
(9) Tax credits may be claimed for up to 39% of investments, in addition to the 39% federal income tax credit allowed un the federal program. Tax credits are provided to a passive investor, through a certified third party, in targeted businesses or businesses in targeted geographical areas. $96,500,000 in credits are authorized from 2012 - 2022
(10) Between FYs 2007 and 2011, a credit of $0.01 per each kilowatt-hour of electricity produced and sold is available to qualified taxpayers. Total credits to all qualified businesses are capped at $5,000,000 per year.
(11) Between FYs 2006 and 2010, a credit of 75% of all capital costs, operation and maintenance costs, and research and development costs is available to qualified taxpayers. Total credits to all qualified businesses are capped at $11,000,000.
(12) Tax credits of up to $1,500 per employee may claimed by qualified businesses. The credit for both the sales and use tax and the corporate income tax is capped at $5,000,000 annually.
(13) Tax credits of up to $3,000 per employee may claimed by qualified businesses. The credit for both the sales and use tax and the corporate income tax is capped at $5,000,000 annually.

Source: Compiled by staff of the Senate Commerce Committee, 1/11/11

TABLE 4
State Tax-Based Economic Development Incentives: TAX REFUNDS

Program	Florida Statute	Type Of Tax(es)	Cap/Value FY 10/11	
Building Materials used in Rehabilitation of Property located in an **Enterprise Zone**	212.08(5)(g)	SUTx	Uncapped	(1)
Business Property Used in an **Enterprise Zone**	212.08(5)(h)	SUTx	Uncapped	(2)
Building Materials for Construction of Single Family Home in **Enterprise Zone**, Empowerment Zone, or Front Porch Community	212.08(5)(n)	SUTx	Uncapped	(3)
Building Materials Use in Redevelopment Projects In Designated Areas	212.08(5)(o)	SUTx	Uncapped	
International Game Fish World Center	288.1169	SUTx	$ 2,000,000	
Manufacturing & Spaceport Investment Incentive	288.1083	SUTx	$ 19,000,000	
Qualified Defense & Space Flight Business Tax Refund Program (QDS)	288.1045	CITx & SUTx	---	(5)
Qualified Target Industry Tax Refund Incentive Program (QTI)	288.106	CITx & SUTx	---	(5)
Pro Golf Hall of Fame	288.1168	SUTx	$ 2,000,000	
Pro Sports Franchise facility	288.1162	SUTx	$ 16,000,000	(6)
Pro Spring Training facility	288.1162	SUTx	$ 4,730,000	(7)

IPTx –Insurance Premium Tax
CITx – Corporate Income Tax
SUTx – Sales and Use Tax

(1) $30,994,860 in actual refunds for 08/09. $28.9m of the $30.1m was refunded for materials used in the construction of condominiums in Enterprise Zones.
(2) $1,139,066 in actual refunds for 08/09.
(3) $300,000 in actual refunds for 08/09.
(4) $400,000 in actual refunds for 08/09.
(5) Section 288.095(3)(a), F.S., caps the total tax credits QDS and QTI at $35m annually, subject to an annual appropriation. For this reason, the QDS and QTI tax credit programs are categorized a "Direct Financial Incentive" in Table 1.
(6) To date, all eight pro sports teams in Florida have qualified for the refund.
(7) To date, 10 of the 15 cities with major league baseball spring training facilities have qualified for the refund.

Source: Compiled by staff of the Senate Commerce Committee, 1/11/11

TABLE 5
State Tax-Based Economic Development Incentives: TAX EXEMPTIONS

Enact. Date	Florida Statute	Type of Exemption	FY 2010-11 (est. in $ m)
1990	212.02(2)	Leasing of real property between certain corporations.	4.3
1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars.	1.2
1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airports	6.6
1949	212.02(14)(c)	Materials used for packaging.	21.9
1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods.	insig.
1998	212.02(14)(c)	Parts incorporated into repair for resale	insig.
1998	212.02(16)	Federal excise taxes imposed on retailers	0.8
1998	212.02(20)	Automobiles loaned to driver education and safety programs	insig.
1998	212.02(28) & (29)	Fish breeding	0.1
2006	212.02(33)	Small private AIRCRAFT fleet of more than 25 planes	0.0
1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural.	1.4
1985	212.031(1)(a)4.	Condominium recreational leases.	6.2
1987	212.031(1)(a)5.	Streets used by a utility for utility purposes.	46.4
1999	212.031(1)(a)5.	Cell phone towers & co-located equipment	2.6
2000	212.031(1)(a)5.	Cell phone towers	0.7
1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading.	56.5
1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships.	16.2
1997	212.031(1)(a)8.	Wharfage guarantees	0.3
1987	212.031(1)(a)9.	Leases/rentals of certain property used for **MOVIE** PRODUCTIONS	4.4
1983	212.031(1)(a)10.	Movie theater concession rent.	1.6
1999	212.031(1)(a)10.	Rents, subleases, or licenses in recr. or sports arenas, civic centers	0.5
2006	212.031(1)(a)12.	Rents, based on sales, from Souvenirs' leases in civic centers, 7-1-09	0.0
2000	212.031(1)(a)13.	Commercial Leases/**SPACE** FLIGHT	0.6
2010	212.031(1)(a)14.	Rental of certain space at Convention Centers	
1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged	insig.
1977	212.031(5)	Convention hall subleases.	5.9
1978	212.031(6)	Leases by agricultural fair associations.	insig.
1998	212.031(8)	Certain lease termination payments	13.6
2000	212.031(10)	Entertainment Facilities; repeal 7-1-09	0.0
1998	212.04(1)(d)	Travel agent mark-up on taxed admissions or transient rentals	insig.
1963	212.04(2)(c), 212.02(20)	Pari-mutuel admissions tax imposed by s. 550.09.	insig.
1976	212.05(1)(a)2.	Sales of **BOATS or AIRPLANES** removed from the state.	77.9
1971	212.05(1)(c)	Long term vehicle leases if tax paid when purchased by lessor.	1.7
1998	212.05(1)(g)	Newspaper and magazine inserts	42.0
1994	212.05(1)(h)1.	2% rate abatement for coin-operated amusement machines	3.8
1993	212.05(1)(k)	Law enforcement officers' protection services.	3.3
1999	212.05(1)(k)	US legal coins and coins in excess of $500	0.3
1998	212.05(1)(m)	When TPP prizes are awarded, operator can pay tax on 25% of receipts	0.2
2010	212.05(5)	Cap on sales of **BOATS or AIRPLANES**	**11.3**
1989	212.0506(3)	Certain service warranties relating to real property fixtures.	3.1
1989	212.0506(7)	Service warranties on which ins. prem. tax is due (homeowner warr.).	2.3
1998	212.0506(10)	Certain materials and supplies used in fulfillment of service warranty	44.1
1998	212.051(1)	Pollution control equipment used in manufacturing	10.6
1998	212.051(2)	Solid waste management equipment	3.0
1982/06	212.052	Items fabricated for use in RESEARCH & DEVELOPMENT (**R&D**) activities.	27.2
2010	212.0597	Cap on Fractional **AIRCRAFT**	0.3
1987	212.0598	Partial exemption for air carriers' maintenance bases.	insig.
1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy.	42.1
1984	212.06(1)(b)	Electricity consumed or dissipated in the transmission of electricity.	25.5
1969	212.06(1)(b)	Fabrication labor used in the prod. of qualified **MOTION PICTURES**.	7.7
1982	212.06(1)(b)	Portion of price of factory built building attributable to labor costs.	insig.
1988	212.06(1)(c)	Use tax on asphalt; special calculations.	insig.
1999	212.06(1)(c)	Partial exemption for asphalt sold to governments	1.5
1998	212.06(1)(d)	Cost price calculation for certain industries	insig.
1992	212.06(2)(d),5(c),212.0596(2)(c),(j)	Printing for out-of-state customer, when he provides the paper.	15.3
2000	212.06(3)(b)	Certain Printed Materials	0.3

TABLE 5
State Tax-Based Economic Development Incentives: TAX EXEMPTIONS

Enact. Date	**Florida Statute**	**Type of Exemption**	**FY 2009-10 (est. in $ m)**
1949	212.06(5)(a)	*Tangible personal property imported or produced for export.*	3,726.4
1949	212.06(5)(a)	**AIRCRAFT** being exported outside the U.S.	24.1
1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas.	2.9
1949	212.06(7)	Credit for tax paid to other states.	30.0
1969	212.06(8)	Imported items if used in another state for 6 months or more.	120.1
1992	212.06(11)	Certain magazine promotional materials, if exported.	3.7
1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used by dealer	1.2
1998	212.06(14)	Mobile home lot improvements	insig.
1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use	1.3
2000	212.06(15)(a)	Fill Dirt	insig.
1987	212.0601	Partial exemption from use tax for motor vehicle dealers.	0.7
1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS table	insig.
1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made.	0.3
1949	212.07(5)	Sales of farm products sold directly by the producer.	1.5
1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on mark-up	0.4
1949	212.07(6)	Agricultural products consumed on the farm.	insig.
1949	212.07(7)	*Purchases of ag. products for further processing for resale.*	450.2
1990	212.08(2)(a)	Contact lens molds cost in excess of $100,000.	5.0
1998	212.08(2)(d)	Lithotripters	0.3
1998	212.08(2)(e)	Human organs	insig.
1998	212.08(2)(f) & (h)	Veterinary medicines	9.5
1999	212.08(2)(f) & (h)	Non-retail pharmacies	72.9
63/98/05	212.08(3)	Farm equipment.	44.0
2005	212.08(3)	Agricultural diesel engines and irrigators.	2.3
1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities.	511.4
1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).	2.7
1987	212.08(4)(a)3.	Wheeling or transmission of electricity.	3.6
1949	212.08(5)(a)	Purchase of commercial fishing nets.	insig.
1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc.)	80.4
1978	212.08(5)(a)	Fuels used to heat poultry structures.	0.1
1998	212.08(5)(a)	Poultry structure generators	0.2
1978	212.08(5)(b)1.	Purchases of MACHINERY & EQUIPMENT (**M & E**) by new businesses.	15.6
78/89/06	212.08(5)(b)2.a.	**M&E** purchased by expanding businesses or for spaceports	29.5
1998	212.08(5)(b)2.b.	**M&E** purchased by expanding printing facilities	0.0
1980	212.08(5)(c)1.	Certain **M&E** used to produce energy.	19.1
2000	212.08(5)(c)1. & 2.	Boiler Fuels	0.4
1983	212.08(5)(d)	Certain M&E purchased pursuant to federal contract.	insig.
1988	212.08(5)(e)1.	Butane and other gases (except natural) used for agricultural purposes.	0.8
1993	212.08(5)(e)1.	Natural gas used for agricultural purposes.	0.6
2006	212.08(5)(e)2.	Diesel fuel/electricity used in farming	insig.
1983	212.08(5)(f)	Certain **MOTON PICTURE** or recording equipment; refund.	2.3
2000	212.08(5)(f)	Additional **MOTION PICTURE** Exemptions	18.2
2000	212.08(5)(f)	**MOTION PICTURE** Video Equipment	4.2
1988	212.08(5)(i)	Certain **AIRCRAFT** modification services.	36.1
1997	212.08(5)(j)	**M & E** used in semiconductor, defense or space technology	2.2
2000	212.08(5)(j)	Semi-conductor clean rooms	0.1
2000	212.08(5)(j)	DEFENSE & SPACE **M&E**	1.9
1998	212.08(5)(k)	Paint color cards and samples	0.3
1998	212.08(5)(l)	Cattle growth enhancers	0.3
1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials	0.2
2000	212.08(5)(p)	Broad Band Technology, sunset on 6-30-05	0.0
2006	212.08(5)(q)	Community Contribution Credit	14.0
1987	212.08(6)	Services by radio and TV stations.	insig.
1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing.	58.0
1974	212.08(7)(c)	Purchases of crab bait by commercial fishermen.	0.4

TABLE 5
State Tax-Based Economic Development Incentives: TAX EXEMPTIONS

Enact. Date	**Florida Statute**	**Type of Exemption**	**FY 2009-10 (est. in $ m)**
1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches.	32.6
1949	212.08(7)(e)	Film rentals, when admissions are charged.	3.9
1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters.	insig.
1996	212.08(7)(j)	Purchases of power & heating fuels by licensed day care homes	0.3
1980	212.08(7)(j)	Utilities purchased for use in a residential model home.	0.2
1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting.	1.3
1986	212.08(7)(t)	**BOATS** temporarily docked in Florida.	3.8
1990	212.08(7)(w)	Free advertising publications.	13.0
1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail	35.0
1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events.	0.1
1988	212.08(7)(y)	Charter fishing boats.	11.5
1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies.	0.4
1992	212.08(7)(bb)	Community cemeteries.	0.1
1992/99	212.08(7)(cc)	Works of art provided to an educational institution.	6.0
1994	212.08(7)(dd)	Lease or license to use taxicab equipment	6.8
1994/98	212.08(7)(ee)	**AIRCRAFT** repair & maintenance labor charges for aircraft > 15,000 lbs	2.4
1998	212.08(7)(ee)	**AIRCRAFT** repair & maint. labor charges for helicopters > 10,000 lbs	0.2
1996	212.08(7)(ff)	Electricity used in Manufacturing	77.1
1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property	1.0
1997/05	212.08(7)(hh)	Solar energy systems	1.1
1997	212.08(7)(ii)	Nonprofit cooperative hospital laundries	0.1
1997	212.08(7)(jj)	Complimentary meals served by hotels & motels	3.3
1998	212.08(7)(mm)	Mobile home lot improvements	0.6
1998	212.08(7)(oo)	Complimentary food items	0.6
1998	212.08(7)(qq)	Racing dogs by breeders	0.1
1998	212.08(7)(rr)	Parts and labor used in certain **AIRCRAFT** maintenance or repair	2.4
1998	212.08(7)(ss)	**AIRCRAFT** leases & sales by common carriers, if in excess of 15,000 lbs	2.5
1999	212.08(7)(v v)	Certain advertising services	13.7
1999	212.08(7)(ww)	Gold, silver, platinum bullion in excess of $500	insig.
1999/00	212.08(7)(xx)	Shipping and parts and labor for repair of certain machinery	14.1
1999	212.08(7)(yy)	FILM and printing supplies	5.7
2000	212.08(7)(zz)	People Mover Systems	0.3
2000	212.08(7)(bbb)	Railroad Bed Materials	0.6
2006	212.08(7)(ddd)	Advertising materials distributed free by mail in an envelope	insig.
1957	212.08(8)	Vessels, parts & related items used in interstate commerce (partial).	23.8
1957	212.08(9)	RR equip, MV & pts. used in interstate commerce (partial).	23.8
1978	212.08(11)	"Flyable **AIRCRAFT**" sold by a FL mfgr. to out-of-state resident (partial).	6.4
1998	212.08(11)	**AIRCRAFT** temporarily located in Fla for repairs.	6.1
1984	212.08(12)	Master tapes, records, **FILMS** or video tapes (partial).	25.3
1984	212.08(15)	Certain electrical energy used in an enterprise zone.	0.3
1989	212.08(16)(a)1.	The sale or use of satellites or other **SPACE** vehicles.	62.0
1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on SATELLITES.	insig.
1999	212.08(17)	Overhead items purchased by certain gov't contractors	8.2
2006	212.08(18)	**M & E** used for R&D at least 50%	23.6
1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first $1,200 of tax per return.	60.7
1998	376.75(1)	Tax on perchloroethylene	0.1
		GRAND TOTAL	1,990.6m
		BOLDED Boats/Aircraft Incentives	173.5
		BOLDED Space Incentives	62.6
		BOLDED Film Incentives	62.1
		BOLDED M&E	91.9
		BOLDED R&D	27.2
		ALL BOLDED Business Incentives: TOTAL	417.3m

(*) Items *shown in italics are NOT included* in the grand total . Repeal of such items would substantially alter the character of the tax.

SOURCE: Source: Compiled by staff of the Senate Commerce Committee, 1/11/11, Adapted from the 2010 FLORIDA TAX HANDBOOK, pp. 150-153, and the 2010 Revenue Estimating Conference

PORTFOLIO OF STATE ECONOMIC DEVELOPMENT INCENTIVES

DEFINITION

State economic development incentives may be defined as those programs with budgeted or authorized public dollars that are directly or indirectly invested in activities of businesses.

CLASSIFICATION[1]

State economic development incentives may be classified into three general categories:

- Direct financial incentives;
- Indirect incentives; and
- Tax-*based* incentives.

Direct financial incentives provide direct monetary assistance to a business from the state or through a state-funded organization. The assistance is provided through grants, loans, equity investments, loan insurance and guarantees. These programs generally address business financing needs but also may be invested in workforce training, market development, modernization, and technology commercialization activities. Cash grants provide the greatest flexibility and immediate benefit to the company by reducing capital outlays. However, loans, bonds, and equity financing are commonly used to make resources available with an expectation that the dollars will be returned for future investments. Another important category of direct financial incentives is in the area of training subsidies. Other forms of direct financial incentive include revolving loan funds, product development corporations, seed capital funds, and venture funds. These programs directly supplement market resources through public lending authorities and banks. *Direct financial incentives are typically discretionary.* SEE TABLE 1

Indirect incentives include grants and loans to local governments, *non-profits,* and community organizations to support *(and promote)* business investment or development. The recipients include communities, financial institutions, universities, community colleges, training providers, venture capital investors, and childcare providers. In many cases, the funds are tied to one or more specific business location or expansion projects. Other programs are targeted toward addressing the general needs of the business community, including infrastructure, technical training, new and improved highway access, airport expansions and other facilities. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees. Indirect incentives may also be used to leverage private investment in economic development. For instance, linked deposit programs in which state funds are deposited in a financial institution in exchange for providing capital access or subsidized interest rates to qualified business borrowers. *Indirect financial incentives are typically discretionary.* SEE TABLE 2

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[1] Adapted from "Evaluating Business Development Incentives" Prepared for the U.S. Department of Commerce, Economic Development Administration, EDA Project #99-07-13794. Prepared by the National Association of State Development Agencies, W.E. Upjohn Institute for Employment Research, and The Urban Center, Cleveland State University. August 1999. Kenneth E. Poole, Project Director, NASDA
http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/1g3_5febdi_5freport_2epdf/v1/1g3_5febdi_5freporortrt.pdf
ALSO SEE Poole: http://www.c2er.org/about.asp

Tax-*based* incentives[2] use the state's tax code (or tax base) as the source of direct or indirect subsidy to qualified businesses. It is more stable and less visible than direct financial or indirect incentives because it does not typically require an annual appropriation. Tax-based incentives can be either discretionary or entitlements. While tax based incentives function like direct financial incentives, the ubiquitous use of these incentives justifies a separate categorization. Tax-based incentives can be further classified into five sub-categories:

- CREDITS, which provide a reduction in taxes due, after verification that statutory or contractual terms have been met. SEE TABLE 3
- REFUNDS, which provide a return on taxes paid, after verification that statutory or contractual terms have been met. SEE TABLE 4
- EXEMPTIONS, which provide freedom from payment of a variety of taxes normally applied to certain business activities. SEE TABLE 5
- LOCAL PROPERTY TAX ABATEMENTS or ASSESSMENT REDUCTIONS, which reduce or decrease the assessed valuation of *ad valorem* taxes, to include real property and personal property. Because the ad valorem tax is a local government revenue source, the cost of the incentive is borne by local governments.[3]

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[2] While the description of the Tax-*Based* Incentives category is not identical to Poole's definition, it is consistent with Poole's definition. For purposes of this classification, the Tax-Based Incentives are incentives to qualified businesses, as opposed to individuals generally. Florida has a myriad of tax exemptions relieve exempt specific items from taxation, and are available to businesses and individuals alike.

[3] In Florida, this includes:

Property Tax Exemption for Economic Development. Section 196.1995, F.S., authorizes counties and municipalities to establish a property tax exemption from their respective levies for economic development, subject to referendum approval, for new or expanding businesses for a ten year period.

Tax Increment Financing. Section 161.335, F.S., authorizes counties and municipalities to use tax increment financing to fund community redevelopment. Tax increment financing is a unique tool available to cities and counties for redevelopment activities. It is used to leverage public funds to promote private sector activity in the targeted area. The dollar value of all real property in the Community Redevelopment Area is determined as of a fixed date, also known as the "frozen value." Taxing authorities that contribute to the tax increment, continue to receive property tax revenues based on the frozen value. These frozen value revenues are available for general government purposes. However, any tax revenues from increases in real property value, referred to as "increment," are deposited into the Community Redevelopment Agency Trust Fund and dedicated to the redevelopment area.

The tax increment revenues can be used immediately, saved for a particular project, or can be bonded to maximize the funds available. Any funds received from a tax increment financing area must be used for specific redevelopment purposes within the targeted area, and not for general government purposes.

Industrial Development Authorities. Part III of ch. 159, F.S., authorizes counties to create Industrial Development Authorities (IDA) to foster the economic growth of a county, primarily through issuance of revenue bonds to develop industrial or commercial projects. These bonds are repayable solely from revenues derived from the sale, operation, or leasing of property to private interests. Industrial Development Authorities are county entities, as a creation of the counties through authority from the Florida Statutes. Counties are immune to taxation. Furthermore, s. 159.50, F.S., codifies that Industrial Development Authorities are not subject to taxation by any state or local authorities.

Should the IDA lease property for less than 100 years that it acquired without using its s. 159 F.S., bond authority, e.g. land donated to the IDA, a non-exempt lessee will be subject to taxation of the leasehold interest as intangible personal property. This would result in a significant decrease in the lessee's tax obligation. However more commonly, as the IDA's principle authority to acquire land is through bond financing, any non-exempt Leasehold interests in IDA property is taxed as real property if the under-lying property was funded through IDA bonds pursuant to s. 159 F.S.

DISCRETIONARY / NON-DISCRETIONARY DISTINCTION[4]

These programs can be either discretionary or nondiscretionary in nature. **Discretionary incentives** are those in which the executive branch has the ability to make an important policy decision about the investment – whether to make it and how much. In these cases, funding for a project is often based on a priority-setting process developed by the agency managing the program *(In Florida, by the Legislature through statute or the annual budget)*. In some cases, the value of the incentive to be offered may be subject to negotiation between the company and the policy maker. Policy goals often serve as a guide to developing and using these programs.

Non-discretionary incentives *(entitlements)* are those provided based on statutory requirements developed by a state legislature. These statutory incentives are available through programs for which there is an identified and specific legislative authorization. These are generally available to all qualifying businesses in the state and the actual or in-kind value of the incentive is often fixed within the statute, providing limited or no discretion for the local executive branch as to whether it should provide the incentive to a company.

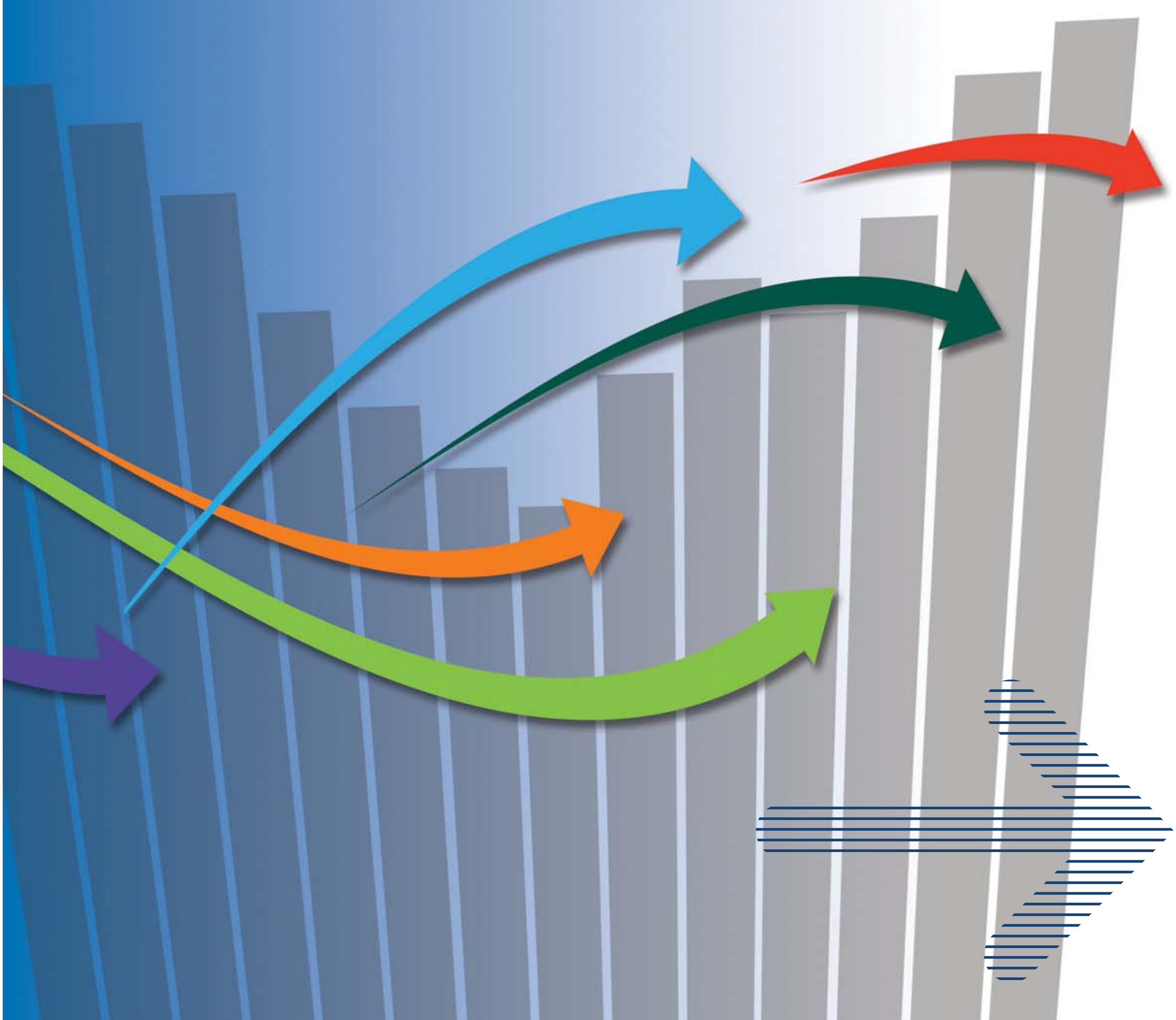
Using a broader definition, incentives also may be defined as economic development programs that assist businesses without providing direct financial assistance. For instance, tax policies of states, property valuation, accelerated depreciation, and interest rate subsidies are among these types of programs. Other forms of incentive assistance for businesses in this category include technical assistance, modernization services, access to research capacity and technology transfer assistance, subsidized higher education, and public infrastructure. These types of inducements may legitimately be viewed as incentives but they have been excluded from the working definition of incentives used in this study.

[4] Virtually verbatim, from "Evaluating Business Development Incentives" Prepared for the U.S. Department of Commerce, Economic Development Administration, EDA Project #99-07-13794. Prepared by the National Association of State Development Agencies, W.E. Upjohn Institute for Employment Research, and The Urban Center, Cleveland State University. August 1999. Kenneth E. Poole, Project Director, NASDA http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/1g3_5febdi_5freport_2epdf/v1/1g3_5febdi_5freporortrt.pdf *Italics indicate deviations from the source.* Also See **Poole's** research at: http://www.c2er.org/about.asp

Enterprise Florida

2010 INCENTIVES REPORT

A Progress Report on Programs Funded from the Economic Development Incentives Account



Enterprise Florida • 800 North Magnolia Avenue, Suite 1100 • Orlando, Florida 32803
T 407.956.5600 • F 407.956.5599 • eflorida.com

Table of Contents

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Introduction

FLORIDA'S PATH TO ECONOMIC RECOVERY

The current economic climate has changed the way many businesses operate. The aggressive growth strategies of the past have given way to more conservative and deliberate decision making. Industry consolidation continues, as companies look for acquisition targets and shift internal operations to more productive locations.

In order for Florida to continue down the path to economic recovery, the State must align business climate policies with the changing needs of today's companies. Florida needs to be a business friendly, competitive cost state, with a priority placed on ensuring the State's businesses can effectively compete in the global marketplace.

Another critical step to diversifying and growing Florida's economy is to focus efforts on key clusters. The *2010-2015 Roadmap to Florida's Future* discusses the need to continue to implement strategies focused on optimizing existing assets and advantages, addressing obstacles and competitive challenges, and anticipating changes and opportunities in specific industry clusters. Florida's cluster-based growth efforts, as outlined in the *Roadmap* and the subsequent *2011 Progress Report*[1]*,* are focused in three areas:

A basic premise of the statewide strategic plan is that the expansion of high-impact targeted clusters is key as a pathway to economic diversification and high-wage job creation.

- Supporting and growing **Foundational Clusters** (Advanced Manufacturing, Agriculture, Construction, Marine, Space, Tourism);
- Expanding leadership and increasing high value-added activity in **Targeted Industry Clusters** (Aviation & Aerospace, Cleantech, Financial & Professional Services, Homeland Security & Defense, Infotech, Life Sciences); and
- Anticipating new **Emerging Clusters** that develop in response to changing technology and global trends (Global Logistics, Creative Industries).

In order to achieve the ultimate goal of economic growth and diversification and leadership in the global innovation economy, Florida's incentive programs must be business friendly and support the cluster strategies approach. As a major step forward, Enterprise Florida has recommended revisions to the structure of the target industry list to enhance alignment with select Foundational, Targeted, and Emerging clusters.

[1] The *2010-2015 Roadmap to Florida's Future Strategic Plan for Economic Development* and the *2011 Progress Report* are available at www.eflorida.com/roadmap.

Role of Incentives in the Economic Development Process

Florida's approach to economic development is to work with businesses to identify their specific needs and assist with meeting these needs. This may include aligning the business with an existing industry cluster, evaluating specific skill sets required by employees, assisting with site location analysis, establishing university relationships, and understanding the competitive disadvantages Florida faces such that incentives may be required for the project to move forward.

Economic development incentives generally come into play after a business has already narrowed its site location options. In many cases, each site will have pros and cons, often making incentives one of the primary, if not THE decisive factor. However, it is not just availability of a high dollar incentive package that may sway a decision. A key factor may be so important to a company that it is forced to eliminate a site that meets all of its other needs, but has a single fatal flaw. For example, a distribution center may need access to rail at its site and a location within five miles of an interstate highway. If a site does not have these critical characteristics, it will not make the short list since the company cannot do business without these infrastructure components, regardless of the incentives offered. However, if there are two sites meeting the company's needs, the focus may shift to the amount and type of incentives available at each location.

Area Development Magazine publishes its "Site Selection Survey" annually, in which C-level executives rate the top site selection factors (see Table 1). The 24th annual survey rated state and local incentives as the number-eight site selection factor and tax exemptions as number three. Although not the top criteria that would otherwise eliminate a particular site, state and local incentives have consistently ranked high on this list, indicating their importance among the top site selection factors.

Table 1
AREA DEVELOPMENT MAGAZINE'S 24TH ANNUAL SITE SELECTION SURVEY

Current Rank	Site Selection Factor
1	Labor Costs
2	Highway Accessibility
3	Tax Exemptions
4	Energy Availability and Costs
5	Corporate Tax Rate
6	Availability of Skilled Labor
7	Occupancy and Construction Costs
8	State and Local Incentives
9	Availability of Advanced ICT [Information and Communications Technologies] Services
10	Inbound / Outbound Shipping Costs

PURPOSE OF THIS REPORT

General Purpose Use

The 2010 Incentives Report serves a two-fold purpose: 1) to meet the statutory reporting requirements and 2) demonstrate the impact incentives and Florida's overall economic development efforts have upon our state.

The information presented in the report focuses on projects with active incentive agreements in place, unless otherwise noted, since these businesses are under contractual obligation to create or maintain jobs and performance is validated on an annual basis. The information in the charts represents actual incentive commitment figures (jobs, wages, etc.). In certain instances, project expectation data is also presented, which can differ from the more conservative incentive commitments. The payback ratios presented in this report reflect instances where multiple incentives were approved for a single project, which is the most conservative way to evaluate the return on the state's investment for each project.

Statutory Requirement

Section 288.095 (3)(c), Florida Statutes, requires the following:

> "By December 31 of each year, Enterprise Florida, Inc. [EFI], shall submit a complete and detailed report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the director of the Office of Tourism, Trade, and Economic Development [OTTED] of all applications received, recommendations made to the Office of Tourism, Trade, and Economic Development, final decisions issued, tax refund agreements executed, and tax refunds paid or other payments made under all programs funded out of the Economic Development Incentives Account, including analyses of benefits and costs, types of projects supported, and employment and investment created. Enterprise Florida, Inc., shall also include a separate analysis of the impact of such tax refunds on state enterprise zones designated pursuant to s. 290.0065, rural communities, brownfield areas, and distressed urban communities. The report must also discuss the efforts made by the Office of Tourism, Trade, and Economic Development to amend tax refund agreements to require tax refund claims to be submitted by January 31 for the net new full-time equivalent jobs in this state as of December 31 of the preceding calendar year. The report must also list the name and tax refund amount for each business that has received a tax refund under s. 288.1045 or s. 288.106 during the preceding fiscal year. The Office of Tourism, Trade, and Economic Development shall assist Enterprise Florida, Inc., in the collection of data related to business performance and incentive payments."

The Economic Development Incentives Account (hereafter referred to as “the Incentives Account”) resides within the Economic Development Trust Fund. Three programs are currently funded from the Incentives Account—Qualified Target Industry (QTI) Tax Refund, Qualified Defense and Space Contractor (QDSC) Tax Refund, and the Brownfield Bonus. These three incentives are the primary focus of this report. Discussion of the Florida Export Finance Corporation[2] and Technology Growth Fund are also included in this report, as required by Sections 288.7771 and 288.776, Florida Statutes, respectively.

Additional Program Reports

Incentives with other funding sources are also included in this report to present a comprehensive overview of Florida’s economic development toolbox.

ECONOMIC DEVELOPMENT TRANSPORTATION FUND

The Economic Development Transportation Fund (EDTF or Road Fund) is used to alleviate transportation impediments as an inducement for a business to remain, expand or locate in Florida. The appropriation for FY 2010 was $20 million.

HIGH IMPACT PERFORMANCE INCENTIVE

Enacted in July 1997, the High Impact Performance Incentive (HIPI) is a grant reserved for major facilities operating in designated portions of high-impact sectors. These sectors currently include semiconductor manufacturing, clean energy, transportation equipment manufacturing (aviation / aerospace and automobile manufacturing), life sciences, financial services, and corporate headquarters.

CAPITAL INVESTMENT TAX CREDIT

The Capital Investment Tax Credit (CITC) became effective July 1, 1998. CITC is used to attract and grow capital-intensive industries in Florida. It is an annual credit, provided for up to twenty years, against the corporate income tax. The industry sectors eligible for CITC are based on the high-impact sectors designated under HIPI.

QUICK ACTION CLOSING FUND

The Quick Action Closing Fund (Closing Fund or QACF) was created by the 1999 Legislature as a discretionary “deal closing” tool in highly competitive negotiations with major industry location projects. This tool has been a critical component in the state’s ability to attract projects where Florida is at a competitive disadvantage after all other state and local incentives have been offered. For FY 2010 (the year covered by this report), $13,460,830 was appropriated for Closing Fund. This is significantly lower than the previous two years’ appropriations of more than $40 million per year. The 2010 Legislature modified the Closing Fund process to require only projects with recommended awards exceeding $2 million be approved by the Legislative Budget Commission. A provision allowing certain existing Closing Fund recipients to request to renegotiate their contracts was also added.

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[2] A copy of the Florida Export Finance Corporation annual report is included at the end of the *2010 Incentives Report* per the statutory requirement in Section 288.7771, F.S.

INNOVATION INCENTIVE PROGRAM

The Innovation Incentive Program was created during the 2006 Legislative Session as a tool to allow the state to compete effectively for high-value research and development and innovation business projects. The appropriation for FY 2007 was $200 million and $250 million for FY 2008. No funds were appropriated for fiscal years 2009 or 2010.

QUICK RESPONSE TRAINING

The Quick Response Training (QRT) Program, established in 1993 and administered by Workforce Florida, Inc., provides grant funding for customized training for new or expanding businesses. Through this business-driven program, Florida is able to effectively retain and attract businesses creating new high-quality jobs.

INCUMBENT WORKER TRAINING

The Incumbent Worker Training (IWT) Program, established in 1999 and administered by Workforce Florida, Inc., provides existing for-profit businesses with grant funding for worker training. Through this business-driven program, Florida helps retain and keep businesses competitive through skills upgrade training for existing full-time employees.

RURAL INFRASTRUCTURE FUND

The Rural Infrastructure Fund is designed to help spur job creation by assisting in the design, engineering and/or construction of public infrastructure. Funding in FY 2010 was $1.1 million, down from a high of $4 million in FY 2004.

RURAL JOBS TAX CREDIT

Encourages job creation in Florida's 32 rural counties by providing an incentive to specific business types to locate and create jobs in those counties.

URBAN JOBS TAX CREDIT

The Urban Jobs Tax Credit encourages job creation in designated urban areas by providing an incentive to businesses locating and creating jobs in these areas.

ENTERPRISE ZONE INCENTIVES

Various incentives exist for businesses locating or expanding in one of Florida's Enterprise Zones. These include incentives for employing Zone residents, investments made in equipment and facility construction, and property tax credits.

SALES TAX EXEMPTIONS

The State of Florida offers several sales tax exemptions designed to spur investment in certain industries, including manufacturing and research and development.

INCENTIVES WORKING TOGETHER TO MEET BUSINESS NEEDS

While job creation-based incentives such as QTI, QDSC and Brownfield Bonus are important to businesses, it is critical to focus on the "big picture" and assess all of the factors playing a role in the company's location decision. After identifying the company's needs and offering potential solutions, Enterprise Florida may turn to one of the State's other targeted incentives. These programs, which are often coupled with local incentives that vary by jurisdiction, complement one another to provide a comprehensive incentive package to businesses that are helping the state to achieve the goals of high-quality job creation and economic diversification.

The Economic Development Transportation Fund addresses specific transportation related impediments faced by businesses considering locating, expanding, and remaining in Florida. This incentive is offered in the form of grant funding to a local government entity to make necessary transportation improvements.

Several incentives focus on attracting jobs and capital investment in certain portions of sectors that have been designated as high impact. These designations resulted from in-depth market research and industry analysis and in large part align with the State's strategic clusters. The High Impact Performance Incentive and the Capital Investment Tax Credit were created specifically for businesses operating in these high impact industries and require significant capital investments and job creation.

Workforce training is a key component to business success in Florida. Through Workforce Florida, Inc., both the Quick Response Training and Incumbent Worker Training programs provide grants for businesses' customized training needs.

Financing opportunities exist through several programs, including Florida Export Finance Corp. (FEFC), the Technology Growth Fund (TGF) and the Florida Opportunity Fund (FOF). Each of these is designed with specific characteristics and requirements to meet unique financing needs.

Additionally, Florida offers tax credit, refund, and grant programs for certain distressed areas such as Enterprise Zones and Rural and Urban areas as well as sales tax exemptions for specific industries, including manufacturing, research and development, and space. These programs are managed by various State agencies, including OTTED, Enterprise Florida, and the Department of Revenue.

Enterprise Florida attempts to meet each company's needs using existing resources and applicable standard state incentive programs as required to secure a project. However, Florida may still face a significant competitive disadvantage in which case it is important to have a diverse toolkit of incentives. These various incentives can be structured to meet the unique needs of each project. Often it is not just the dollar value of the incentives but also the inherent flexibility and future compliance procedures that sway a company's decision in favor of or against a Florida location decision.

These programs work together to support new and existing Florida businesses statewide. Emphasis is placed on attracting businesses in certain high impact sectors, as well as those considering locating in distressed areas. This strategy leads to increased economic diversification across the state.

INCENTIVE RELATED ACRONYMS

The following acronyms are used throughout this report:

- BF – Brownfield
- BR&R – Business Retention & Recruitment
- QACF or Closing Fund– Quick Action Closing Fund
- CITC – Capital Investment Tax Credit
- DoD – Department of Defense
- EDO – Economic Development Organization
- EDTF or Road Fund – Economic Development Transportation Fund
- EFI – Enterprise Florida, Inc.
- EZ – Enterprise Zone
- FEFC – Florida Export Finance Corp.
- FTE – Full time equivalent job
- FOF – Florida Opportunity Fund
- LDMG – Local Government Distressed Area Matching Grant Program
- HIPI – High Impact Performance Incentive
- IIP or IIF – Innovation Incentive Program / Fund
- IWT – Incumbent Worker Training
- JUTC – Jobs for the Unemployed Tax Credit
- MSA – Metropolitan Statistical Area
- MSII – Manufacturing and Spaceport Investment Incentive
- OTTED – Office of Tourism, Trade, and Economic Development
- QDSC – Qualified Defense and Space Contractor
- QRT – Quick Response Training
- QTI – Qualified Target Industry
- RACEC – Rural Area of Critical Economic Concern
- REDI – Rural Economic Development Initiative
- RIF – Rural Infrastructure Fund
- RJTC – Rural Jobs Tax Credit
- SDST – Semiconductor, Defense, and Space Technology
- TGF – Technology Growth Fund
- UJTC – Urban Jobs Tax Credit

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Incentive Impact

INCENTIVE APPROVAL AND VERIFICATION PROCESS

The application and approval process for incentives funded by the Incentives Account involves consultation with the applicant, its consultant or attorney, the local economic development partner, and OTTED staff. EFI staff evaluates the business by collecting and evaluating background information such as financial reports, news articles, and other relevant documentation. EFI also assesses overall eligibility and need for inducement associated with the prospective expansion or location project. EFI then works in concert with local economic developers to shepherd the business through the application process.

As local resolutions of support are prepared, EFI conducts an economic impact analysis for each project as presented in its application. This analysis is based upon RIMS II multipliers issued by the U.S. Department of Commerce's Bureau of Economic Analysis for each industry by region of the state. Ultimately, this analysis results in a payback ratio, indicating the amount of state taxes and related revenues that will be generated per dollar invested by the state in incentives to the business. The payback ratio methodology was reviewed by the State's Office of Economic and Demographic Research (EDR) during 2010. Enterprise Florida is working with EDR to optimize the impact analysis model used to capture economic impacts and tax revenues generated.

Based on the project analysis conducted, EFI makes recommendations for approval to OTTED. OTTED reviews the recommendations made by EFI and issues final decisions (approvals). OTTED then executes agreements, monitors performance, and adjudicates claims for refunds. As scheduled performance objectives are met, the businesses file claims for refund payments to OTTED. While OTTED oversees the claim payments, it contracts with an accounting firm for much of the claim verification and processing.

When filing claims, the business is required to document and certify the number of jobs created, average wages paid to these new jobs, and taxes paid. If the project is a separate business unit for unemployment compensation reporting purposes, OTTED then verifies the job and wage information with that reported quarterly to the Agency for Workforce Innovation as required by law for unemployment compensation purposes. OTTED also confirms taxes paid with the Florida Department of Revenue or the appropriate local taxing authority. Once the reported information is verified, claims are paid to the business. If OTTED is unable to use unemployment compensation data because of the way the business is organized, OTTED contacts the business directly to determine the source of any discrepancies.

The result of the claim process is one of the following: claim approval and payment of scheduled refunds after resolution of minor issues, refund payment after assessing penalties for businesses that fall short of the scheduled goals but achieve minimum standards, or dismissal from the program for businesses failing to meet performance conditions.

OTTED also performs on-site audits of a random sample of all QTI claims each year. For businesses supplying data that is not verifiable by another State agency, OTTED does a biannual onsite audit of supporting documentation for each business. This process involves a review of the claim and a sample of personnel records including W-2s, time sheets, and other employment and payroll records. OTTED also reviews detailed tax records such as invoices, canceled checks, and other detailed documents.

Though time-intensive, the claims review and verification process utilized by OTTED has ensured that Florida's incentives are managed in a manner consistent with the legislative intent of the programs.

QTI TAX REFUND

Target Industries

The Qualified Target Industry Tax Refund is a cornerstone of Florida's economic development toolbox. It is used to induce businesses to create high quality, high wage jobs in Florida that would otherwise not be created in this state, but for the incentive. A "target industry business" means a corporate headquarters business or any business that is engaged in one of the target industries identified by Enterprise Florida and OTTED. The statutory criteria listed below drive development of the target industry list (the complete list is located in Appendix A).

- *Future growth*—Industry forecasts should indicate strong expectation for future growth in both employment and output, according to the most recent available data. Special consideration should be given to businesses that export goods to, or provide services in, international markets and businesses that replace domestic and international imports of goods or services.
- *Stability*—The industry should not be subject to periodic layoffs, whether due to seasonality or sensitivity to volatile economic variables such as weather. The industry should also be relatively resistant to recession, so that the demand for products of this industry is not typically subject to decline during an economic downturn.
- *High wage*—The industry should pay relatively high wages compared to statewide or area averages.
- *Market and resource independent*—The location of industry businesses should not be dependent on Florida markets or resources as indicated by industry analysis, except for businesses in the renewable energy industry.
- *Industrial base diversification and strengthening*—The industry should contribute toward expanding or diversifying the state's or area's economic base, as indicated by analysis of employment and output shares compared to national and regional trends. Special consideration should be given to industries that strengthen regional economies by adding value to basic products or building regional industrial clusters as indicated by industry analysis. Special consideration should also be given to the development of strong industrial clusters that include defense and homeland security businesses.
- *Economic benefits*—The industry is expected to have strong positive impacts on or benefits to the state or regional economies.

In 2010, the Florida Legislature added language to the QTI statute indicating NAICS code 5611 or 5614, office administrative services and business support services, respectively, may be considered a target industry business only if economic distress exists in the local community and these conditions would be improved by the location of the QTI business. The Legislature also established a mandate to review and update the target industry list every three years, beginning January 1, 2011.

QTI Program Overview

Enterprise Florida works closely with businesses and economic development partners across the state to ensure only eligible projects are ultimately recommended for approval. This involves many conversations with businesses, consultants, and partners throughout the year. During this time, Enterprise Florida, often in consultation with OTTED, will recommend that a business not pursue the QTI incentive due to ineligibility. This prevents the business from the time consuming task of completing the application and enables Enterprise Florida to appropriately set expectations.

The QTI award is based on the number of net new to Florida jobs created by a business as part of a location or expansion project. The amount of the QTI award depends on project-specific factors, including number of jobs, average wage, and location. Higher incentive awards are available to businesses creating higher-wage jobs or locating in designated distressed areas. Table 2 shows the award amounts for various project types.

Table 2
QTI Refund Award Amounts

BASE TAX REFUND AMOUNT (per job created)	
Project Operating in a Targeted Industry	$3,000
Project Operating in a Targeted Industry in an Enterprise Zone or Rural Community	$6,000
BONUS INCENTIVE AMOUNTS (per job created)	
Average Wage is 150% of Prevailing Average Annual Wage (county, state, or MSA)	Add $1,000
Average Wage is 200% of Prevailing Average Annual Wage (county, state, or MSA)	Add $2,000
Local Financial Support is Equal to the State's Base Award	Add $1,000
Project Operating in a Designated High Impact Sector OR Project Results in a 10% Annual Increase in Exports Through Florida's Seaports or Airports	Add $2,000
Project Operating in a Designated Brownfield Area	Add $2,500
WAGE AND LOCAL MATCH WAIVERS (waivers must be requested in the local resolution)	
Average Wage Waiver (A waiver of the 115% minimum wage standard may be requested, but the company must still offer a wage that is comparable to the local, state, or MSA average.)	Rural Communities Rural Cities Enterprise Zones Brownfield Areas
Local Match Waiver (A waiver of the 20% QTI match requirement may be requested; the company will therefore only receive 80% of eligible award amount.)	Rural Communities Rural Cities Brownfield Areas

QTI is a unique partnership between the State of Florida and the local community in which a business will locate or expand. QTI requires a commitment of local financial support—demonstrated by the passage of a city or county resolution—before the incentive is approved at the state level. A waiver of the local match requirement may be requested by rural communities that are unable to provide this funding.

In order to meet the needs of economic development projects, the QTI statute provides an alternate method of demonstrating local support, allowing QTI approval prior to a public hearing of the local resolution. The QTI statute allows a local government entity to designate an authorized economic development organization (EDO) to pledge local financial support for QTI projects, in advance of passage of the QTI resolution. As of November 2010, approximately nine communities had passed the one-time resolution, significantly decreasing the overall time to secure QTI approvals for projects in these areas.

Businesses must commit to a job creation schedule and an average wage at the time of application. These commitments become part of the QTI agreement between the business and the State. After a company has commenced its location or expansion project, it submits a claim for refund to the State according to the pre-determined job creation schedule. Actual performance is then verified before any tax refund payments are made; thereby ensuring businesses are having a positive economic impact before incentives are realized.

QTI Tax Refunds are paid out over a minimum four year period. Twenty percent of the award is provided by the local community while 80 percent is from the State. In cases where the local financial support requirement has been waived, or a community provides the match in the form of an ad valorem tax abatement or discounted real estate, the refund payment only consists of the state’s 80 percent.

QTI allows refunds of a variety of state and local business taxes. This feature makes QTI highly flexible as compared to many other states’ programs, which tie job creation to corporate income tax credits. These tax credits are beneficial to many companies, but their value is often restricted by the company’s corporate income tax liability. An increasing trend is to allow businesses to use the credits against employees’ personal income tax withholding—a tax Florida does not impose—or sell the credits at a discount to other companies wanting to offset their own tax liability.

The taxes eligible for refund under QTI are:

- Corporate income taxes under chapter 220, Florida Statutes.
- Insurance premium tax under s. 624.509, Florida Statutes.
- Taxes on sales, use, and other transactions under chapter 212, Florida Statutes.
- Intangible personal property taxes under chapter 199, Florida Statutes.
- Emergency excise taxes under chapter 221, Florida Statutes.
- Excise taxes on documents under chapter 201, Florida Statutes.
- Ad valorem taxes paid, as defined in s. 220.03(1), Florida Statutes.
- State communications services taxes administered under chapter 202, Florida Statutes (this provision does not apply to the gross receipts tax imposed under chapter 203 and administered under chapter 202 or the local communications services tax authorized under s. 202.19).

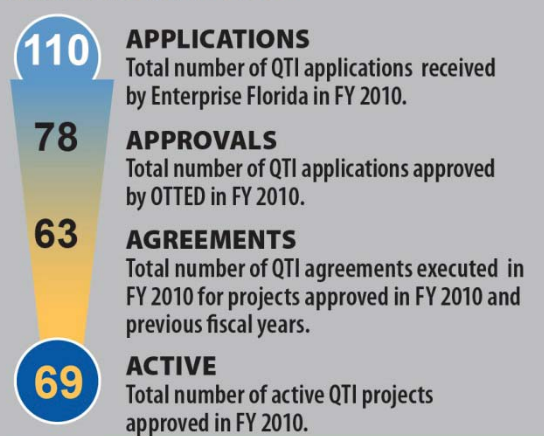
The structure of QTI as a refund of multiple taxes provides businesses with several ways to benefit from this incentive. It also provides the state with a built-in performance measurement system to ensure incentives are only paid to businesses that have met their job and wage commitments and are paying state and local taxes.

Fiscal Year 2010 QTI Results

In FY 2010, 110 QTI applications were received by Enterprise Florida. During the year, 79 QTI applications were recommended to OTTED for approval and 78 applications were also approved during the year. The difference between number of applications received and those approved includes projects pending at the end of FY 2010 and those withdrawn by businesses before recommendation or approval.

While 78 QTI incentives were approved in FY 2010, at the time of this report, 69 of these projects were still active. Nine of the approved applicants chose not to move forward with their projects in Florida. A total of 63 QTI agreements were executed during FY 2010, 50 of which were for projects also approved in FY 2010. The remaining 13 were projects approved in the previous fiscal year. Since QTI applications are accepted and approved on an ongoing basis, many businesses approved for QTI in the middle or end of the fiscal year have not yet had an opportunity to review and sign their agreements.

Figure 1
QTI Results for FY 2010



Active Projects	69
Capital Investment	$778 M
Jobs Created	7,427
Average Wage	$46,345
10 Year Payback Ratio	$19.45 : $1

The 69 active projects approved in FY 2010 have committed to create 7,427 new jobs in Florida. However, these businesses expect this figure to be slightly higher—7,655. Businesses often commit to job creation figures that are more conservative than what they expect to achieve in order to ensure minimum program requirements are met. Similarly with respect to the wage, in FY 2010, QTI businesses committed to pay an average wage of $46,345; however, the expected average wage is $49,586. Figure 1 provides additional detail on the FY 2010 projects, based on actual commitments[3].

[3] In order to be consistent with other charts in this report, the data in Figure 1 represents actual QTI commitments rather than project expectations. The expected job and wage data is outlined in the paragraph above.

AREAS OF ECONOMIC NEED

QTI has enhanced flexibility and higher awards for businesses creating jobs in areas of economic need. These areas often have a more difficult time attracting business investment because of their remote locations, lack of easy access to facilities or infrastructure, or proximity to or location in economically depressed areas. Table 2 shows the added benefits and waivers available in these areas.

FY 2010 QTI businesses locating in distressed areas are paying an average wage of $39,105, and will generate annual payrolls of more than $128 million.

In FY 2010, 24 projects were approved and active in designated economically distressed areas, which include rural and urban areas, Enterprise Zones, brownfield areas, or a combination thereof. Table 3 shows the breakdown of these projects by area characteristics. These businesses are committing to create 3,275 new jobs and are investing more than $422 million in distressed areas. Appendix D lists Florida's rural and non-rural counties along with the Enterprise Zone and brownfield designations.

Table 3
QTI Projects in Areas of Economic Need for FY 2010

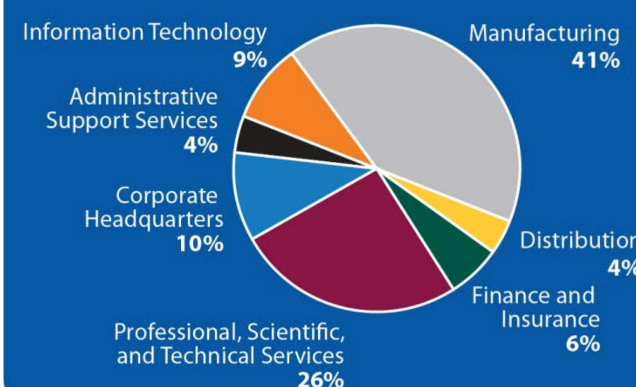
	Rural County	Urban County (Non-Rural)	TOTAL
Enterprise Zone	2	4	6
Brownfield	0	9	9
Enterprise Zone and Brownfield	0	2	2
General Economic Distress Areas (Rural County or Urban area)	4	3	7
TOTAL	6	18	24

TARGETED INDUSTRIES

QTI projects operate within a targeted industry and serve a multi-state market. The list of targeted industries is extensive and includes those where incentives often play a key role in the location decision (see Appendix A for the targeted industries list).

Targeted industries can generally locate their facilities anywhere in the country, or a specific region, and are not primarily dependent upon the local market for resources or customers. These industries bring revenue into the State of Florida, while employing Florida residents, spending money on goods and services, and hiring local vendors. Figure 2 shows a breakout of the 69 active projects approved in FY 2010 by targeted industry.

Figure 2
FY 2010 Targeted Industry Breakdown (69 Active Projects)



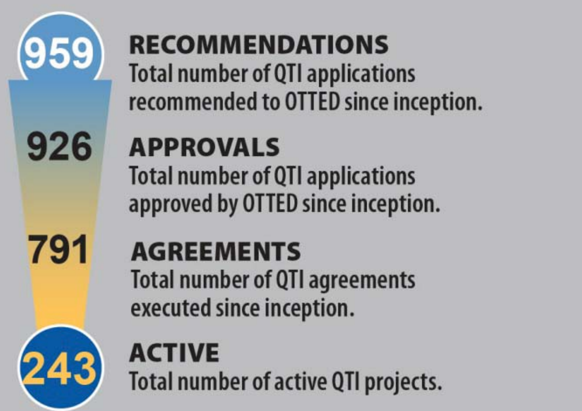
Fiscal Year 2010 Performance and Claims Paid

In FY 2010, OTTED paid a total of $16,900,803.59 in QTI tax refunds. These payments were made to 106 different projects for 127 QTI claims covering fiscal years 2010 ($9,675,571.88) and previous fiscal years ($6,967,981.71 for FY 2009 claims and $257,250.00 for FY 2008 claims).

QTI Results Since Inception

The QTI program's performance-based structure requires the incentive award to be spread out over a minimum of four years. This ensures employment and overall economic contributions are sustained over a period of time. While some QTI refund agreements later become inactive for various reasons, many of these businesses are still contributing to the economic prosperity of the state. For example, some QTI businesses fall short of the job creation schedule for a single year and therefore do not receive refunds, but still ultimately meet or exceed the pre-determined job goal.

Figure 3
QTI Results Since Inception



RESULTS FOR ACTIVE QTI PROJECTS	
Number of Projects	243
Capital Investment	$4.1 B
Jobs Created	38,412
Average Wage	$45,772
Tax Refunds Approved	$166,447,000
10 Year Payback Ratio	$14.64 : $1

As of June 30, 2010, 959 applications had been recommended to OTTED for approval. Nine-hundred and twenty-six of these were approved and 791 agreements had been executed. Of the projects with agreements executed or pending, 243 were active and 72 were complete or nearly complete at the end of FY 2010. The impacts of the 243 active projects are shown in Figure 3. The active QTI projects have committed to pay an average wage that is 131 percent of the prevailing state wage at the time the applications were submitted.

COMPLETED PROJECTS

Seventy-two businesses have fulfilled the terms of their QTI contracts and received their full QTI Tax Refunds. These businesses overall have significantly exceeded their original contractual obligations, indicating the overall payback to the State was higher than anticipated. Figure 4 shows the actual wages paid and jobs created compared to the original commitments.

Figure 4
From OTTED Data:

	Projected	Actual	% Above Expectations
New Jobs	14,952	22,539	51%
Average Wage	$34,022	$49,191	45%

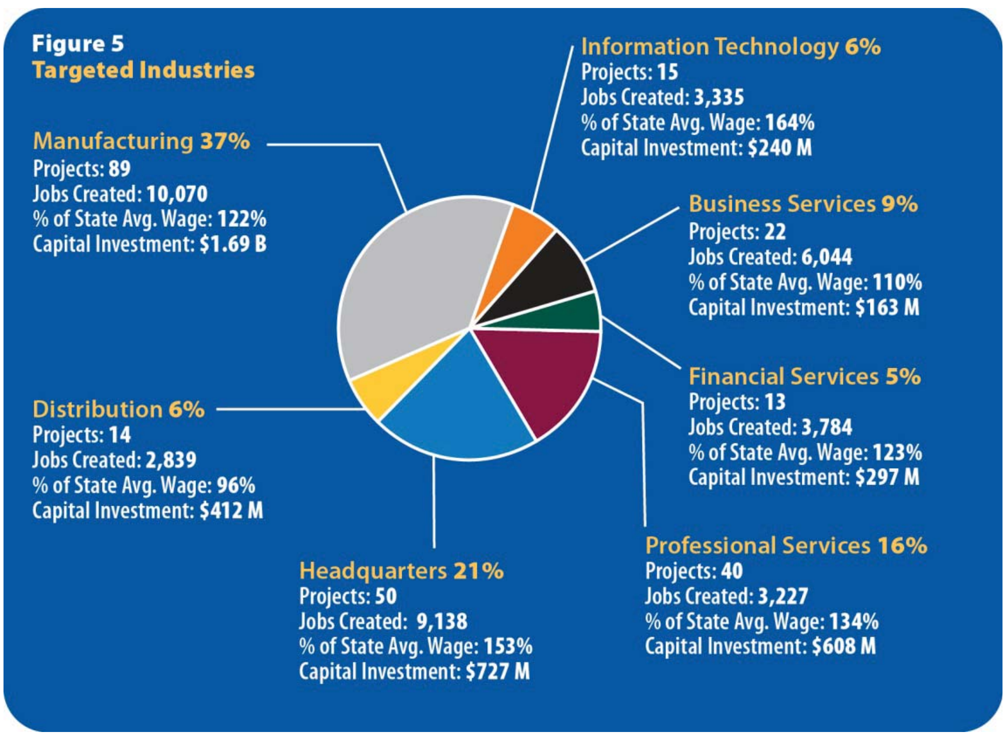
TYPE OF PROJECTS

QTI induces both new and existing Florida businesses to create new jobs in Florida. It spurs job creation that would otherwise occur outside the State of Florida, or not occur at all. While unavailable for the purposes of retaining existing jobs, QTI is often instrumental in influencing a company's decision to remain and grow in Florida. For example, the active projects as of FY 2010 are retaining an estimated 19,938 existing Florida jobs, in addition to creating more than 38,400 new jobs.

QTI is a critical component of the state's ability to attract new businesses to Florida and support growth of existing Florida companies. In addition, QTI is available for start-up businesses able to meet all program requirements. Of the active FY 2010 projects, 44 percent involved the recruitment of a new business unit to Florida and 56 percent represented the expansion of existing Florida businesses. Of these projects, 13 awards were made to minority businesses, seven to small businesses and / or start-ups, and one to a recycling business.

TARGETED INDUSTRIES

QTI projects are active across a wide range of targeted industries (see Appendix A for the targeted industries list). Figure 5 shows the breakdown of the 243 active projects by targeted industry. The average wage percentages in Figure 5 indicate the average expected wage for all projects within the industry, as a percent of the prevailing state wage at the time the original application was submitted. This is a more realistic measure than a dollar figure, since many of these projects are several years old and therefore difficult to compare to the wages of today's projects. See the Target Industry Focus section for additional information on projects within Florida's target industries.



It is also important to note that while the state wage standard was used for comparison purposes, many projects choose to benchmark against the county or metropolitan statistical area (MSA) wage instead of the state wage; and a few businesses locating in Rural communities, Brownfield areas or Enterprise Zones are granted wage waivers.

COUNTY PARTICIPATION

While the use of QTI awards tends to be more concentrated in the major metropolitan areas, all regions of the state participate in the program. Special considerations provided to projects locating in certain distressed areas have played a role in enhancing business expansion and location in these communities. Currently 35 of Florida's 67 counties have active QTI projects. The map in Figure 6 shows the active project distribution across the state.

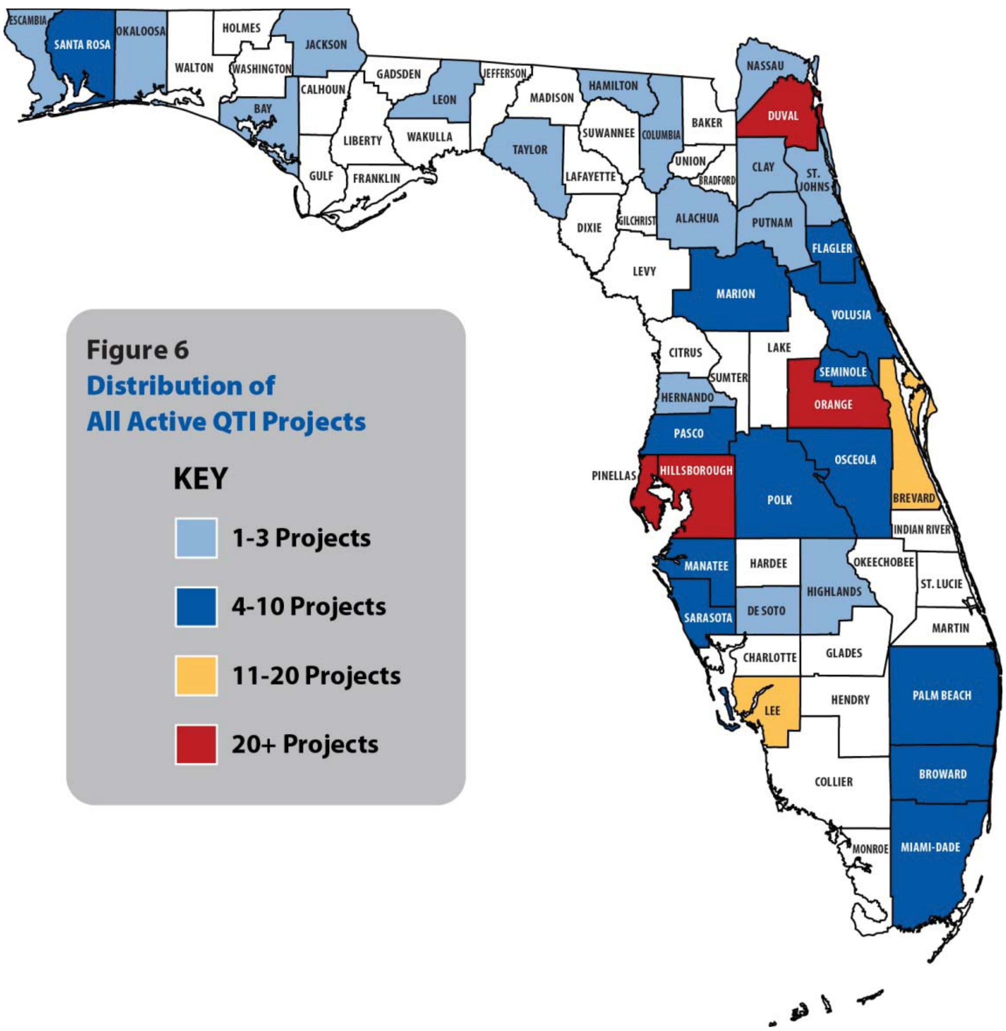


Figure 6
Distribution of All Active QTI Projects

KEY

- 1-3 Projects
- 4-10 Projects
- 11-20 Projects
- 20+ Projects

AREAS OF ECONOMIC NEED

QTI has been a catalyst in spurring economic growth in distressed areas across Florida. Of the 243 active projects at the end of FY 2010, 72 projects, or 30 percent, were in areas of economic need. Table 4 shows the distribution of projects across these areas. Appendix D includes a county breakdown showing the Enterprise Zones and number of brownfield areas for both rural and non-rural counties.

Table 4
Active QTI Projects in Areas of Economic Need Since Program Inception

	Rural County	Urban County (Non-Rural)	TOTAL
Enterprise Zone	6	12	18
Brownfield	1	15	16
Enterprise Zone and Brownfield	2	10	12
General Economic Distress Areas (Rural County or Urban area)	15	11	26
TOTAL	24	48	72

ECONOMIC STIMULUS EXEMPTION

During the 2009 Legislative Session, the Economic Stimulus Exemption (ESE) language in QTI was modified to allow businesses affected by an economic downturn in their industry, hurricanes or named tropical storms, or specific terrorist attacks to receive additional time to meet their job creation commitments. In the 2010 Legislative Session, the Economic Stimulus Exemption was re-named the Economic Recovery Extension (ERE) and extended for an additional year. Businesses with claims due between January 1, 2009, and July 1, 2012, are eligible to apply for a one or two year exemption. As of December 2010, 41 new ESE / ERE applications were submitted for January 2009 and 2010 claims. One of these applications was ineligible and 27 have been approved.

The Economic Recovery Extension represents both business-friendly public policy and also leads to an improved payback on the state's investment. The QTI / ERE businesses are maintaining jobs leading to positive economic impacts; however, the State is paying the refunds in future years.

CONCLUSION

QTI continues to be a cornerstone of Florida's economic development toolbox. It is a critical program used to induce high-quality job creation in Florida. Several key changes were made during the 2010 Legislative Session, most notably extension of the program through 2020. This extension, along with other enhancements, will help Florida remain competitive for economic development projects.

A review of the target industry list is being completed in FY 2011, which is expected to lead to a revised visual presentation of Florida's target industries. This change will align the target industries with the clusters outlined in the *2010-2015 Roadmap to Florida's Future*. These modifications will help ensure Florida's key economic development incentives are strategically poised to induce high quality job growth and economic diversification.

QDSC TAX REFUND

QDSC Program Overview

The Qualified Defense and Space Contractor Tax Refund is a tool to preserve and grow Florida's defense and space related employment base, giving Florida a competitive edge as defense, homeland security, or space businesses acquire new contracts, consolidate existing contracts, or convert to commercial production.

Fiscal Year 2010 QDSC Results

QDSC was specifically designed to accommodate the unique nature of the defense and space industries. Due to this narrow focus, the program is not as widely used as QTI. However, the companies that are approved for QDSC Tax Refunds often find this incentive is a better fit than QTI. For example, unlike QTI, QDSC is available to retain defense and space industry jobs, a feature that plays a critical role in the state's ability to preserve defense and space contractors.

The two businesses receiving QDSC refunds in FY 2010 exceeded their new job creation commitments by 40% and are paying average wages 53% higher than their original commitments.

In FY 2010, three new QDSC applications were received. Two applications were under review at Enterprise Florida at the end of the fiscal year and one was approved in early FY 2011. No QDSC applications were approved in FY 2010.

Fiscal Year 2010 Performance and Claims Paid

In FY 2010, OTTED paid claims to two QDSC businesses totaling $653,750.00. These two projects have exceeded their new job creation commitments by 40 percent and are paying wages 53 percent higher than required (total payroll).

QDSC Results Since Inception

Since inception of the QDSC program in November 1993, 44 applications have been received by Enterprise Florida or the Florida Department of Commerce[4]. Thirty-two recommendations have been made, resulting in 30 approvals. Figure 7 shows the performance for the five active QDSC projects.

Figure 7
QDSC Results Since Inception

APPLICATIONS
Total number of QDSC applications received by Enterprise Florida since inception.

APPROVALS
Total number of QDSC applications approved by OTTED since inception.

AGREEMENTS
Total number of QDSC agreements executed since inception.

ACTIVE
Current number of active QDSC projects.

ACTIVE PROJECT IMPACTS	
Active Projects	5
Capital Investment	$46 M
Jobs Created & Retained	1,504
Average Wage	$53,780
Tax Refunds Approved	$5,896,000
10 Year Payback Ratio	$19.09 : $1

[4] The QDSC incentive was in place prior to commencement of operations for Enterprise Florida, therefore the Department of Commerce managed the initial projects.

The active and complete QDSC projects have committed to pay an average wage that is 189% of the prevailing state wage at the time the applications were submitted.

There are currently five active and four complete QDSC projects. These nine projects are located in five different counties: Brevard, Okaloosa, Orange, Palm Beach, and Volusia. One of the active projects is located in an urban Enterprise Zone. While the discrepancy between the approved and active or complete may seem large, the nature of the industry is such that businesses frequently acquire new and complete existing contracts or pursue the QDSC incentive but do not ultimately win the corresponding contract(s).

CONCLUSION

The defense and space industries are rapidly changing. Military withdrawals from Iraq and Afghanistan will lead to a shift in defense spending and the retirement of the Space Shuttle will change the face of space exploration. QDSC is a valuable tool utilized to preserve and grow Florida's military and space industries. Since it is available for retention, QDSC is allowing existing Florida businesses to refocus their operations while maintaining the existing workforce. While few applications are generally submitted for this incentive, it plays a strategically important role in diversifying the state's economy and maintaining and growing these high-tech defense and space jobs.

BROWNFIELD BONUS TAX REFUND

Brownfield Bonus Program Overview

The Brownfield Redevelopment Bonus is available to encourage redevelopment and job creation within designated brownfield sites or areas. “Brownfield sites” are sites that are generally abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination. “Brownfield area” means a contiguous area of one or more brownfield sites, some of which may not be contaminated, and which has been designated by a local government resolution. Such areas may include all or portions of community redevelopment areas, enterprise zones, empowerment zones, other such designated economically deprived communities and areas, and Environmental Protection Agency-designated brownfield pilot projects.

Pre-approved applicants may receive tax refunds of up to $2,500 per new job created in a designated brownfield area. Refunds are based upon taxes paid by the business, including corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes.

The Brownfield Redevelopment Bonus may be awarded in addition to the QTI award. If not a QTI eligible business, the applicant must demonstrate a fixed capital investment of at least $500,000 in areas that do not require site clean-up ($2 million for sites requiring clean-up) and the development must include mixed-use business activities, including multiunit housing, commercial, retail, or industrial and create at least 10 new Florida full-time jobs with benefits, excluding construction and site remediation jobs.

Additionally, an applicant must:

- Demonstrate that the project will diversify and strengthen the economy of the area surrounding the site;
- Show that the project will promote capital investment in the area beyond that contemplated for the rehabilitation of the site; and
- Provide a resolution from the city or county commission recommending the applicant and committing to provide 20 percent of the tax refund (if a community requests a waiver of the local match, the applicant receives 80 percent of the refund for which they would otherwise qualify).

QTI with Brownfield Bonus Results

In FY 2010, 10 new Brownfield Bonus applications were recommended and approved in conjunction with QTI projects. These projects are expected to lead to 1,516 new jobs at an average wage of $39,851, and new capital investment of nearly $158 million. Two of these projects are also located within Urban Enterprise Zones.

Figure 8
QTI with Brownfield Bonus Results Since Inception

73 APPLICATIONS
Total number of QTI with Brownfield Bonus applications received by Enterprise Florida since inception.

67 APPROVALS
Total number of QTI with Brownfield Bonus applications approved by OTTED since inception.

59 AGREEMENTS
Total number of QTI with Brownfield Bonus agreements executed since inception.

28 ACTIVE
Total number of active QTI with Brownfield Bonus projects.

ACTIVE PROJECT IMPACTS	
Active Projects	28
Capital Investment	$756 M
Jobs Created	4,330
Average Wage	$47,689
Tax Refunds Approved	$33,755,000
10 Year Payback Ratio	$8.77 : $1

Since inception of the program, 70 QTI with Brownfield Bonus projects have been recommended and 67 of these were approved. There are currently 28 active QTI with Brownfield Bonus projects. The current active projects are in 12 different counties. These active projects are expected to create more than 4,330 new jobs within Florida. Figure 8 shows the impact these projects are having across the state.

Brownfield designated areas are also often part of other special needs areas, including rural and urban communities and Enterprise Zones. Table 5 shows the distribution of QTI with Brownfield Bonus projects within areas designated as having additional economic distress.

Table 5
QTI With Brownfield Bonus Projects in Areas of Economic Need Since Program Inception

	Rural County	Urban County (Non-Rural)	TOTAL
Brownfield	1	5	6
Enterprise Zone and Brownfield	2	10	12
TOTAL	3	15	18

Brownfield Bonus Results

In FY 2010, six new Brownfield Bonus applications were received by Enterprise Florida. Five applications were approved, including several pending from the previous fiscal year. These five projects are committing to create 370 new jobs in designated Brownfield areas.

Figure 9
Brownfield Bonus Only Results Since Inception

31 APPLICATIONS
Total number of Brownfield Bonus applications received by Enterprise Florida since inception.

25 APPROVALS
Total number of Brownfield Bonus applications approved by OTTED since inception.

18 AGREEMENTS
Total number of Brownfield Bonus agreements executed since inception.

13 ACTIVE
Current number of active Brownfield Bonus projects.

ACTIVE PROJECT IMPACTS	
Active Projects	13
Capital Investment	$349 M
Jobs Created	1,659
Average Wage	$21,228
Tax Refunds Approved	$3,457,000
10 Year Payback Ratio	$21.37 : $1

Enterprise Florida has recommended 26 Brownfield Bonus projects for approval. Twenty-five of these have been approved (one was withdrawn) and 13 projects are currently active. These 13 businesses are creating 1,659 new jobs and making investments of more than $349 million. Five of these projects are also located within Enterprise Zones and one is within an urban area. Five of these businesses are engaged in retail activities, four are manufacturers, three are in warehousing or distribution, and one is a lodging establishment. Figure 9 outlines the impact the active Brownfield Bonus projects are having across the state.

Fiscal Year 2010 Performance and Claims Paid

Brownfield Bonus only claim payments were made to six businesses in FY 2010, totaling $425,946.75. In addition, 12 claim payments were made to businesses receiving the Brownfield Bonus with QTI. These claim payments totaled $1,221,284.29 for the Brownfield Bonus portions only.

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Other Incentive Programs

ECONOMIC DEVELOPMENT TRANSPORTATION FUND

The Economic Development Transportation Fund (EDTF or Road Fund) is used to alleviate transportation impediments that adversely affect a company's location or expansion decision. The incentive is available in the form of a grant to the local government responsible for the transportation project and is submitted on behalf of a business considering locating or expanding in Florida.

Road Fund grants are used to improve the transportation infrastructure across the state by making modifications to existing roadways such as turn lanes and signalization or creating new infrastructure such as access roads. Road Fund has also been utilized to facilitate other modes of transportation, including rail construction and waterway upgrades. These improvements make it possible for a company to locate or expand at a specific site, which would otherwise not be suitable but for the transportation improvements.

The amount of a Road Fund grant depends on several factors, including cost of the transportation improvements, number of jobs created or retained, and location in an area of economic need. The award amount is equal to the eligible transportation improvement costs, up to $7,000 per job created or retained ($3 million maximum per project). A higher award amount may be warranted for projects meeting certain pre-defined criteria such as location in a distressed area or significant capital investment.

In FY 2010, three Road Fund applications were received by Enterprise Florida. During the year, six projects were also approved, all of which are still active. Grants totaling nearly $4.3 million were approved in FY 2010, including several carried forward from FY 2009 funding. Manufacturers accounted for five of the active projects and the other was a distribution center. Of the six active projects, three are locating in Brownfield areas, one in a rural county and one in an Enterprise Zone. Figure 10 shows the anticipated impact of these projects.

Figure 10
EDTF Results for FY 2010

EDTF Approvals	6
Active Projects	6
Capital Investment	$438 M
Jobs Created or Retained	761
Average Wage	$43,650
Capital Investment per $ Awarded	$102

Since the inception of the program, Road Fund projects have helped build infrastructure across the State. Over the past five fiscal years, 42 Road Fund projects have been approved, 36 of which are still active or have been completed. These 36 projects are helping create and retain 16,118 jobs in Florida and are spurring more than $1.5 billion in new capital investment. These jobs are paying an average wage of $50,264, which is 140 percent of the prevailing state wage at the time the applications were submitted.

Road Fund projects approved in the last five fiscal years are infusing $1.5 billion of new, private sector capital investment into Florida's economy.

Road Fund projects approved during the past five fiscal years are currently active or have been completed in 25 of Florida's 67 counties. Figure 11 shows the level of Road Fund project activity throughout the state.

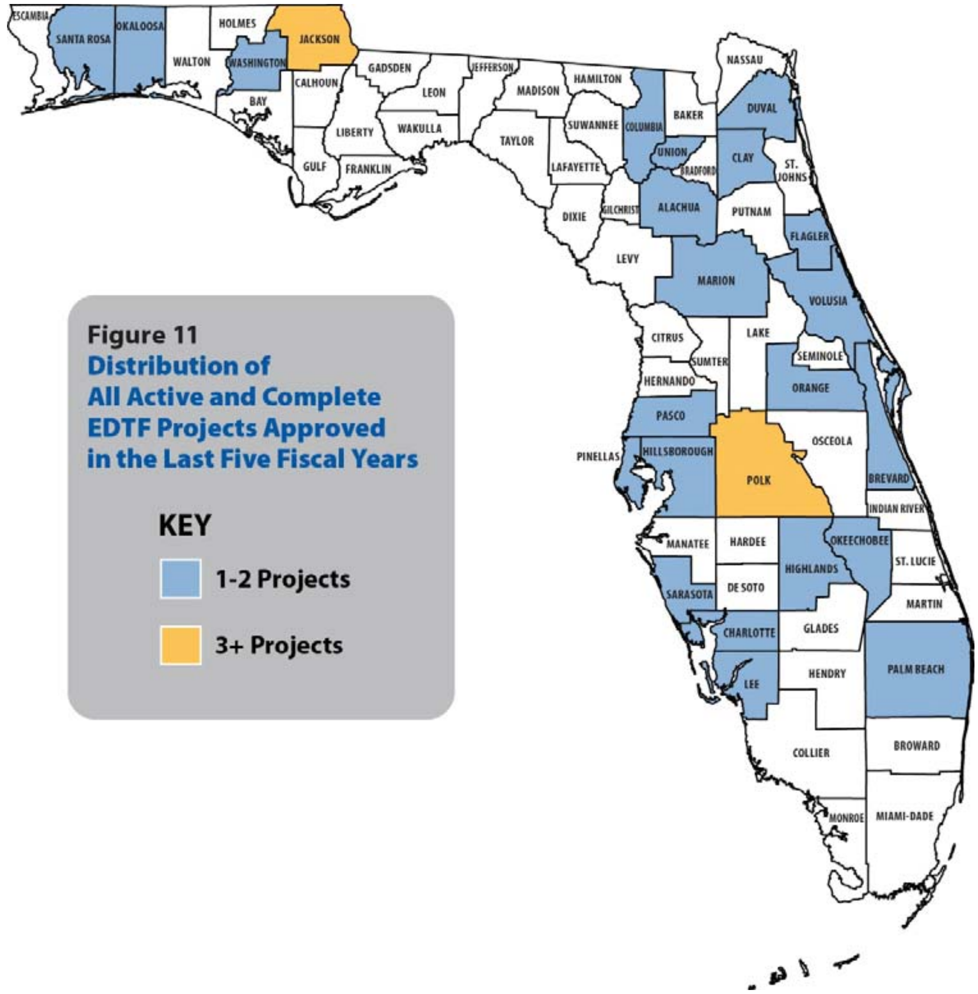


Figure 11
Distribution of All Active and Complete EDTF Projects Approved in the Last Five Fiscal Years

Over the past five years, half of all Road Fund dollars have been awarded in areas of economic need.

More than half of all active and complete Road Fund projects approved over the past five years are located in areas of economic need, such as rural communities, Enterprise Zones, and brownfield and urban areas. Road Fund grants are of critical importance in these areas, which often do not have highly developed transportation infrastructure, making it difficult for businesses to locate or expand. Table 6 shows the distribution of Road Fund projects in these areas.

Table 6
EDTF Projects in Areas of Economic Need (5 Years)

	Rural County	Urban County (Non-Rural)	TOTAL
Enterprise Zone	4	3	7
Brownfield	0	5	5
Enterprise Zone and Brownfield	1	0	1
General Economic Distress Areas (Rural County or Urban area)	6	0	6
TOTAL	11	8	19

HIGH IMPACT PERFORMANCE INCENTIVE

The High Impact Performance Incentive (HIPI) is a negotiated incentive used to attract and grow major, high impact facilities in Florida. Grants are provided to pre-approved applicants operating in designated portions of high-impact sectors, which currently include clean energy, life sciences, financial services, corporate headquarters, transportation equipment manufacturing (includes aviation / aerospace and automotive manufacturing), and semiconductor manufacturing.

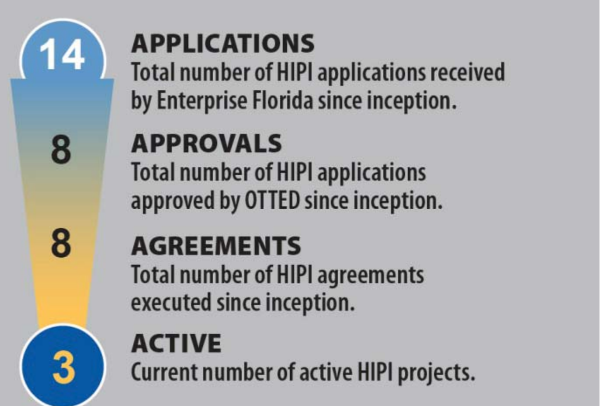
Eligible businesses must create at least 50 new jobs and demonstrate new capital investment of at least $50 million (25 jobs and $25 million for R&D projects). These minimum requirements were reduced in 2010 from the previous level of 100 jobs and $100 million capital investment (75 jobs and $75 million for R&D projects). The amount of the HIPI grant recommended is based on a variety of factors, including the award ranges outlined in the statute, amount necessary to secure the project, and overall payback to the state. Every project is unique and therefore warrants consideration of these multiple factors.

Once recommended by EFI, approved by OTTED, and after signing a performance agreement, the applicant is awarded 50 percent of the eligible grant amount upon “commencement of operations”. The balance is awarded once full employment and capital investment goals have been met (“commencement of full operations”).

HIPI was specifically designed to attract the projects having the largest economic impact on the State and those operating within sectors known for their higher wages, large capital investments, and the ability to attract other similar high-wage businesses. The recent modifications to the job and investment thresholds are spurring new interest in this grant. During the first few months following the legislative change, several new HIPI grants were approved.

In FY 2010, no new HIPI applications were received by Enterprise Florida or approved by OTTED. Since inception of the program, eight projects have been recommended and subsequently approved to receive HIPI grants (final orders issued). Of the five active and complete projects, four are in the transportation equipment (aerospace) sector and one is in the financial services sector. Two of these projects have been completed and three are currently active. Figure 12 shows the impact the three active HIPI projects are having in the State of Florida. No HIPI payments were made during FY 2010.

Figure 12
HIPI Results Since Inception



ACTIVE PROJECT IMPACTS	
Active Projects	3
Capital Investment	$472 M
Jobs Created	1,745
Average Wage	$52,246
10 Year Payback Ratio	$6.64 : $1

CAPITAL INVESTMENT TAX CREDIT

The Capital Investment Tax Credit is used to attract and grow capital-intensive industries in Florida. It is an annual credit, provided for up to 20 years, against a company's corporate income tax. The amount of the annual credit is based on the eligible capital costs associated with a qualifying project. Eligible capital costs include all expenses incurred in the acquisition, construction, installation, and equipping of a project from the beginning of construction to the commencement of operations.

To participate in the program, a company must apply to Enterprise Florida and be certified by OTTED prior to the commencement of operations. To qualify for consideration under the program, an applicant must:

- Operate within a designated portion of a high impact sector, currently defined as semiconductor manufacturing, transportation equipment, information technology, life sciences, financial services, corporate headquarters and clean energy;
- Create at least 100 new jobs in Florida in connection with the project; and
- Make a cumulative capital investment of at least $25 million in connection with the project during the period from the beginning of construction to the commencement of operations.

The amount of the annual credit is up to 5 percent of the eligible capital costs generated by a qualifying project, for up to 20 years. The annual credit may not exceed a specified percentage of the annual corporate income tax liability generated by the project: 100% for a project with a cumulative capital investment of at least $100 million; 75% for a project with a cumulative capital investment of at least $50 million but less than $100 million; 50% for a project with a cumulative capital investment of at least $25 million but less than $50 million.

Active CITC projects are anticipated to pay 168% of the state wage prevailing at the time the applications were submitted.

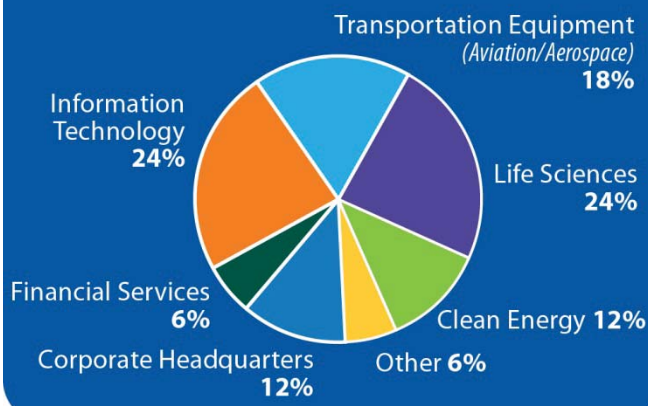
Figure 13
CITC Results for Active Projects in FY 2010

Active Projects	17
Capital Investment	$2.4 B
Jobs Created	6,799
Average Wage	$54,654

During FY 2010, three new CITC applications were submitted to Enterprise Florida and one CITC project was approved. There are currently 17 active CITC projects. The impact of these projects is shown in Figure 13

The Capital Investment Tax Credit has helped multiple companies initiating capital-intensive projects by offsetting a portion of their tax liability. This incentive promotes investment in industry sectors designated as having major direct and indirect impacts on the state and local community. Figure 14 shows the distribution of active projects across these high-impact sectors.

Figure 14
FY 2010 Active CITC Projects by Sector



The significant investments made as part of CITC projects helps increase the ad valorem tax base of the local community as well as increase state sales tax revenues from material and equipment purchases used as part of the investment. It also helps encourage businesses to enhance and expand their Florida operations, making them more productive and ensuring their long-term viability. When a company utilizes the credit, the actual value of the incentive correlates with the profitability of the business taking the credit, thereby rewarding successful operations. In cases where businesses do not achieve the minimum performance standards, they become ineligible for the credit.

QUICK ACTION CLOSING FUND

The Quick Action Closing Fund is a discretionary tool that can be accessed by the Governor, after consultation with the President of the Senate and the Speaker of the House of Representatives and approval of the Legislative Budget Committee, to respond to unique requirements of wealth-creating projects. When vying for intensely competitive projects, Closing Funds may be utilized to overcome a distinct, quantifiable disadvantage after other available resources have been exhausted or when a Closing Fund award is more cost-effective.

Seven of the 10 active Closing Fund projects approved in FY 2010 are locating or expanding in distressed areas.

In FY 2010, 14 projects were approved for Closing Fund awards and 10 of these projects selected Florida for the location of their projects. The 10 active projects approved in FY 2010 are creating and retaining 4,528 high-quality jobs in Florida at an average expected wage of $43,903 and making capital investments of more than $69 million. Seven of the 10 active Closing Fund projects approved in FY 2010 are located in distressed areas. Three are locating in Enterprise Zones, two in Urban areas, one in a rural community and one in a Brownfield area.

As shown in Figure 15, the 5 currently active Closing Fund projects are leading to 16,004 new jobs and retaining 12,034 existing Florida jobs. Furthermore, these projects are making capital investments of more than $1.9 billion into the Florida economy and are expected to have a 10-year payback ratio of $10.59 : $1 (includes all Closing Fund, QTI and HIPI incentive awards). These projects represent 21 new businesses to the state, 20 retention and expansion projects, and 10 expansions of existing Florida businesses.

Figure 15
QACF Results for Active Projects in FY 2010

Active Projects	51
Capital Investment	$1.9 B
Jobs Created and Retained	28,038
Average Wage	$49,713
10 Year Payback Ratio	$10.59 : $1

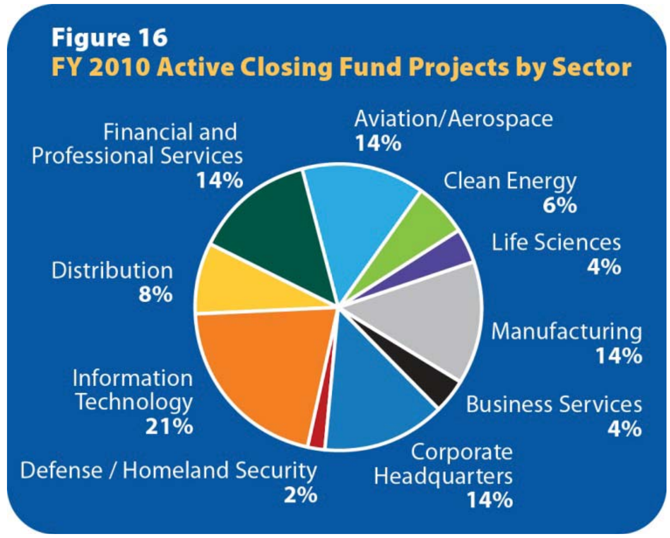


Figure 16 shows the wide range of industry sectors receiving Closing Fund awards. All of these projects are within targeted industries, and many are within one of Florida's designated high impact sectors.

The Closing Fund is an important tool used to recruit businesses for the State of Florida, at the discretion of the Governor and legislative leaders. With a $13.46 million appropriation for fiscal year 2010, Florida was able to compete for and win several economic development projects, which would have otherwise selected a non-Florida location and/or moved jobs outside the State. The FY 2011 appropriation of $16 million is also enabling Enterprise Florida to encourage existing and potential new Florida businesses to create and retain jobs that will have a material impact on the state and local communities. The FY 2010 and 2011 appropriations are much lower than in prior years, limiting the State's ability to compete for as many high profile economic development projects.

The Closing Fund is especially critical in today's economic climate, where businesses are facing a challenging operating environment due to issues such as declining revenues, tight capital markets, and changing industry dynamics. Up-front cash is often required to spur investment and corresponding job creation that might not otherwise occur or help offset immediate costs such as relocation that are not readily financeable. This incentive also helps to spur the economy in the near term since the funds are available up-front rather than several years into the project.

INNOVATION INCENTIVE

The Innovation Incentive was created by the 2006 Legislature to ensure that sufficient resources are available to allow the state to compete effectively for high-value research and development projects, major innovation business projects, or alternative and renewable energy projects creating significant jobs and making large capital investments.

In order to qualify, a research and development project must:

- Serve as a catalyst for an emerging or evolving technology cluster.
- Demonstrate a plan for significant higher education collaboration;
- Provide the state, at a minimum, a break-even return on investment within a 20-year period;
- Create jobs that pay at least 130 percent of the average private sector wage;
- Be provided with a one-to-one match from the local community. The match requirement may be reduced or waived in rural areas of critical economic concern or reduced in rural areas, brownfield areas, and enterprise zones. The match is provided from local sources, public or private, and in addition to funds, can include tax abatement, in-kind value of land, buildings, equipment or infrastructure and the like.

A qualifying innovation business project must:

- Result in the creation of at least 1,000 direct, new jobs at the business; or result in the creation of at least 500 direct, new jobs if the project is located in a rural area, a brownfield area, or an enterprise zone;
- The new jobs created must pay at least 130 percent of the average private sector wage;
- Have an activity or product that is within an industry that is designated as a target industry business under s. 288.106 or a designated sector under s. 288.108, Florida Statutes;
- Have a cumulative investment of at least $500 million within a 5-year period; or have a cumulative investment that exceeds $250 million within a 10-year period if the project is located in a rural area, brownfield area, or an enterprise zone;
- Be provided with a one-to-one match from the local community. The match requirement may be reduced or waived in rural areas of critical economic concern or reduced in rural areas, brownfield areas, and enterprise zones.

For alternative and renewable energy projects, the project must:

- Demonstrate a plan for significant collaboration with an institution of higher education;
- Provide the state, at a minimum, a break-even return on investment within a 20-year period;
- Include matching funds provided by the applicant or other available sources. The match requirement may be reduced or waived in rural areas of critical economic concern or reduced in rural areas, brownfield areas, and enterprise zones;
- Be located in this state;

- Provide at least 35 direct, new jobs that pay an estimated annual average wage that equals at least 130 percent of the average private sector wage.

A total of $450 million was appropriated in fiscal years 2007 and 2008 for Innovation Incentive projects. No funds were appropriated for the Innovation Incentive for fiscal years 2009 or 2010; however, $75 million is available for fiscal year 2011. New language was added in 2009 to include additional contractual obligations of the incentive recipients, many of which were already agreed to in existing contracts. The new legislation also required OTTED to compile an annual report on all Innovation Incentive recipients.

A total of seven research and development projects have received Innovation Incentive awards. All of these entities are in the early stages of ramp-up and they are all moving forward on their respective research and collaboration goals. As of mid-2010, these research institutes created 648 new jobs at an average wage of $74,960, which is 188 percent of the statewide average annual wage. Figure 17 shows the significant impact the seven Innovation Incentive Fund projects are expected to have over the next 20 years[5]. As this data indicates, although the early state investment is high, the State of Florida will reap significant benefits for many years and will continue to attract major research institutions, manufacturers, and other businesses leading to long-term, high-quality jobs for residents.

Figure 17
Innovation Incentive Fund Project Impacts

Active Projects	7
Jobs Created	1,488
Average Wage	$67,390
Estimated Employment in 20 Years	25,031
Estimated Increase in Gross State Product *	$22.1 B
Estimated State Revenues *	$1.4 B

** cumulative over 20 years*

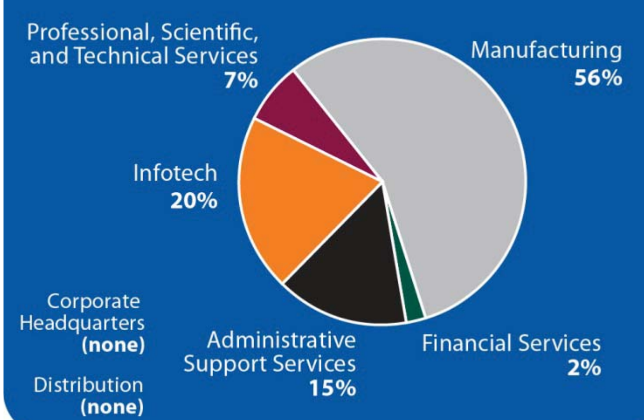
[5] Analysis conducted using REMI Policy Insight®, a leading forecasting and policy analysis model.

QUICK RESPONSE TRAINING

The Quick Response Training (QRT) Program provides grant funding for customized training required by new or expanding businesses. Through this business-driven program, Florida is able to effectively retain and attract businesses creating new high-quality jobs. Workforce Florida, Inc. administers the program. This performance-based program is a key component of Florida's incentive portfolio, as most competitor states have similar training incentive offerings.

During FY 2010, with a $3.3 million appropriation, 28 applicants were approved for QRT awards totaling $3,391,777, compared to requests of $7,383,364 (unused funds from previous fiscal years can be carried forward). The $3,391,777 in QRT grants was used to leverage $26,362,875 in private training funds, helping to train 2,903 Florida citizens. QRT requires the company provide a portion of the training-related funds, either in the form of cash or an in-kind contribution. The QRT awards leverage significant matching funds from the companies, which in turn stimulate local spending on training providers, employee wages, printing materials, and other resources. Figure 18 shows the FY 2010 QRT awards by industry sector, based on number of trainees.

Figure 18
FY 2010 Quick Response Training Grants by Industry *(based on number of trainees)*



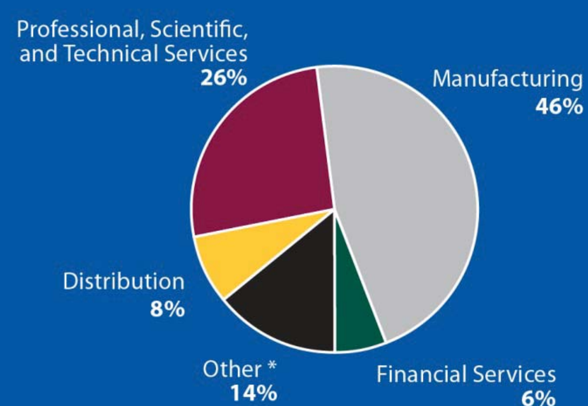
QRT awards are distributed throughout the state, with funding priority given to businesses located in certain distressed areas such as Rural Areas of Critical Economic Concern, Enterprise Zones, and brownfield areas. FY 2009 QRT awards in brownfield areas totaled $408,293 and trained 340 employees.

INCUMBENT WORKER TRAINING

The Incumbent Worker Training Program provides grant funding for the training needs of existing for-profit businesses. Through this business-driven program, Florida is able to effectively retain and keep businesses competitive through upgrade skills training for existing full-time employees. Workforce Florida, Inc. administers the program.

In FY 2010, 256 IWT requests were received totaling $7,195,097. Awards totaling $5,394,259 were made to 209 individual companies, with these businesses providing $31,440,212 in matching funds. A total of 11,551 employees were trained as part of Florida's IWT program in FY 2010. During the year, five companies in rural counties were awarded grants totaling $185,357 and supporting 119 trainees and 17 companies located in Enterprise Zones, Distressed Areas or Hub Zones were awarded grants totaling $470,344 and supporting 598 trainees. Figure 19 shows the FY 2010 IWT awards by industry sector, based on number of trainees.

Figure 19
FY 2010 Incumbent Worker Training Grants by Industry *(based on number of trainees)*



** Other includes construction, healthcare, service and other industries.*

Established in 1999, IWT has provided customized training for 109,614 employees in more than 1,200 businesses throughout the state. The program has been structured to be flexible to meet the business's training objectives. The business may use public, private, or its own in-house training provider, based on the nature of the training.

LOCATION BASED INCENTIVES

Rural Incentives

Various incentives are available for economic development projects in Florida's 32 rural counties. The rural incentives complement the state's other economic development incentives by focusing on items that address the specific needs of rural communities, including infrastructure and financial assistance. In addition, many of the other state incentive programs offer special considerations for projects locating in rural counties. For example, rural counties may request waivers for the average wage and local financial support for QTI, and higher per job award amounts may be offered under the Road Fund program to further build infrastructure in these communities.

RURAL INFRASTRUCTURE FUND

The Rural Infrastructure Fund is a resource available to rural communities in Florida to facilitate the planning, preparation and financing of infrastructure projects in rural communities which will result in job creation, capital investment, and the strengthening and diversification of rural economies by promoting tourism, trade and economic development. Eligible projects may also include improving any inadequate infrastructure that has resulted in regulatory action that prohibits economic or community growth or reducing the costs to community users of proposed infrastructure improvements that exceed such costs in comparable communities. The maximum amount available per grant/project is limited to 25 percent of appropriated funds or 30 percent of the total infrastructure costs, whichever is less.

This program is intended to provide additional financial assistance that will enable rural communities to better access other infrastructure funding programs, including, but not limited to, those offered by the U.S. Department of Agriculture-Rural Development (USDA-RD) and the U.S. Department of Commerce-Economic Development Administration (EDA). Successful applicants will be those who achieve the maximum level of funds by ensuring that all relevant sources of funding (federal, state, local, and private sector) have been utilized and by ensuring that every possible effort has been made to minimize administrative expenses, including those relating to the use of consultants.

There are three (3) types of grants available:

- Total Project Participation Grants. Grants for up to 30 percent of the total infrastructure project costs related to specific job-creating opportunities may be awarded to applicants who have applied for the maximum available under other state or federal infrastructure funding programs.
- Preclearance Review Grants. To facilitate the access of rural communities to the resources available under the Expedited Permitting – Preclearance Review Process (s. 403.973(18), F. S.), grants may be awarded for surveys, feasibility studies and other activities related to the identification and preclearance review of potential land use modifications. The amount of a grant available in this category and the level of match required is dependent on the location of the project and will be affected by the degree to which administrative and consultant expenses have been minimized and the degree to which the application meets the criteria of the program.
- Feasibility Grants. To facilitate the location or expansion of specific job-creating opportunities, grants may be awarded for infrastructure feasibility studies, design and engineering, or other planning and preparation activities.

During FY 2010, $1.3 million was appropriated, making $325,000 the maximum grant for any project. Seven Feasibility Grant Rural Infrastructure Fund applications were received by Enterprise Florida in FY 2009. Six were approved during the year, for awards totaling $1,150,000.

These funds were used to:

- Facilitate the emerging port in Port St. Joe to produce the required environmental studies required for permits and
- Leverage federal funds to help build sufficient bandwidth throughout the North Central Florida Rural Area of Critical Economic Concern.

RURAL COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM

The Rural Community Development Revolving Loan Program provides financial assistance to local governments in the form of either a loan or loan guaranty. The purpose of the program is to provide financial assistance for a specific project that will lead to the creation of new jobs and increase the economic vitality and diversification of Florida's rural counties. The maximum amount of financial assistance available for each project is $560,000. In FY 2010, no Rural Community Development Revolving Loan applications were received or approved.

REGIONAL RURAL DEVELOPMENT GRANTS

The Regional Rural Development Grants Program provides financial assistance for regional economic development organizations. The purpose of the program is to encourage the use of regional economic development organizations by rural counties to leverage limited resources to the fullest extent possible and to help build the professional capacity of those organizations. The maximum amount of financial assistance available for the program is $35,000, unless the organization represents a Rural Area of Critical Economic Concern, which would raise the maximum amount to $100,000. This grant must be matched on a dollar for dollar basis at the local level.

In FY 2010, six Regional Rural Development Grant applications were recommended by Enterprise Florida for approval, resulting in grants totaling $ 423,285.

RURAL JOB TAX CREDIT PROGRAM

The Rural Job Tax Credit is an incentive for eligible businesses located in one of Florida's 32 rural counties to create new jobs. The tax credit provides for $1,000 per new qualified employee and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax. Five million dollars of tax credits may be approved in a calendar year. These tax credits are provided to encourage meaningful employment opportunities that will improve the quality of life of those employed and to encourage economic expansion of new and existing businesses in rural areas of Florida.

Eligible businesses must operate within one of the following industry sectors: a QTI targeted industry (see Appendix A); agriculture, forestry, and fishing; manufacturing; hotels and other lodging places; public warehousing and storage; research and development; public golf courses; amusement parks; and customer service centers.

For calendar year 2009, nine Rural Job Tax Credit applications were approved. Six of these were for existing businesses and three were for new businesses. These nine applicants were approved for $204,000 in credits and are creating 204 new jobs.

Urban Incentives

The Florida Legislature created the Urban Job Tax Credit in 1997 to encourage the creation of jobs in urban areas of Florida. The program provides tax credits to eligible businesses located within one of the 13 urban areas designated by OTTED and hiring a specific number of employees. The credit ranges from $500 to $2,000 per qualified job and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax. The amount of the credit depends on the area's designated tier.

A total of $5 million of tax credits may be approved under the Urban Job Tax Credit each calendar year. One million dollars of tax credits is exclusively reserved for businesses located within Tier One designated areas.

For calendar year 2009, 19 Urban Job Tax Credit applications were approved. Four of these were for new businesses and 15 were for existing businesses. Applicants were approved for $855,000 in credits and are creating 803 new jobs in designated urban areas.

Enterprise Zone Incentives

Administered by OTTED, the Florida Enterprise Zone Program offers businesses located in enterprise zones corporate and sales tax credits for hiring residents of enterprise zones. Sales tax refunds are offered to businesses located in a zone that purchase building materials and business equipment for use in the zone. Corporate tax credits are available to new and expanding businesses that locate or expand their facilities in a zone. In some zones, a partial sales tax exemption on electrical energy is available to new businesses locating there. In addition to these state incentives, local governments also provide a number of incentives to attract new businesses, as well as to help existing businesses expand. Table 7 shows the impact Enterprise Zone incentives had on spurring economic development for the period of October 1, 2008, through September 30, 2009 (latest data available).

Over the past five years, more than 54,000 new jobs have been created in Florida's Enterprise Zones as a result of state and local incentives.

Table 7
Enterprise Zone Incentive Impacts

CATEGORY	10/1/08 TO 9/30/09
New Businesses Within a Zone	3,104
New Jobs Created Within a Zone	9,703
Businesses Receiving Technical Assistance	11,708
State Incentives Approved	$45,351,441
Jobs Tax Credit (Sales Tax)	*$5,227,245*
Jobs Tax Credit (Corporate)	*$5,072,555*
Property Tax Credit (Corporate)	*$1,910,708*
Sales Tax Refund for Building Materials	*$30,994,860*
Sales Tax Refund for Business Equipment	*$1,139,066*
Sales Tax Exemption for Electrical Energy	*$1,007,007*
Local Incentives Provided	$11,577,451
Total State and Local Incentives Approved	**$56,928,892**

For the five year period ending October 2009, incentives have helped more than 17,325 new businesses to locate within Florida's Enterprise Zones. These businesses have created more than 54,000 new jobs as a result of $70.1 million in local and $158.9 million in State incentives.

Brownfield Incentives

In addition to the previously outlined Brownfield Bonus Tax Refund for job creation, additional incentives are available for businesses locating and cleaning up designated brownfield sites. The Voluntary Cleanup Tax Credit is available for investments made to rehabilitate brownfield sites for businesses that have entered into a Brownfield Site Rehabilitation Agreement (BSRA). State loan guarantees for primary lenders are also available to assist with financing improvements at brownfield sites. Additional Federal incentives are also available to encourage cleanup and help spur redevelopment of brownfield sites.

Local Government Distressed Area Matching Grant Program

Created during the 2010 Legislative Session, the Local Government Distressed Area Matching Grant Program (LDMG) stimulates investment in the state's economy by providing grants to match demonstrated business assistance by local governments to attract and retain business in the state. Applications are accepted from local governments/municipalities that plan on offering financial assistance to a specific business in the area. These targeted businesses are required to create at least 15 full-time jobs and the project must either be new to Florida; expanding operations in Florida; or considering leaving Florida unless it receives local and state government assistance. The amount awarded by the State of Florida will equal $50,000 or 50% of the local government's assistance amount, whichever is less, and be provided following the commitment and payment of that assistance.

OTHER FLORIDA INCENTIVES FOR BUSINESSES

Florida offers a variety of incentives for businesses, which include sales tax exemptions, financing programs, and infrastructure assistance. While not a complete list, the programs outlined below represent ways the state is working to ensure Florida maintains its business-friendly environment.

Sales Tax Exemptions

Florida offers Sales and Use Tax Exemptions on the following business-related items:

- Machinery and equipment used by a new or expanding Florida business to manufacture, produce or process tangible personal property for sale;
- Labor, parts and materials used in repair of and incorporated into machinery and equipment;
- Electricity used in the manufacturing process;
- Certain boiler fuels (including natural gas) used in the manufacturing process;
- Semiconductor, defense and space technology-based industry transactions involving manufacturing equipment;
- Machinery and equipment used predominantly in research and development;
- Labor component of research and development expenditures;
- Commercial space activity — launch vehicles, payloads and fuel, machinery and equipment for production of items used exclusively at Spaceport Florida;

- Aircraft parts, modification, maintenance and repair, sale or lease of qualified aircraft; and
- Production companies engaged in Florida in the production of motion pictures, made for television motion pictures, television series, commercial music videos or sound recordings.

Jobs for the Unemployed Tax Credit

The Jobs for the Unemployed Tax Credit (JUTC), created during the 2010 Legislative Session, provides incentives to businesses throughout Florida to hire qualified employees who were previously unemployed. The program is available to all target industry businesses. The business may receive a tax credit of $1,000 for every employee hired as of July 1, 2010. The business may claim only new hires that were previously unemployed for a minimum of 30 days, and that remain employed after a 12-month period at an average of 36 hours per week. This program will run until June 30, 2012 with a limit of $5 million available for tax credits in each fiscal year.

Florida Opportunity Fund

The Florida Opportunity Fund was created because the Florida Legislature found there was a need to increase the availability of seed capital and early stage venture equity capital for emerging companies in Florida, including, without limitation, enterprises in life sciences, information technology, advanced manufacturing processes, aviation and aerospace, homeland security and defense, as well as other strategic technologies.

The Florida Opportunity Fund receives administrative services from Enterprise Florida and investment management services from Florida First Partners (FFP). FFP is a joint venture between MILCOM Venture Partners (MVP) and the Credit Suisse Customized Fund Investment Group (CFIG). MVP, a leading Florida fund manager and venture capital firm, has invested in companies in the power, energy, communications, software and materials science sectors. CFIG is the leading primary private equity fund-of-funds investment group of global banking giant Credit Suisse. CFIG also manages in-state private equity investment programs in Ohio, Michigan, Indiana, New York and Oregon.

The Florida Opportunity Fund is currently comprised of two programs – 1) the Fund of Funds Program and 2) the Clean Energy Investment Program:

FUND OF FUNDS PROGRAM

Launched in 2008, the Fund of Funds Program was created to realize significant long-term capital appreciation by identifying and investing in a diversified, high-quality portfolio of seed and early stage venture capital funds that target (in whole or in part) investment opportunities within Florida.

The State of Florida provided $29.5 million to capitalize the Fund of Funds Program. As of June 30, 2010, $23 million out of the $29.5 million had been committed to six venture capital funds and approximately $3.5 million had been funded. Five out of the six venture capital funds were added during the fiscal year ending June 30, 2010 and included:

- Inflexion Fund II, a fund with offices in Orlando, Gainesville, and Tampa that focuses on seed or early-stage medical technology, clean technology and information technology. In September 2009, Florida Opportunity Fund announced its $4.0 million commitment to this fund.
- New Enterprise Associates, a fund with a long track record of success in financing startup companies in Florida. In November 2009, Florida Opportunity Fund announced its $4.0 million commitment to this fund.
- Harbert Venture Partners, a fund that focuses on early-stage information technology and biotech opportunities. In January 2010, Florida Opportunity Fund announced its $4.0 million commitment to this fund.
- 5AM Ventures III, a bioscience venture capital fund whose managing partner is the former chairman of The Scripps Research Institute. In February 2010, Florida Opportunity Fund announced its $3.0 million commitment to this fund.
- Stonehenge Growth Equity, a fund that includes a team in Tampa that has focused on early-stage ventures in Florida for the past decade, investing in more than 17 Florida companies. In March 2010, Florida Opportunity Fund announced its $4.0 million commitment to this fund.

CLEAN ENERGY INVESTMENT PROGRAM

Launched in 2010, the Clean Energy Investment Program (CEIP) was created to promote the adoption of energy efficient or renewable energy (EE/RE) products and technologies in Florida by providing funding to businesses to increase the use of EE/RE technologies, equipment and materials in the State. The Florida Energy & Climate Commission provided approximately $36.1 million to capitalize the CEIP.

Examples of possible structures for funding opportunities include project financing, asset-based lending, mezzanine financing and equity investments. The Program's Focus Areas for investment are:

- Facility and Equipment Improvement – Implementing, expanding, upgrading or demonstrating energy efficient products, equipment and materials for use by companies in their existing facilities and buildings in Florida.
- Renewable Energy Products – Acquiring, upgrading or demonstrating small-scale renewable energy products, equipment and materials for use by companies in their operations in Florida.
- Process Improvement – Determining potential energy efficiencies and then executing actions to reduce consumption or increase the efficient use of energy in existing production, manufacturing, assembly or distribution processes, including the purchase of equipment and materials to make processes more energy efficient.

The CEIP may invest alongside additional private capital that will allow funding for activities beyond those permitted by the CEIP. The CEIP will target funding opportunities ranging from $500,000 to $5.0 million. As of the fiscal year ended June 30, 2010, CEIP had made no direct investment commitments.

Enterprise Bond Program

Florida Development Finance Corporation (FDFC) was specifically formed pursuant to Florida Statutes, Chapter 288 Part IX to facilitate economic development in Florida by working in partnership with the Florida financial services industry and local development organizations to create access to competitive sources of finance for creditworthy small manufacturers and other firms critical to the economic base of Florida. As such, FDFC offers tax-exempt, low interest bond financing to qualified, financially sound, manufacturers and 501(c)(3) non-profit organizations. FDFC receives its administrative support entirely from Enterprise Florida.

With the gradual restoration of market confidence during the latter half of 2009 and into 2010, the global credit market experienced a relatively anemic recovery. In this environment, however, FDFC completed the following four bond issuances in the fiscal year ending June 30, 2010, as shown in Table 8.

Table 8
FDFC Bond Issuances in FY 2010

BORROWER	COUNTY	AMOUNT
The Wellness Community	Sarasota	$5,500,000
Center Court Properties	Sarasota	$2,060,000
Airport Properties Partners	St. Lucie	$12,000,000
DT Leasing	Brevard	$2,960,000
Total		**$22,520,000**

Florida Export Finance Corporation

Access to up to $500,000 in loan guarantees is available to Florida's small and medium-sized businesses through the Florida Export Finance Corporation (FEFC). The FEFC was created by the State in 1993 as a not for profit corporation with a mandate to expand employment and income opportunities to Florida residents by increased exports of goods and services resulting from assistance given by the FEFC to Florida companies. Information, technical, and consulting assistance is offered. However, financial assistance is the primary service offered by the FEFC. Guarantees are transaction specific but normally issued as a revolving line of credit. This program, operating in partnership with Florida's banking community, is designed to assist the State's smaller exporters by giving them improved access to affordable working capital. As of December 31, 2009, FEFC reported total assets of $5,046,039.70 and total liabilities of $0.

Technology Growth Fund

As of June 30, 2010, the Technology Growth Fund reported total assets of $1,531,059 and total liabilities of $0. There was no activity during FY 2010 other than a legislatively mandated payment of $600,000 to the Institute for Commercialization of Public Research for its operations in FY 2009-2010.

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Target Sector Focus

ACTIVE INCENTIVE PROJECT INDUSTRY DETAIL

As shown in Figure 5 on page 16, QTI projects are active across a wide range of industry sectors. These each have their own unique characteristics, all of which help to diversify the state's economy. Some target industries are more prevalent in urban areas while others succeed in rural communities. Wages and capital investment vary by industry and even by sub-industry, as presented in the following tables.

Corporate Headquarters

Florida has made attracting and retaining corporate headquarters a priority. The presence of a corporate headquarters —be it regional, divisional, domestic, or worldwide—provides both quantitative and qualitative benefits to the state and local community. These operations tend to be highly philanthropic in addition to maintaining a highly skilled workforce.

In recent years, Enterprise Florida has worked numerous corporate headquarters projects, many of which involved job retention as well as new job creation. Corporate headquarters projects represent approximately 21 percent of all active QTI projects and have the second-highest average wage of the seven target industry categories. Select larger scale projects have chosen to construct new headquarters campuses, leading to new capital investment in the hundreds of millions of dollars. These projects have multi-pronged benefits, including sales tax revenue on the purchase of materials, job creation within the construction sector, and a permanent increase in the local property tax rolls thereby increasing ad valorem tax revenues.

Table 9
Corporate Headquarters
Active QTI Projects

	Total Industry
Active Projects	50
Retained Jobs	8,466
New Jobs	9,138
Capital Investment	$727M
Average Wage	$52,232
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	153%
% of Projects With Wage Bonus	70%
% in Distressed Areas	20%
% Receiving Wage Waivers	NA
Payback Ratio	$21.13 : $1

Information Technology

The information technology sector can broadly be broken into two segments, information services and telecommunications. Film and other digital and electronic media are also classified as part of the information technology industry; however, there are currently no active projects in this segment.

Information technology projects tend to pay high wages—the highest average of all seven sector categories. The QTI average wage commitments are 64 percent higher than the average state wage prevailing at the time these applications were submitted. While none of the active information technology projects are located in rural areas, 20 percent are within other distressed areas including Enterprise Zones, Brownfield areas and Urban areas.

Table 10
Information Technology
Active QTI Projects

	Information Services	Tele-communcations	Total Industry
Active Projects	12	3	**15**
Retained Jobs	1,637	116	**1,753**
New Jobs	2,969	386	**3,355**
Capital Investment	$169M	$71M	**$240M**
Average Wage	$59,154	$42,219	**$57,206**
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	169%	126%	**164%**
% of Projects With Wage Bonus	50%	33%	**47%**
% in Distressed Areas	17%	33%	**20%**
% Receiving Wage Waivers	NA	NA	**NA**
Payback Ratio	$25.24 : $1	$18.79 : $1	**$24.61 : $1**

Financial Services

Despite the global financial crisis, financial services companies have continued to play a critical role in Florida's economy. Specific growth areas include compliance software and services and portfolio analytics used to evaluate and mitigate risk. Industry merger and acquisition activity is also leading to major consolidations. Enterprise Florida continues to work several of these large-scale projects to ensure the State is poised to benefit from these industry moves.

The QTI average wage commitments are 23 percent higher than the average state wage prevailing at the time these applications were submitted. The majority of the active projects are located within the major metropolitan areas and their surrounding counties. The majority of these projects are making capital investments of less than $10 million; however, several larger projects involve investments in excess of $50 million.

Table 11
Financial Services
Active QTI Projects

	Non-Depository Credit Inst.	Insurance Carriers	Securities	Total Industry
Active Projects	6	5	2	**13**
Retained Jobs	268	111	NA	**379**
New Jobs	2,502	568	714	**3,784**
Capital Investment	$250M	$33M	$13M	**$297M**
Average Wage	$40,475	$54,062	$41,893	**$42,782**
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	119%	152%	114%	**123%**
% of Projects With Wage Bonus	60%	33%	NA	**38%**
% in Distressed Areas	17%	20%	NA	**15%**
% Receiving Wage Waivers	NA	NA	NA	**NA**
Payback Ratio	$21.96 : $1	$26.12 : $1	$31.95 : $1	**$24.26 : $1**

Professional Services

The professional services sector can be broken into two industries, general professional services (software development, engineering services, etc.) and research and development. Projects within this sector generally require advanced degrees and a highly skilled workforce. Further development of the professional services industry will provide long-term quality employment opportunities for graduates of Florida's universities and prevent students from relocating to other states for jobs within their chosen fields.

On average, active QTI projects within the professional services sector are paying wages in excess of $50,500 and 34 percent higher than the average state wage prevailing at the time these applications were submitted. In particular, research and development projects have the highest average wage of all individual industry segments presented here, at $62,169. These statistics demonstrate the importance of fostering a business climate supportive of innovative, research focused companies.

Table 12
Professional Services
Active QTI Projects

	Professional Services	Research & Development	Total Industry
Active Projects	33	7	**40**
Retained Jobs	1,179	196	**1,375**
New Jobs	2,970	257	**3,227**
Capital Investment	$539M	$69M	**$608M**
Average Wage	$49,500	$62,169	**$50,509**
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	130%	177%	**134%**
% of Projects With Wage Bonus	67%	57%	**65%**
% in Distressed Areas	33%	14%	**30%**
% Receiving Wage Waivers	3%	NA	**3%**
Payback Ratio	$16.27 : $1	$52.48 : $1	**$19.36: $1**

Manufacturing

The manufacturing sector is made up of many industries, some of which have been combined here for comparative purposes. The manufacturing sector as a whole is changing, with fewer large scale producers and more small to medium sized firms. Much of the lower skill production has been shifted overseas; however, there is a growing demand for higher skilled manufacturing in the United States. This trend is consistent with the intent of QTI to induce higher quality job creation.

The overall manufacturing sector wage for active QTI projects is 22 percent higher than the average state wage prevailing at the time these applications were submitted. In the industries with lower wages, 75 to 100 percent of these projects are located in designated distressed areas. Further, many of these areas are rural and have overall average wages much lower than the State as a whole. The data presented here confirm the importance of continuing to target a variety of manufacturing types in order to further the goal of economic diversification across all geographic areas of the State.

Table 13
Manufacturing
Active QTI Projects

	Textiles, Paper and Furniture	Food & Beverage	Transportation Equipment	Computer Products
Active Projects	8	4	12	6
Retained Jobs	325	9	1,007	1,898
New Jobs	470	291	2,224	1,011
Capital Investment	$115M	$40M	$360M	$67M
Average Wage	$37,685	$37,462	$43,969	$54,471
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	105%	102%	124%	145%
% of Projects With Wage Bonus	38%	50%	33%	67%
% in Distressed Areas	75%	75%	33%	NA
% Receiving Wage Waivers	50%	NA	NA	NA
Payback Ratio	$19.67 : $1	$17.62 : $1	$21.74 : $1	$52.57: $1
	Clean Energy	**Pharmaceuticals and Medical Devices**	**Miscellaneous**	**Total Mfg. Industry**
Active Projects	3	9	47	**89**
Retained Jobs	NA	656	2,151	**6,046**
New Jobs	499	509	5,066	**10,070**
Capital Investment	$326M	$85M	$697M	**$1.69B**
Average Wage	$41,186	$50,332	$41,167	**$43,316**
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	106%	138%	119%	**122%**
% of Projects With Wage Bonus	0%	67%	28%	**36%**
% in Distressed Areas	100%	11%	34%	**37%**
% Receiving Wage Waivers	NA	NA	4%	**7%**
Payback Ratio	$16.87 : $1	$27.65 : $1	$18.23 : $1	**$23.25: $1**

Distribution

Florida's distribution and logistics industry is poised for major changes in the coming years. The widening of the Panama Canal will lead to new export opportunities for Florida's businesses and will lead to growth in the general distribution and logistics industry. Florida is geographically well-positioned to capitalize upon these opportunities.

Active QTI projects in the distribution industry represent a mix of large scale projects within rural areas and Florida's mid-sized communities as well as smaller but strategically important projects in Florida's larger communities. While the wage comparison to the State's average is low at 96 percent, the majority of these projects are located in counties with average wages below that of the State. In addition, 21 percent of the projects are located in distressed areas; however, these projects represent 34 percent of the new jobs being created.

Table 14
Distribution
Active QTI Projects

	Total Industry
Active Projects	14
Retained Jobs	441
New Jobs	2,839
Capital Investment	$412M
Average Wage	$31,421
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	96%
% of Projects With Wage Bonus	7%
% in Distressed Areas	21%
% Receiving Wage Waivers	14%
Payback Ratio	$15.62 : $1

Business Services

QTI projects within the business services sector can be categorized into two industries, business services and call centers. In 2010, the Florida Legislature restricted QTI availability for projects within NAICS code 5611 (Office Administrative Services) and 5614 (Business Support Services, including call centers).

The average wage of the active QTI projects within the business services industry is 19 percent higher than the average state wage prevailing at the time these applications were submitted and none of these projects required a waiver of the average wage. Additionally, 26 percent of these projects are located in designated distressed areas.

For call centers, while the wage standard is 69 percent of the State's average, all of the active QTI projects are located within designated distressed areas. Although these operations tend to require minimal capital investment to get up and running, they can typically locate anywhere and therefore QTI plays a role in securing these jobs for Florida. Given the current economic climate and the need for jobs throughout the State, many communities would welcome a new job creator such as a call center, which would both create employment opportunities and utilize existing vacant facility space.

Table 15
Business Services
Active QTI Projects

	Business Services	Call Centers	Total Industry
Active Projects	19	3	**22**
Retained Jobs	1,478	NA	**1,478**
New Jobs	5,078	966	**6,044**
Capital Investment	$154M	$9M	**$163M**
Average Wage	$42,095	$25,002	**$39,363**
Wage Standard (% of State Avg. Wage at Time of Application Submittal)	119%	69%	**110%**
% of Projects With Wage Bonus	42%	NA	**36%**
% in Distressed Areas	26%	100%	**36%**
% Receiving Wage Waivers	NA	33%	**5%**
Payback Ratio	$15.39 : $1	$12.24 : $1	**$14.93: $1**

FLORIDA INCENTIVE CASE STUDIES

Target Sector: Corporate Headquarters

ADT North America — designs, sells, and installs services and monitors electronic security systems for residential, commercial, education, governmental and industrial customers around the world.

- **Location** – Palm Beach County
- **Project scope** – Business Retention. The project had three components: consolidation of multiple headquarters and support locations into one site; job creation at the new consolidated site; and capital expenditures related to tenant improvement. 700 jobs retained; 100 new jobs. Annual wage of new jobs: $72,000-plus. Capital investment: more than $4 million.
- **Incentives** – QACF and QTI.

Target Sector: Financial Services

T. Rowe Price — a global investment management organization that provides a broad array of mutual funds, sub-advisory services and separate account management for individual and institutional investors, retirement plans, and financial intermediaries.

- **Location** – Pasco County
- **Project scope** – Business Recruitment. Florida won this project over several competing states. Creation of 1,215 jobs. Average annual wage: $50,000. Capital investment: $191 million.
- **Incentives** – HIPI, QTI, Economic Development Transportation Fund, and CITC.

Target Sector: Information Technology

Clearwire LLC — a leading provider of wireless broadband services and operator of the largest 4G network in the country.

- **Location** – Santa Rosa County
- **Project scope** – Business Retention/Expansion. Though pursued by Texas, Clearwire chose to expand its operations in Santa Rosa County to support the needs of its growing customer base. 500 jobs retained; 500 new. Average annual wage: $30,347. Capital Investment: $3.5 million.
- **Incentives** – QTI, QACF, QRT, and IWT.

Target Sector: Life Sciences

Genzyme Genetics — a highly respected leader in the life sciences industry, Genzyme has consolidated and expanded operations at its diagnostic testing facility in Hillsborough County.

- **Location** – Hillsborough County
- **Project scope** – Business Retention/Expansion. Competing against New York, New Jersey and Michigan, Florida emerged as Genzyme's choice when the company opted to expand its diagnostic testing facility and focus in reproductive and oncology related capabilities. 131 new jobs; 63 retained. Annual wage of new jobs: $59,805. Capital investment: $13.5 million
- **Incentives** – QTI.

Target Sector: Manufacturing (Rural)

Pilgrim's Pride — a fully integrated poultry farming operation that hatches, raises, and processes chickens.

- **Location** – Suwannee County (Rural Area of Critical Economic Concern)
- **Project scope** – Business Retention. Pilgrim's Pride evaluated the short-term and long-term viability of all its southeast U.S. facilities. The company retained its Live Oak plant, which competed against another company facility in Georgia. 1,175 jobs retained; 35 new. Capital investment: $1.5 million-plus.
- **Incentives** – QACF and QRT.

ECONOMIC IMPACT SCENARIOS

Several analysis tools are available to assess the economic impacts of changes in a region's economy resulting from economic development projects. The information presented in Table 16 is based on hypothetical projects that may be eligible for incentives, with impacts calculated using RIMS II multipliers[6] from the U.S. Bureau of Economic Analysis. Projected new jobs and the existing relationships between industries in each region are the key drivers behind these figures.

Table 16
ESTIMATED IMPACTS OF ECONOMIC DEVELOPMENT PROJECTS

Assumptions	Research and Development	Aircraft Manufacturing	Corporate Headquarters	Financial Services
New Jobs	25	150	75	700
Florida Region	South FL	West FL	W. Central FL	Northeast, FL
Estimated Impacts				
Derived Estimate of Output Estimated company output or "sales"	$3,787,221	$48,782,901	$14,386,720	$70,712,326
Derived Estimate of Wage[7] Estimated average annual wage of all jobs	$44,600	$47,006	$50,170	$41,620
Total Output Direct, indirect and induced output, including total earnings	$8,156,538	$83,423,640	$29,963,222	$157,730,915
Total Earnings Direct, indirect and induced earnings	$2,977,513	$19,000,940	$10,611,645	$61,371,228
Total Employment Direct, indirect and induced employment	67	404	212	1,475

These scenarios show the significant impacts associated with economic development projects across a range of industries. These figures demonstrate the impacts on total employment would be two (or more) times the direct new jobs created and these projects would also boost the average state wage.

Therefore, by investing in economic development incentives, not only are the state and region able to capture the benefits from the creation of direct jobs, there will also be tremendous indirect and induced impacts[8] as well.

[6] 2002 Benchmark I-O data and 2007 Regional data.
[7] The current State of Florida average wage for comparison purposes is $39,621.
[8] Indirect impacts drive demand from suppliers for locally produced goods and services. Induced impacts drive household (employee) spending on local goods and services.

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Appendix

APPENDIX A - TARGETED INDUSTRY LIST

Only businesses serving multi-state and / or international markets are targeted. Business must be able to locate in other states. Retail activities, utilities, mining and other extraction or processing businesses, and activities regulated by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation are statutorily excluded from consideration.

MANUFACTURING FACILITIES

- Food & Beverage Products
- Textile Mills & Apparel
- Wood & Paper Products
- Printing & Related Support Activities
- Chemicals
  - *Ethanol & Biodiesel Fuel Manufacturing*
  - *Pharmaceutical Manufacturing*
- Plastics & Rubber Products
- Metal & Non-Metallic Mineral Products
  - *Ultra High Purity Silicon Manufacturing*
- Machinery
  - *Electronic Flight Simulator Manufacturing*
  - *Optical Instruments Manufacturing*
  - *Turbine and Turbine Generator Manufacturing*
- Electrical Equipment
- Computer & Electronic Products
  - *Electromedical Apparatus Manufacturing*
  - *Laser & Optoelectronics Manufacturing*
  - *Semiconductor Manufacturing*
  - *Photovoltaic & Hydrogen Fuel Cells*
  - *Software Reproducing*
- Transportation Equipment
  - *Aircraft Manufacturing*
  - *Marine Manufacturing*
  - *Aerospace Manufacturing*
  - *Aircraft Maintenance, Repair & Overhaul*
- Furniture & Related Products
- Miscellaneous
  - *Surgical & Medical Instrument Manufacturing*

FINANCE & INSURANCE SERVICES

- Credit Intermediation & Related Activities
  - *Nondepository Credit Institutions*
- Securities, Commodity Contracts
- Insurance Carriers
- Funds, Trusts & Other Financial Vehicles

WHOLESALE TRADE

- Merchant Wholesalers, Durable & Non-Durable
  - *Distribution Centers*
- Electronic Markets Agents & Brokers

** Industries in italics are examples of the subsections*

INFORMATION INDUSTRIES

- Publishing Industries
  - *Software Publishing*
  - *Music Publishing*
- Film, Video, Sound Recording & Electronic Media
  - *Production (Excluding temporary "on location" filming)*
  - *Postproduction Services*
  - *Integrated Record Production/Distribution*
- Telecommunications
  - *Satellite Communications*
- Data Processing, Hosting & Related Services
- Other Information Services
  - *Internet Publishing & Broadcasting*
  - *Web Search Portals*

PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

- Professional, Scientific & Technical
  - *Computer Programming / Software Development*
  - *Computer System Design*
  - *Management, Scientific & Technical Services*
  - *Research & Development*
  - *Scientific & Technical Consulting Services*
  - *Simulation Training*
  - *Testing Laboratories*
- Space Launch Activities
- Flight Training Services
- Centralized Corporate Training Services

MANAGEMENT SERVICES

- Corporate, Subsidiary & Regional Managing Offices
- Offices of Bank & Other Holding Companies

ADMINISTRATIVE & SUPPORT SERVICES

- Customer Care Centers
  - *Telephonic & Online Business Services*
  - *Customer & Technical Support*
  - *Transaction Processing*
- Credit Bureaus

APPENDIX B - CLAIM DATE ALIGNMENT AND QTI CLAIM PAYMENTS

Status of Claim Data Alignment

In 2002, a statutory change requiring a December 31 job creation date and a subsequent January 31 claim submission deadline was established for QTI and QDSC in order to streamline the claims payment process. In addition, tax refunds for these projects now require that the refund be paid from funds appropriated for the following fiscal year. However, there are still some older QTI and QDSC projects whose agreements allow them to file claims at any point prior to June 30 of the fiscal year for which they are claiming the refund. Table 17 shows the progress that has been made in shifting claims to the December 31 job creation date, provided by OTTED. Economic Stimulus Exemption recipients operating under the old contracts have been migrated to the new contract timing, which led to a significant increase in the number of contracts requiring December 31 job creation since 2004. As of now, virtually all active QTI contracts are based on December 31 job creation schedules.

Table 17
New Contract Structure Claim Payment Frequency

Fiscal Year	Percent of Claim Refunds Paid Based on New Contract Structure
2003	NA
2004	15%
2005	64%
2006	91%
2007 to present	>99%

TAX REFUND CLAIMS PAID IN FISCAL YEAR 2010

During the 2005 legislative session, the statute governing the Annual Incentives Report (288.095, Florida Statutes) was modified to require the report to list the name and tax refund amount for each business receiving a tax refund under 288.1045 and 288.106, Florida Statutes, during the preceding fiscal year. Following are all QTI, QDSC, and Brownfield Bonus tax refunds paid between July 1, 2009, and June 30, 2010. Note that during FY 2010, several businesses received refunds covering one or more previous claim years. These payments are listed separately, along with the corresponding claim year. The QTI with Brownfield Bonus claims are listed in the QTI section.

Table 18
FY 2010 QTI TAX REFUND INCENTIVE PAYMENTS
(JULY 1, 2009 THROUGH JUNE 30, 2010)

Company	Fiscal Year Claim	QTI Tax Refund Payment
21st Century Oncology Management Services, Inc.	2009-2010	$26,250.00
Advantus Corporation	2009-2010	$11,250.00
Brownfield Bonus	2009-2010	$9,375.00
Aetna Rx Home Delivery, LLC	2009-2010	$94,500.00
Aetna Specialty Pharmacy, LLC	2008-2009	$286,643.85
Alakai Defense Systems	2009-2010	$3,414.80
Brownfield Bonus	2009-2010	$1,707.40

Company	Fiscal Year Claim	QTI Tax Refund Payment
America II Electronics, Inc.	2008-2009	$51,780.00
Applied Research Associates, Inc.	2008-2009	$7,500.00
Armstrong World Industries, Inc.	2009-2010	$22,500.00
Beall's, Inc.	2008-2009	$45,000.00
	2009-2010	$90,000.00
BobCad-Cam, Inc.	2009-2010	$15,973.92
Cardinal Glass Industries, Inc.	2009-2010	$101,250.00
Cellynne Holdings	2009-2010	$30,000.00
Chase dba Global Clearing & Trade Finance Services	2008-2009	$212,000.00
Chase dba Pricing, Billing & Commerce Solutions	2008-2009	$120,361.63
CIT Technology Financing Services, Inc.	2009-2010	$229,500.00
Citrix Systems, Inc.	2008-2009	$130,000.00
Coca-Cola Enterprises, Inc. - Shared Services	2008-2009	$165,000.00
Coca-Cola Enterprises, Inc. - Shared Services	2009-2010	$150,000.00
Conax Florida Corporation	2009-2010	$20,250.00
Connextions.net, Inc.	2008-2009	$337,500.00
Consulate Management Company, LLC	2009-2010	$55,000.00
Crestview Aerospace Corporation	2009-2010	$51,000.00
CSDVRS, LLC	2009-2010	$47,182.55
Danfoss Turbocor Compressors, Inc.	2009-2010	$134,401.70
DEGC Enterprises (U.S.), Inc.	2009-2010	$75,000.00
DHL Express (USA), Inc.	2009-2010	$600,000.00
DHL Worldwide Express	2008-2009	$200,000.00
	2009-2010	$100,000.00
Donald J Pliner of Florida, Inc.	2009-2010	$15,000.00
EDAK, Inc.	2009-2010	$12,000.00
EDO Corporation	2008-2009	$50,000.00
Electronic Arts, Inc.-Tiburon	2009-2010	$625,000.00
Family Dollar Services, Inc.	2009-2010	$255,300.00
Fidelity Global Brokerage Group, Inc.	2008-2009	$192,570.27
	2009-2010	$156,379.01
Fidelity National Financial, Inc. & Subsidiaries	2008-2009	$350,000.00
Brownfield Bonus	2008-2009	$125,000.00
Fidelity National Financial, Inc. & Subsidiaries[9]	2009-2010	$350,000.00
Fidelity National Financial, Inc. & Subsidiaries	2008-2009	$630,000.00
Brownfield Bonus	2008-2009	$225,000.00
Fidelity National Financial, Inc. & Subsidiaries[10]	2009-2010	$1,050,000.00
Fidelity National Financial, Inc. & Subsidiaries	2008-2009	$1,500,000.00
Brownfield Bonus	2008-2009	$468,750.00
Fidelity National Financial, Inc. & Subsidiaries	2009-2010	$790,000.00
Brownfield Bonus	2009-2010	$246,875.00
Flightstar Aviation Services, Inc.	2009-2010	$138,349.00

[9] Brownfield Bonus paid in FY 2011.
[10] Brownfield Bonus paid in FY 2011.

Company	Fiscal Year Claim	QTI Tax Refund Payment
Ford Motor Credit Company LLC	2008-2009	$57,826.09
	2009-2010	$138,750.00
FSV Payment Systems	2008-2009	$14,034.38
	2009-2010	$37,500.00
GFS Chain Alliance, LLC	2008-2009	$28,157.00
Green Circle Bio Energy, Inc.	2009-2010	$56,688.59
Greystone Pharmaceuticals, Inc.	2008-2009	$6,566.60
Guardian Ignition Interlock Manufacturing, Inc	2009-2010	$10,000.00
Hunter Warfield, Inc.	2009-2010	$43,270.48
Ignition Entertainment, Limited	2009-2010	$32,720.03
Infrastructure Engineers, Inc.	2009-2010	$15,000.00
Intellon Corporation	2009-2010	$12,500.00
Iowa College Acquisition Corporation dba Kaplan University	2008-2009	$129,750.00
Iowa College Acquisition Corporation dba Kaplan University	2008-2009	$225,000.00
J & P Cycles, Inc.	2009-2010	$18,750.00
Jarden Consumer Solutions	2009-2010	$125,000.00
Jensen USA, Inc.	2008-2009	$45,000.00
	2009-2010	$45,000.00
JetBlue Airways Corporation	2008-2009	$112,000.00
	2009-2010	$154,000.00
Kaman Aerospace Corporation	2008-2009	$195,000.00
	2009-2010	$120,000.00
Kforce, Inc.	2009-2010	$150,000.00
Knight, LLC	2009-2010	$93,031.05
L-3 Communications Advanced Laser Systems Technology, Inc.	2009-2010	$37,500.00
Lance Mfg., LLC	2009-2010	$59,124.00
Brownfield Bonus	2009-2010	$24,635.00
Liberty Aerospace, Inc.	2007-2008	$47,250.00
Liberty Aerospace, Inc.	2009-2010	$9,750.00
Liberty Tire Recycling LLC	2009-2010	$39,375.00
Lockheed Martin Financial Services	2008-2009	$100,000.00
	2009-2010	$100,000.00
MarineMax, Inc.	2008-2009	$37,500.00
	2009-2010	$25,000.00
Medical Development International	2009-2010	$6,250.00
Metropolitan Life Insurance Company	2007-2008	$120,000.00
Mitsubishi Power Systems, Inc.	2009-2010	$114,000.00
Mitsubishi Power Systems, Inc.	2009-2010	$50,000.00
Mobis Parts America, LLC	2009-2010	$22,500.00
Myers Industries, Inc.	2009-2010	$39,375.00
Brownfield Bonus	2009-2010	$16,406.25
New Millennium Building Systems, LLC	2008-2009	$343,745.61
	2009-2010	$350,000.00
Nipro Diagnostics, Inc.	2009-2010	$56,250.00

Company	Fiscal Year Claim	QTI Tax Refund Payment
Noble Logos, Inc.	2008-2009	$3,746.32
	2009-2010	$11,250.00
Brownfield Bonus	2009-2010	$2,285.64
Nokia Inc.	2009-2010	$21,102.20
Oceaneering International, Inc.	2009-2010	$42,000.00
Oldcastle Precast, Inc.	2009-2010	$56,030.93
One-to-One Gulf Coast	2009-2010	$12,439.90
Oscor, Inc.	2009-2010	$30,000.00
Pall Corporation	2009-2010	$30,000.00
PEMCO World Air Services, Inc.	2009-2010	$31,508.47
Pneumatic Scale Corporation	2009-2010	$28,458.00
PRC, LLC	2007-2008	$90,000.00
PRC, LLC	2008-2009	$257,172.65
	2009-2010	$179,716.73
PSS World Medical, Inc.	2008-2009	$277,000.00
	2009-2010	$241,267.00
Quadrant Software, Inc.	2009-2010	$25,000.00
Raven Transport Holding	2009-2010	$30,000.00
Brownfield Bonus	2009-2010	$25,000.00
Remington Administrative Services, Inc.	2009-2010	$83,425.15
Ruth's Chris Steak House, Inc.	2009-2010	$75,000.00
Tandel Systems, Inc.	2009-2010	$33,356.56
Target Corporation	2009-2010	$90,000.00
Telemundo Television Studios, LLC	2008-2009	$45,000.00
	2009-2010	$20,000.00
The Bank of New York	2009-2010	$276,345.00
The Datamyne, Inc.	2008-2009	$13,382.68
The Depository Trust & Clearing Corporation	2008-2009	$625,000.00
	2009-2010	$625,000.00
The Newport Group, Inc.	2009-2010	$75,000.00
The Trane Company	2008-2009	$78,000.00
Tower Cloud, Inc.	2009-2010	$62,500.00
TradeStation Group, Inc.	2009-2010	$40,000.00
Triad Isotopes, Inc.	2009-2010	$17,303.31
Brownfield Bonus	2009-2010	$6,250.00
Ultramatics, Inc.	2009-2010	$19,946.68
United Natural Foods, Inc.	2009-2010	$150,000.00
United States Specialty Sports Association	2009-2010	$15,000.00
University Clinical Research - Deland, LLC	2008-2009	$16,500.00
	2009-2010	$16,500.00
Valpak Direct Marketing Systems, Inc.	2009-2010	$84,000.00
Brownfield Bonus	2009-2010	$70,000.00

Company	Fiscal Year Claim	QTI Tax Refund Payment
VaxDesign Corporation	2008-2009	$41,744.63
Viking Pools, LLC d.b.a. Composite Manufacturing of Florida	2008-2009	$37,500.00
Volvo Parts North America, LLC	2009-2010	$39,000.00
Web.com Group, Inc.	2009-2010	$3,586.82

Table 19
FY 2010 QDSC TAX REFUND INCENTIVE PAYMENTS
(JULY 1, 2009 THROUGH JUNE 30, 2010)

Company	Fiscal Year Claim	Qualified Defense and Space Contractor Tax Refund Payment
Lockheed Martin Corporation - FBM	2009-2010	$200,000
Lockheed Martin Corporation - Maritime Systems & Sensors	2009-2010	$453,750

Table 20
FY 2010 BROWNFIELD BONUS TAX REFUND INCENTIVE PAYMENTS
(JULY 1, 2009 THROUGH JUNE 30, 2010)

Company	Fiscal Year Claim	Brownfield Bonus Tax Refund Payment
Global Stevedoring, LLC	2009-2010	$28,125.00
McKibbon Hotel Management, Inc	2009-2010	$37,187.50
Publix Super Markets, Inc.	2009-2010	$62,500.00
Target Corporation	2009-2010	$83,012.50
Wal-Mart Stores East, LP - Escambia	2009-2010	$101,250.00
Wal-Mart Stores East, LP - Inverness	2009-2010	$113,871.75

APPENDIX C - LEGISLATIVE HISTORY: QTI, QDSC, BROWNFIELD BONUS

The three incentives funded from the Incentives Account are tax refund programs designed to stimulate job creation in the State of Florida. Although these programs have changed slightly over time, they remain core components of Florida's economic development toolbox.

QTI Tax Refund

Table 21
QTI Summary Legislation (1994 to Present)

Legislative Session	Program Modification
1994	QTI incentive created, effective July 1, 1995, following development of a list of Florida's "Targeted Industries".
1999	Extensive revamp of QTI program.
2001	Annual QTI cap increased from $30 million to $35 million.
2002	The first round of Economic Stimulus Exemption (ESE) legislation was passed.
2003	An emphasis was placed on homeland security and defense industries as a targeted economic development industry cluster eligible for QTI tax refunds.
2004	QTI program extended for one year.
2005	QTI was reenacted for an additional five years, through June 30, 2010. The previous ESE legislation was amended to include businesses negatively affected by a named hurricane or tropical storm with claims scheduled to be submitted after January 1, 2005, but before July 1, 2006. Legislation was passed in 288.095, Florida Statutes, requiring the incentives report to list the name and tax refund amount for each business receiving a tax refund under 288.1045 and 288.106, Florida Statutes.
2006	No changes.
2007	No changes.
2008	No changes.
2009	A revised timeline for incentive processing was authorized by 288.061, F.S., affecting several State incentive programs. The previous ESE legislation was amended to include businesses negatively affected by economic conditions in their industry with claims scheduled to be submitted after January 1, 2009, but before July 1, 2011. Other changes included excluding wages of existing jobs from the average wage calculation and a change in the definition of a Rural county.
2010	Several major changes were made to QTI during the 2010 Legislative Session, including extension of the program through June 30, 2020, creation of additional per job bonuses, and restricting eligibility for call centers and business service centers. The Economic Stimulus Exemption was renamed the Economic Recovery Extension and extended for an additional year through 2012. Several other administrative changes were made, including creation of processes to formally review the target industry list and the methodology and model used to calculate the return on investment.

QDSC Tax Refund

Table 22
QDSC Summary Legislation (1993 to Present)

Legislative Session	Program Modification
1993	QDC was originally passed in a November Special Session, then eliminated by a special automatic repeal clause effective December 1, 1994.
1996	QDC reenacted in Section 288.045, Florida Statutes.
1999	Because of repeated efforts to establish additional rounds of base closure hearings, as well as ongoing cutbacks in procurement programs, the Florida Legislature extended the life of the QDC Tax Refund until 2004.
2002	Approval of a more flexible definition of "Defense Contractor" by lowering the minimum requirement of gross receipts from Department of Defense contracts. The first round of Economic Stimulus Exemption (ESE) legislation was passed. The conditions for approving a prorated tax refund to a QDC approved business were expanded by allowing a business to receive a prorated refund for achieving at least 90 percent of the average wage and at least 80 percent of its projected employment specified in its tax refund agreement with the state and satisfied all other contractual requirements.
2003	Homeland security contractors, in addition to defense contractors, were added as eligible participants in the QDC Tax Refund program.
2004	QDC program extended for one year. The legislature ordered the Office of Program Policy Analysis and Government Accountability (OPPAGA) to conduct a study of the QTI and QDC programs and the feasibility of restructuring the tax refund programs as a tax credit.
2005	QDC reenacted for an additional five years, through June 30, 2010. The previous ESE legislation was amended to include businesses negatively affected by a named hurricane or tropical storm with claims scheduled to be submitted after January 1, 2005, but before July 1, 2006. The ESE was also extended to allow certain counties facing a financial hardship to apply for a waiver of the local financial support requirement for QDC for fiscal years 2004-05, 2005-06, and 2006-07. Legislation was passed in 288.095, Florida Statutes, requiring the incentives report to list the name and tax refund amount for each business receiving a tax refund under 288.1045 and 288.106, Florida Statutes.
2006	No changes.
2007	No changes.
2008	Program name changed to Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC) due to the addition of "space flight businesses" as eligible under this program. Award amount and timing of refundable taxes made consistent with QTI and several other administrative changes were made. QDSC extended through June 30, 2014.
2009	A revised timeline for incentive processing was authorized by 288.061, F.S., affecting several State incentive programs.
2010	No changes.

Brownfield Bonus

Table 23
Brownfield Bonus Summary Legislation (1997 to Present)

Legislative Session	Program Modification
1997	The Florida Legislature authorized the Brownfield Redevelopment Bonus on the QTI award.
2001	Modifications were made allowing industries not targeted under QTI to qualify for an award of up to $2,500 per job without applying through the QTI Tax Refund.
2002	The Brownfield Redevelopment Bonus was further amended in 2002 for job-creating projects in brownfield areas.
2006	No changes.
2007	No changes.
2008	No changes.
2009	A revised timeline for incentive processing was authorized by 288.061, F.S., affecting several State incentive programs. The minimum capital investment requirement for projects not involving site remediation was lowered from $2 million to $500,000.
2010	No changes.

APPENDIX D - COUNTY ZONES AND CHARACTERISTICS

The following table shows various zones and characteristics of each Florida county, as of December 2010. It is important to note that this list changes as new wage data is available and additional distressed areas are identified.

Table 24
County Zones and Characteristics

County	Rural / Non-Rural[11]	Enterprise Zone(s)	Number of Brownfield Areas[12]	Average Annual Wage (2008)[13]
ALACHUA	Non-Rural	EZ 101 (Gainesville)	3	$32,799
BAKER	Rural	-	-	$25,957
BAY	Non-Rural	-	-	$32,626
BRADFORD	Rural	-	-	$28,579
BREVARD	Non-Rural	EZ 501 (Cocoa)	11	$41,057
BROWARD	Non-Rural UJTC Areas: • Ft. Lauderdale (Tier II) • Pompano Beach (Tier II)	EZ 601 (Broward County)	12	$41,494
CALHOUN	Rural	EZ 701 (Calhoun County)	-	$23,980
CHARLOTTE	Non-Rural	-	1	$30,965
CITRUS	Non-Rural	-	1	$31,268
CLAY	Non-Rural	-	1	$29,570
COLLIER	Non-Rural	EZ 1102 (Everglades City) EZ 1101 (Immokalee / Collier County)	2	$39,285
COLUMBIA	Rural	-	-	$29,631
DESOTO	Rural	EZ 1401 (Desoto County)	-	$27,172
DIXIE	Rural	-	-	$24,717
DUVAL	Non-Rural UJTC Area: • Jacksonville (Tier I)	EZ 1601 (Jacksonville)	18	$42,826
ESCAMBIA	Non-Rural	EZ 1701 (Century) EZ 1703 (Escambia County) EZ 1702 (Pensacola)	16	$34,347
FLAGLER	Rural	-	2	$28,681
FRANKLIN	Rural	EZ 1901 (Franklin County)	-	$25,845
GADSDEN	Rural	EZ 2001(Gadsden County)	1	$28,832
GILCHRIST	Rural	-	-	$27,537
GLADES	Rural	EZ 2201 (Glades County)	-	$33,389
GULF	Rural	EZ 2301 (Gulf County)	1	$31,269

[11] UJTC areas are eligible for the Urban Jobs Tax Credit.
[12] Source: Florida Department of Environmental Protection (http://www.dep.state.fl.us); December 2010.
[13] The average annual statewide wage is $39,621. Wage comparisons in this report are based on 2008 annual wages, as this was the prevailing data for the majority of projects approved in FY 2010.

County	Rural / Non-Rural[14]	Enterprise Zone(s)	Number of Brownfield Areas[15]	Average Annual Wage (2008)[16]
HAMILTON	Rural	EZ 2401 (Hamilton)	1	$38,440
HARDEE	Rural	EZ 2501 (Hardee County)	-	$26,364
HENDRY	Rural	EZ 2601 (Hendry County)	-	$28,533
HERNANDO	Non-Rural	EZ 2701 (Brooksville / Hernando County)	-	$28,359
HIGHLANDS	Rural	EZ 2801 (Highlands County)	1	$26,074
HILLSBOROUGH	Non-Rural UJTC Area: • Tampa (Tier I)	EZ 2902 (Hillsborough County) EZ 2901 (Tampa)	31	$42,764
HOLMES	Rural	EZ 3001 (Holmes County)	-	$23,087
INDIAN RIVER	Non-Rural	EZ 3101 (Indian River County / Vero Beach)	-	$35,879
JACKSON	Rural	EZ 3201 (Jackson County)	-	$26,341
JEFFERSON	Rural	-	-	$27,359
LAFAYETTE	Rural	-	-	$22,484
LAKE	Non-Rural	-	4	$31,578
LEE	Non-Rural	EZ 3601 (Fort Myers / Lee County)	4	$35,805
LEON	Non-Rural UJTC Area: • Tallahassee (Tier II)	EZ 3701 (Tallahassee / Leon County)	4	$35,729
LEVY	Rural	EZ 3801 (Levy County)	-	$25,803
LIBERTY	Rural	EZ 3901 (Liberty County)	-	$34,853
MADISON	Rural	EZ 4001 (Madison County)	-	$25,645
MANATEE	Non-Rural	EZ 4102 (Palmetto / Manatee)	1	$33,582
MARION	Non-Rural UJTC Area: • Ocala (Tier I)	EZ 4201 (Ocala)	10	$31,671
MARTIN	Non-Rural	-	-	$37,051
MIAMI-DADE	Non-Rural UJTC Areas: • Miami-Dade County (Carol City, Miami & Goulds; Tier II) • Miami-Dade County (Florida City, Homestead, Leisure City & Naranja; Tier II) • Miami-Dade County (Hialeah, Miami & Opa Locka; Tier III)	EZ 1301 (Miami-Dade County)	48	$43,573
MONROE	Non-Rural	-	1	$34,198

[14] UJTC areas are eligible for the Urban Jobs Tax Credit.
[15] Source: Florida Department of Environmental Protection (http://www.dep.state.fl.us); December 2010
[16] The average annual statewide wage is $39,621. Wage comparisons in this report are based on 2008 annual wages, as this was the prevailing data for the majority of projects approved in FY 2010.

County	Rural / Non-Rural[17]	Enterprise Zone(s)	Number of Brownfield Areas[18]	Average Annual Wage (2008)[19]
NASSAU	Rural	-	-	$31,039
OKALOOSA	Non-Rural	EZ 4601 (Crestview / Okaloosa County)	2	$33,807
OKEECHOBEE	Rural	EZ 4701 (Okeechobee)	-	$28,430
ORANGE	Non-Rural UJTC Area: • Orlando (Tier I)	EZ 4801 (Orange) EZ 4802 (South Apopka)	12	$40,410
OSCEOLA	Non-Rural	EZ 4901 (Kissimmee/ Osceola County)	-	$30,040
PALM BEACH	Non-Rural UJTC Area: • Palm Beach County (Delray Beach, Lake Park, Mangonia Park, Riviera Beach & West Palm Beach; Tier I)	EZ 5001 (Pahokee) EZ 5002 (Palm Beach)	10	$43,846
PASCO	Non-Rural	-	-	$31,203
PINELLAS	Non-Rural UJTC Area: • St. Petersburg (Tier III)	EZ 5202 (Clearwater) EZ 5201 (St. Petersburg)	13	$38,598
POLK	Non-Rural UJTC Area: • Lakeland (Tier III)	EZ 5301 (Lakeland)	3	$34,694
PUTNAM	Rural	EZ 5401 (Putnam County)	1	$30,107
ST JOHNS	Non-Rural	-	1	$35,016
ST LUCIE	Non-Rural	EZ 5601 (Fort Pierce)	3	$32,828
SANTA ROSA	Non-Rural	-	3	$30,458
SARASOTA	Non-Rural	EZ 4101 (Bradenton) EZ 5801 (Sarasota)	5	$37,238
SEMINOLE	Non-Rural	-	15	$38,434
SUMTER	Non-Rural	EZ 6001 (Sumter County)	-	$29,269
SUWANNEE	Rural	-	1	$26,245
TAYLOR	Rural	EZ 6201 (Taylor County)	1	$33,621
UNION	Rural	-	-	$26,652
VOLUSIA	Non-Rural	EZ 6401 (Daytona Beach) EZ 6402 (Oak Hill)	7	$31,537
WAKULLA	Rural	EZ 6501 (St. Marks) EZ 6502 (Wakulla County)	1	$31,130
WALTON	Rural	EZ 6601 (DeFuniak Springs) EZ 6602 (Freeport) EZ 6603 (Walton)	-	$29,012
WASHINGTON	Rural	EZ 6701 (Washington County)	1	$24,516

[17] UJTC areas are eligible for the Urban Jobs Tax Credit.
[18] Source: Florida Department of Environmental Protection (http://www.dep.state.fl.us); December 2010.
[19] The average annual statewide wage is $39,621. Wage comparisons in this report are based on 2008 annual wages, as this was the prevailing data for the majority of projects approved in FY 2010.

FLORIDA EXPORT FINANCE CORPORATION

A NOT FOR PROFIT CORPORATION
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Annual Report
2009

10400 NorthWest 33rd Street, Suite 200, Miami, FL 33172-5902
Telephone: (786) 845-0400 / Facsimile: (786) 845-0404
www.fefc.biz

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ANNUAL REPORT

January 1, 2009 - December 31, 2009

The 1993 Legislature enacted the "Florida Export Finance Corporation Act by S.S. 288.770-288.778, Florida Statutes. As required in the Act, this annual report is sent to the Governor, the President of the Florida Senate, the Speaker of the Florida House of Representatives, the Senate Minority Leader, the House Minority Leader, and Enterprise Florida, Inc.

10400 NorthWest 33rd Street, Suite 200, Miami, FL 33172-5902
Telephone: (786) 845-0400 / Facsimile: (786) 845-0404
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PRESIDENT'S MESSAGE

Florida depends on international business for the vitality of its economy more than any other state. Many of Florida's business and government leaders are aware that international trade is the largest segment of our economy and has out paced the growth of any other sector by a wide margin. That we are so dependent on international trade should not be surprising given Florida's geographic location and multi ethnic population. One aspect of international trade is exporting, and exports have been increasing for the past several years.

We rely on small business to make those exports far more than any other state. Most of the small business exporters in Florida are trading intermediaries. By a wide margin over any state Florida depends on these intermediaries to make our export business move forward, and almost all trading intermediaries are small businesses. These are the entities that bear the largest burden in the decline of exports and benefit the least in increasing exports. The benefits to small business from increased exports over the past several years has lagged that of our state's larger companies; however, there is evidence that many small exporters are experiencing increased demand.

The expenses and time required to obtain an export order are huge but the largest impediment is the ability, more properly described as the inability, of the small exporter to obtain adequate financing to allow fulfillment of that export order. This impediment is particularly true for an intermediary exporter who generally has a small asset base of inventory or receivables on which traditional financing can be based.

Florida's banking community is large and provides enormous amounts of funding for international trade. Banking is a highly regulated industry with those regulations designed first and foremost to protect the ordinary citizen who deposits money in the bank, and secondly to protect the shareholders of the bank. This is proper, but it automatically forces banks to lend to the highest level of loan repayment expectations. In general, small business does not fall into this expectation category. Nor does the financing of export sales. Nor does the financing of an intermediary. There is no misperception here as history shows this to be true. However, exports produce a benefit to our society far greater than domestic sales and cannot be ignored simply because they have a higher risk. Nor can small business, because it is the backbone of our country and, even more so, our state. The multitude of new regulations that have been implemented since the events of "9-11" have increased the difficulty for all exporting companies but more for small business. The current lending slow down has affected everyone and has created a lack of assistance for small exporters.

Since our inception more than 100 banks have agreed to cooperate with the FEFC in various ways to provide assistance to exporters. Many of these banks had not previously been involved in export trade finance. In the past, bank support for small exporters has grown as they recognize the huge business potential vested in this market. The consolidation taking place among banks does not seem to have either helped or hindered trade finance overall, except in the case of small business where it hurts. It is very clear that the larger a bank is the larger it wants its customers to be.

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Many years ago the federal government gave recognition to the importance of exports by creating the Export-Import Bank of the United States, and to small business by creating the Small Business Administration (the FEFC has partnership agreements with both). Both Ex-Im Bank and SBA continue to improve their efforts to make their assistance programs available to small exporters but are clearly affected by increasing regulations and the economic slow down.

Florida's government - cities, counties, and state - know this importance and have done many things to help small business and to increase Florida exports. However, it is a never-ending process of improvements and continuing support that will and can enhance Florida's economy through small business and exports. Florida needs more manufacturers. Our ratio of trading intermediaries to manufacturers is very heavily weighted to intermediaries. This ratio in the business of Florida's exports is almost exactly inverse to California's. Our exporting structure and the vast amount of port volume are heavily dependent on manufactured products flowing through from other states and even other countries. Florida is more in the business of exporting other states' products than those from Florida simply because of our lack of manufacturing. Economic development designed to enlarge our existing small business manufacturers, and to bring more manufacturers into Florida, would in years to come benefit the state as much or more than anything Florida is now doing.

For a number of years the preceding, with appropriate and periodic updates, has been the cornerstone of FEFC's message. During most of that time the business of exporting continually grew and banks continually increased their commitment to trade finance. This trend stopped in 2008 when both actual exports and bank support decreased for the small exporters.

2008 saw a downturn of small business exports and 2009 was much worse. Small business exporters are the first to feel a slowdown and the last to recover. Our largest export markets have economic problems, and in most cases grew worse in 2009. In addition to real estate problems an increasing number of foreign buyers are defaulting on payments to their Florida suppliers. This has created problems for many Florida banks and many have reduced their level of trade finance, especially to small business even before the current banking problems started. Even with new efforts by all Federal and State entities offering support to exporters, both large and small, the business of almost all small individual entities declined. Our guarantee level fell more than 90% from the prior year as lenders declined to lend to the typical FEFC exporter.

The Florida Export Finance Corporation has dedicated itself to provide all Florida small business with an opportunity of ensuring that no valid export order is lost due to the lack of financing. The key words are all small business - manufacturer, agriculture, service, or intermediary. A further key is that every export sale, no matter what its size, is beneficial to Florida. Small becomes large only step by step with each sale. The goal of the FEFC is to help small business grow, not just to make loans. This goal is achieved by offering consulting services and structuring advice to achieve stability and long term growth in addition to financial assistance.

J. Stephen Fancher, President & CEO

MARCH 17, 2010
Date

THE FLORIDA EXPORT FINANCE CORPORATION

STATEMENT OF POLICY

Florida Statute 288.770, effective July 1, 1993, created and funded the Florida Export Finance Corporation (FEFC) as a not for profit corporation with an economic development mandate to expand employment and income opportunities for Florida residents.

Fulfillment of the mandate is to be accomplished by increased exports of goods and services resulting from informational, technical, and financial assistance given by FEFC to small and medium sized Florida domiciled businesses. No specific Florida content is required for the exported items but preference is given to Florida value-added transactions.

Information and technical assistance to business is offered and the FEFC will cooperate and work with other organizations to enhance the ability of Florida exporters to increase their sales and their access to programs designed to assist them. However, financial assistance is the primary service offered by the FEFC. FEFC financial assistance is available to small and medium sized companies registered to do business in the State of Florida; with less than 250 employees and less than a $6,000,000 net worth; only for direct export transactions; only for goods and services being shipped from Florida; and only when the inability to obtain financing elsewhere is demonstrated.

FEFC financial assistance is in the form of a loan guarantee generally for short term transactions. The FEFC may have guarantees outstanding at any one time not greater than five times the FEFC Fund amount at such time.

In order to make full use of its leveraging authority FEFC financial assistance to exporters is in the form of guarantees given to commercial lenders who make loans to exporters to support a verified foreign order. The exporter may apply directly to the FEFC for a loan guarantee or, a lender may apply on behalf of an exporter. The maximum amount FEFC will consider guaranteeing is $500,000 and the FEFC guarantee may not exceed 90% of the loan value. The loan is to be secured by the foreign receivable generated by the sale. Ex-Im Bank or other acceptable foreign risk insurance should be obtained where possible.

The FEFC does not make grants nor will it issue loan guarantees unless they can be secured in a manner which assures a high probability of repayment. The FEFC paperwork will be the minimum necessary and its fees and rates will be as low as possible. FEFC loan guarantees will require the lender to follow all customary and prudent lending practices.

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The FEFC will consider guarantees to exporters only when commercial lenders have turned down an exporter's loan request. This could occur, even if an exporter is creditworthy, when a transaction is too small or too short term to produce a profit for the lender. If the need of the exporter is post-shipment related, i.e., offering payment terms to the foreign buyer, FEFC with assist the exporter in applying for coverage under a foreign risk insurance policy which mitigates the risk of an exporter loan default due to non payment by a foreign buyer. Many exporters will also need pre-shipment loans, i.e., purchasing the materials required to fill the order of a foreign buyer.

The agreement of lenders to accept the FEFC guarantee is dependent on many factors. The question of safety is paramount and is reflected by FEFC's credit policy, the risk mitigation arrangements which the FEFC might have, and the size of the FEFC Fund. Where possible FEFC will use the risk mitigation programs of Ex-Im Bank or other acceptable means. FEFC's credit policy and procedures have been formulated by FEFC's Board of Directors to evolve based on FEFC's delineated market and acting as an economic development entity. These individuals all have extensive experience in commercial lending, export sales, and trade finance representing and blending the expertise of banks and exporters, both large and small.

FEFC's Board of Directors recognizes the wide gap between the financing needs of small and medium sized exporters and the conservative approach required of conventional lenders, especially when it concerns trading companies who by many lending definitions are viewed as being undercapitalized with insufficient collateral. The bridging of this financial "gap" and the mandate to assist and nurture the growth of qualified Florida exporters is the guiding principle of FEFC's Board of Directors. Application of FEFC's credit policy and procedures will always consider this factor.

The FEFC accounts and records are maintained by the Corporation with audits by independent auditors and regular reviews by the State of Florida. The FEFC Fund, initially funded with $1,000,000 from the State of Florida, is under the full control of FEFC's Board of Directors and is separate from any other funds. Additional funding may be appropriated each year by the State of Florida or from other sources, both public and private. The Corporation's administrative expenses are allocated from the FEFC Fund in accordance with an operating budget approved by the Board of Directors. All fees, interest income, investment income, or any other income is deposited directly to the FEFC Fund. Investments are made under rules established in Florida Statutes and in accordance with policy established by FEFC's Board of Directors.

The policy of the Board of Directors is to operate the FEFC in a sound and prudent manner which will accomplish the purposes and requirements of the Corporation as set forth in Florida Statutes while safeguarding and increasing its assets. The Board has established a credit committee, an audit and examination committee, an asset and liability committee, a management review committee, and an executive committee. Each committee has specific responsibilities concerning establishing and overseeing policies and procedures of the Corporation.

YEAR 2009 FACT SHEET

*July 5, 1992	- Business Plan presented to and approved by Governor's Office
*July 1, 1993	- Enabling Statute FS 288.770/8
*August 16, 1993	- First employee
*November 5, 1993	- Programs/Policies approved by Board and Governor's Office
*February 2, 1994	- Began accepting Loan Guarantee applications
*November 1, 1994	- Became member of Ex-Im Bank City/State Program
*May 1, 1995	- Signed Co-Guarantee Agreement with SBA
*December 1, 1995	- Ex-Im Bank Umbrella Insurance Policy activated
*July 1, 1996	- Increased Capital Grant by State
*September 18, 1996	- Ex-Im Bank Delegated Authority received
*July 1, 1997	- State Grants Self-Sufficiency Capital
*December 31, 1998	- Achieved Self-Sufficiency

<u>Note</u>: figures are cumulative from inception except where noted	<u>12/31/09</u>
Medium term (over 1yr.) loans commitments arranged on behalf of small Florida exporters	$1,368,665,000
Export value of Political and Credit Risk Insurance arranged to support sales of small Florida exporters	$ 185,000,000
Export value covered by FEFC loan guarantee commitments for small Florida exporters	$ 330,531,000
Total value assisted (100% small business/ approx. 72% minority and women owned)	$1,854,196,000
Total for 2009 activities	$ 171,649,400
Total State Grants received (1993/1997) $5,600,000 Capital - $1,000,000 Operating Expenses	$ 6,600,000
Net Worth of FEFC - 12/31/09	$ 5,046.040

Total number of seminars -	357
FEFC seminar attendance - Exporters	11,801
- Bankers	2,280

FEFC Status - Non stock not for profit corporation with IRS 501(c)3 status
15 Member Board of Directors (5 Government/10 Private Sector)
Loan Defaults – 18 ($1,975,196 Net Loss)

Legislative Mandate - To increase job opportunities and income for residents of Florida by providing financial, technical, and consulting assistance to small and medium sized Florida companies in support of their export sales.

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FLORIDA EXPORT FINANCE CORPORATION

A NOT FOR PROFIT CORPORATION
CREATED AND FUNDED BY THE STATE OF FLORIDA

To Financial Professionals:

All of us who offer financial services to businesses in the State of Florida know the unique nature of our market. Many of your clients could be defined as small businesses, and many of those export goods and services to foreign markets. Indeed, small businesses are the major engine of employment, economic growth, and exporting in our State.

Despite their importance to our economy, far too often they lack access to the financing they need. This is especially true of small business which need financing for their export transactions. The Florida Export Finance Corporation (FEFC) was created by the State of Florida as a not-for-profit corporation, with a mandate to expand employment and income opportunities by supporting the export of goods and services from the State.

The FEFC offers information, technical and consulting assistance to exporters throughout the State of Florida. Financial assistance, though, is our chief service. The FEFC will guarantee a lender's revolving line up to a maximum of $500,000. Applicants for a loan guarantee must be exporters based in Florida who have been turned down by at least one potential lender.

The FEFC is a member of the City/State program of the Export-Import Bank of the United States and offers Florida exporters access to U.S. Government export assistance programs offered by the Ex-Im Bank and the SBA. Services include packaging for the loan, insurance and guarantee programs offered by these agencies. The FEFC has delegated authority for Ex-Im Bank working capital loan guarantees up to $1,000,000 and SBA loans for up to $1,500,000.

This pamphlet reviews our general services. We ask that you bring to your client's attention the many opportunities available to them to enhance their success as exporters. One call or visit to our offices is all that is necessary to learn about these opportunities. Applications are available on the Internet or upon request.

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FLORIDA EXPORT FINANCE CORPORATION

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EXPORT FINANCE ASSISTANCE FOR FLORIDA COMPANIES

A major hurdle for many businesses seeking to take advantage of the opportunities offered by expanding foreign markets is access to affordable working capital. The State of Florida, working in partnership with the federal government and the State's banking community has lowered this hurdle for small and medium-sized businesses.

FLORIDA EXPORT FINANCE CORPORATION

Access up to $500,000 in loan guarantees is available to Florida's small and medium-sized businesses through the Florida Export Finance Corporation (FEFC). The FEFC was created by the State in 1993 as a not for profit corporation with a mandate to expand employment and income opportunities to Florida residents by increased exports of goods and services resulting from assistance given by the FEFC to Florida companies. Information, technical, and consulting assistance is offered. However, financial assistance is the primary service offered by the FEFC. Guarantees are transaction specific but normally issued as a revolving line of credit. This program, operating in partnership with Florida's banking community, is designed to assist the State's smaller exporters by giving them improved access to affordable working capital.

FEFC FEATURES:

- Loan guarantees for the lesser of 90% of the loan or $500,000.
- No minimum size.
- May be used to support loan or standby letter of credit.
- Available for pre-export working capital and/or post-export receivables financing.
- Maximum term for pre or post-export is 180 days, combination is 360 days.
- Reduced turn-around time for approval.
- Flexible collateral requirements.

FEFC PROGRAM CRITERIA

- Shipment must be from Florida.
- Products do not have to be made in Florida.
- Must be a small/medium sized Florida company.
- Must have received a turndown from conventional lender or apply jointly with a lender.

FEFC PROGRAM FEES:

- $250 application fee.
- A facility fee based on maximum allowable outstanding at any one time.

EXPORT-IMPORT BANK OF THE UNITED STATES AND SMALL BUSINESS ADMINISTRATION CITY/STATE PROGRAM

The FEFC is a member of the City/State program and offers Florida exporters access to export assistance programs offered by the Ex-Im Bank and the SBA. Services include packaging for Ex-Im Bank and SBA export working capital guarantees, and other loan, insurance and guarantee programs offered by these agencies.

FEFC PACKAGING, CREDIT INSURANCE, AND CO-GUARANTEE PROGRAMS

Financing assistance provided by the City/State Program focuses on the packaging and expedited processing of applications. The FEFC will assist exporters and lenders in arranging loans exceeding the FEFC limit in order to complete an export sale of any size including Ex-Im Bank product and project loans and SBA loans. The FEFC will assist exporters and lenders in obtaining credit insurance to mitigate foreign risk. FEFC can combine its guarantee with that of the SBA for a total guarantee value of up to $1,500,000. FEFC has delegated authority from Ex-Im Bank and can combine its guarantee with that of Ex-Im Bank for a $1,000,000 guarantee. This delegated authority is primarily designed to work with community banks in support of their customers.

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REFERRAL SERVICES

FEFC staff maintains up-to-date knowledge of exporter assistance programs offered by these federal agencies, as well as working relationships with their staffs. This combination allows us to recommend the best match between an exporter's financial need and available assistance and provide quick access to that assistance.

Products offered by Ex-Im Bank include:

- working capital guarantees/ medium-term guarantees/direct project guarantees/foreign credit insurance

SBA also offers working capital guarantees in support of export sales.

The export working capital guarantee programs of Ex-Im Bank and SBA are organized in a complimentary fashion. These programs are collectively referred to as the Export Working Capital Program. This program offers:

EWCP FEATURES:

- Guarantees to support specific transactions or a revolving line
- No minimum or maximum amount (though the amount requested will determine which agency will make the guarantee)

EWCP ELIGIBILITY CRITERIA:

- Exporter must have been in business at least one year
- Exporter must be able to demonstrate financial strength to support loan
- Export transaction must involve a country approved by Ex-Im Bank's Country Limitation Schedule
- Exporting company must have business operations in Florida.

Though the EWCP is operated jointly by the two agencies, certain features of the program are unique to each agency. The financing needs of the exporter, the nature of their business and the products being exported will determine which of the agencies will make the guarantee.

The most important of the defining criteria is the amount of financing being requested:

Ex-Im Bank
Guarantee requests exceeding $1,000,000
(Up to 90% of loan)

UNIQUE EX-IM BANK FEATURES

- Maximum term of financing is 1 year
- Exporter must be profitable
- No military sales
- Export product must exceed 50% U.S. origin
- Preliminary commitment for 6 months
- FEFC delegated authority for up to a $1,000,000 guarantee
- Master Agreements with community banks thru FEFC

SBA
Guarantee requests below $1,000,000
(Up to 90% of loan)

UNIQUE SBA FEATURES:

- Exporter must be a small business as defined by SBA
- Maximum term of financing is 3 years
- Military sales are allowed
- No. U.S. content requirement
- Preliminary commitment for 60 days
- Combined SBA/FEFC guarantee for up to $1,500,000

PLEASE CALL THE FEFC OFFICE FOR FURTHER INFORMATION ON PROGRAM LIMITATIONS & CRITERIA

President & CEO: **J. Stephen Fancher**

BOARD OF DIRECTORS

	Represents		
1.	**NW Florida:** **Region 1**	**Todd G. Kocourek, President & CEO** **Florida First Capital Finance Corp.** **P. O. Box 4166** **Tallahassee, FL 32315-4166** **850/222-5198 FAX 850/222-7284**	**10/10**
2.	**NE Florida:** **Region 2**	**Cathy Hagan** **University of North Florida** **Small Business Development Center** **12000 Alumni Drive** **Jacksonville, FL 32224** **904/620-2478 Fax 904/**	**07/12**
3.	**Central Florida:** **Region 3** **National Bank**	**Kenneth S. Nadler, Vice President** **Global Trade Services** **Fifth Third Bank** **5425 State Road 54** **New Port Richey, FL 34652** **727/807-2254 FAX**	**04/12**
4.	**West Central Florida:** **Region 4**	**Salvatore M. Pontillo** **3521 Autumn Glen Dr.** **Valrico, FL 33594** **813/505-2157**	**04/12**
5.	**SW Florida:** **Region 5**	**Robert B. Tweedie, Jr., Manager** **Collier County Airport Authority** **2003 Mainsail Drive** **Naples, FL 34114** **239/642-7878 FAX 239/394-3515**	**01/12**
6.	**South Florida:** **Region 6**	**Adolfo D. Martinez, Executive Director** **CAMACOL Loan Fund** **1417 W. Flagler St. 3rd Floor** **Miami, FL 33135** **305/642-7472 FAX 642-9086**	**04/12**
7.	**Insurance:**	**Art Warner, Vice President** **ARI – Global Brokers of** **Accounts Receivables Insurance** **19106 Two River Lane** **Boca Raton, FL 33498** **561/353-1170 Fax 561/353-1172**	**01/12**

8.	Foreign Bank:	Agustin Garcia, General Manager Director – America Caixa Galicia 1111 Brickell Avenue, Suite 2100 Miami, FL 33131 305/349-3965 Fax 305/579-1889	07/12
9.	State Bank	Open	
10.	Small/medium exporter:	Daniel M. Schwartz International Financing Network 1221 Brickell Avenue, Suite 947 Miami, FL 33131 305/319-01411 Cel. 786/942-5335	07/11
11.	Secretary of State:	Kurt Browning	
	Designee:	Jennifer Kennedy, Deputy Secretary Florida Department of State R. A. Gray Building 500 S. Bronough Tallahassee, FL 32399-0250 850/245-6525 FAX 850/245-6125	
12.	Chief Financial Officer:	Alex Sink State of Florida Department of Financial Services 200 E. Gaines Street Tallahassee, FL 32399-0302	
	Designee:	Casey A. Fletcher, CPA Vice President of Finance PalletOne, Inc. 1470 US Highway 17 So. P. O. Box 819 Bartow, FL 33831 Phone 863/533-1148X1337 Fax 863/534-1932	
13.	Enterprise Florida CEO:	John A. Adams, Jr.	
	Designee:	Manny Mencia, Vice President Enterprise Florida International Trade 201 Alhambra Circle #610 Coral Gables, FL 33134 305/808-3660 Fax 305/808-3586	
14.	BBIB Board Chair:	Open	

FLORIDA EXPORT FINANCE CORPORATION
Balance Sheet
As of December 31, 2009

	Dec 31, 09
ASSETS	
Current Assets	
Checking/Savings	
DEPOSIT/REPO ACCT	238,819.12
FEFC/SPIA	3,939,439.63
OPERATING ACCT	30,451.33
Total Checking/Savings	4,208,710.08
Other Current Assets	
LOANS - see note 6	834,616.12
SECURITY DEPOSIT	2,713.50
Total Other Current Assets	837,329.62
Total Current Assets	5,046,039.70
TOTAL ASSETS	**5,046,039.70**
LIABILITIES & EQUITY	
Equity	
GUARANTEE FUND	5,500,000.00
OPENING CAPITAL	100,000.00
RETAINED EARNINGS	711,548.66
Net Income	-1,265,508.96
Total Equity	5,046,039.70
TOTAL LIABILITIES & EQUITY	**5,046,039.70**

FLORIDA EXPORT FINANCE CORPORATION
Profit & Loss
January through December 2009

	Jan - Dec 09
Income	
APP FEES	9,250.00
GUAR FEES	55,625.74
INVESTMENT INCOME	107,896.02
RECOVERIES	23,335.00
REIMB EXP	28,143.56
SERVICE FEES	25,786.37
Total Income	250,036.69
Expense	
BANK CHARGES	1,883.44
BOARD	3,474.18
CLAIMS	965,623.87
DUES	1,080.00
EMPLOYEE BENEFITS	98,144.38
EQUIP RENT	4,132.55
INSURANCE	11,803.00
LICENSES	61.25
MISC EXPENSES	314.73
OFFICE SUPP/PRINTI...	8,446.61
PAYROLL	315,000.12
PAYROLL TAXES	23,312.76
POSTAGE	2,251.43
PROFESSIONAL FEES	15,564.95
RENT	44,306.84
REPAIR & MAINT	105.00
TAXES	25.00
TELEPHONE	7,444.61
TRAVEL	10,295.93
UTILITIES	2,275.00
Total Expense	1,515,545.65
Net Income	**-1,265,508.96**

FLORIDA EXPORT FINANCE CORPORATION

Profit & Loss Prev Year Comparison

January through December 2009

	Jan - Dec 09	Jan - Dec 08	$ Change	% Change
Income				
APP FEES	9,250.00	7,250.00	2,000.00	27.6%
GUAR FEES	55,625.74	77,000.00	-21,374.26	-27.8%
INVESTMENT INCOME	107,896.02	219,643.23	-111,747.21	-50.9%
LOAN INTEREST	0.00	6,432.25	-6,432.25	-100.0%
RECOVERIES	23,335.00	235,818.29	-212,483.29	-90.1%
REIMB EXP	28,143.56	22,089.00	6,054.56	27.4%
SERVICE FEES	25,786.37	17,748.72	8,037.65	45.3%
Total Income	250,036.69	585,981.49	-335,944.80	-57.3%
Expense				
BANK CHARGES	1,883.44	1,296.91	586.53	45.2%
BOARD	3,474.18	2,223.78	1,250.40	56.2%
CLAIMS	965,623.87	580,648.92	384,974.95	66.3%
DUES	1,080.00	80.00	1,000.00	1,250.0%
EMPLOYEE BENEFITS	98,144.38	92,446.67	5,697.71	6.2%
EQUIP RENT	4,132.55	3,889.32	243.23	6.3%
INSURANCE	11,803.00	11,077.00	726.00	6.6%
LICENSES	61.25	61.25	0.00	0.0%
MISC EXPENSES	314.73	1,850.11	-1,535.38	-83.0%
OFFICE SUPP/PRINTI...	8,446.61	7,998.27	448.34	5.6%
PAYROLL	315,000.12	325,258.57	-10,258.45	-3.2%
PAYROLL TAXES	23,312.76	23,997.71	-684.95	-2.9%
POSTAGE	2,251.43	3,362.43	-1,111.00	-33.0%
PROFESSIONAL FEES	15,564.95	14,200.00	1,364.95	9.6%
RENT	44,306.84	43,318.38	988.46	2.3%
REPAIR & MAINT	105.00	0.00	105.00	100.0%
TAXES	25.00	25.00	0.00	0.0%
TELEPHONE	7,444.61	6,709.63	734.98	11.0%
TRAVEL	10,295.93	5,148.79	5,147.14	100.0%
UTILITIES	2,275.00	2,226.11	48.89	2.2%
Total Expense	1,515,545.65	1,125,818.85	389,726.80	34.6%
Net Income	**-1,265,508.96**	**-539,837.36**	**-725,671.60**	**-134.4%**

NOTES TO FEFC FINANCIAL STATEMENTS
12/31/09

1. The FEFC is a 501(c)3 Not For Profit Corporation utilizing modified cash accounting.

2. Florida Statutes establish the FEFC **Guarantee Account** as the net worth of the FEFC. This amount is available to pay any claims against FEFC loan guarantee commitments.

3. Florida Statutes authorize the FEFC to have outstanding loan guarantee commitments (contingent liabilities) of five times the balance of the Guarantee Account, and allow the FEFC Board of Directors to reduce this leveraging ratio at its discretion. The leveraged amount is the FEFC **Guarantee Authority**.

4. The FEFC **Guarantee Fund** was established by the FEFC, within the Guarantee Account, and represents grants by the State specifically directed by the board to support FEFC loan and loan guarantee commitments. The FEFC uses the Guarantee Fund as a conservative base for establishing the Guarantee Authority.

5.

	Guarantee Account	**Guarantee Fund**	**Guarantee Authority**
12/31/09	$5,046,040	$4,234,491	$21,172,455
Outstanding		1,570,000	7,850,000
Available		2,664,491	13,322,455

A) Guarantee Account - Net worth of the FEFC at any point in time.

B) Guarantee Fund - Guarantee Account less retained earnings and other capital not specifically designated for loan and loan guarantee commitments.

C) Guarantee Authority - Five times the Guarantee Fund. (See note 5D)

D) Outstanding - Existing FEFC guarantee commitments (contingent liabilities) at full value against the Guarantee Authority and at 20% of such value against the Guarantee Fund. FEFC loans are applied at full value against both the Guarantee Authority and the Guarantee Fund. (See Note 6)

E) Available - Guarantee Authority/Fund less Outstandings.

F) At 12/31/09 loans and loan guarantee commitments outstanding equal to 1.56 times the Guarantee Account, 1.85 times the Guarantee Fund, and 37.1% of the Guarantee Authority.

6. All outstanding loans ($834,616) were originally guarantees which were converted to loans by FEFC as a result of paying the lender claims. All loans are performing marginally and if all were considered as total losses and eliminated from the Balance Sheet FEFC's resulting net worth would be $4,211,424.

INCOME STATEMENT
TWELVE MONTHS ENDING ON DATE SHOWN

	12/31/93	12/31/94	12/31/95	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01
Income	$ 6,389	$174,950	$407,997	$432,654	$564,150	$681,845	$489,603	$539,123	$697,994
Expenses	29,566	162,824	232,073	289,522	335,362	497,265	418,072	447,443	570,335
Profit(Loss)	(23,177)	12,126	175,924	143,132	228,778	184,580	71,531	91,680	127,689

	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	Cumulative
Income	. $399,537	$728,196	$266,870	$535,702	$833,310	$925,082	$ 585,981	$ 250,037	$ 8,519,421
Expenses	764,003	502,043	471,708	386,735	463,160	861,906	1,125,819	1,515,546	9,073,382
Profit(Loss)	(364,466)	226,153	(204,838)	148,967	370,150	63,176	(539,837)	(l,265,509)	($ 553,961)

BALANCE SHEET
AS OF DATE SHOWN

	12/31/93	12/31/94	12/31/95	12/31/96	12/31/97	12/31/98	12/31/99
Capital	$1,000,000	$1,000,000	$1,000,000	$2,500,000	$4,800,000	$5,600,000	$5,600,000
Retained Earnings	(23,177)	(11,051)	164,874	308,007	536,795	721,375	792,906
Net Worth	976,823	988,949	1,164,874	2,808,007	5,336,795	6,321,375	6,392,906

	12/31/00	12/31/01	12/31/02	12/31/03	12/21/04	12/31/05	12/31/06
Capital	$5,600,000	$5,600,000	$5,600,000	$5,600,000	$5,600,000	$5,600,000	$5,600,000
Retained Earning	884,586	1,012,245	647,779	873,931	669,094	818,061	1,188,210
Net Worth	6,484,586	6,612,245	6,247,779	6,473,931	6,269,094	6,418,061	6,788,510

	12/31/07	12/31/08	12/31/09
Capital	$5,600,000	$5,600,000	$5,600,000
Retained Earnings	1,251,386	711,549	(553,960)
Net Worth	6,851,386	6,311,549	5,046,040

The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
http://edr.state.fl.us

Economic Development Incentives Report

A summary of the local governments' responses to the new reporting requirements outlined in sections 125.045 and 166.021, Florida Statutes.

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Summary

The 2010 Legislature passed Committee Substitute for Senate Bill 1752 (Chapter 2010-147, Laws of Florida) relating to economic development. Sections 1 and 2 of the legislation amended sections 125.045 and 166.021, Florida Statutes, and imposed new economic development reporting requirements on county and municipal governments.

Per the legislation, the Office of Economic and Demographic Research (EDR) as the successor to the Legislative Committee on Intergovernmental Relations compiled the data submitted by local governments and produced the ensuing report. The report shows the total of each class of economic development incentives provided by each county and municipal government and a total for all counties and all municipalities, respectively. Pursuant to the new law, EDR will provide a copy of this report to the Governor's Office of Tourism, Trade, and Economic Development and any other interested parties. This report will also be posted to EDR's website at http://edr.state.fl.us

Results

A survey form for reporting the economic development incentives information was made available to all local governments for completion between mid-October 2010 and late January 2011. Emails were sent to local fiscal managers and directors providing information on the law change and directions for completing the survey. A total of 74 local governments completed the survey, 38 counties and 36 municipalities.

Respondents were asked to report incentives by class and type. A detailed description of each class can be found in the Glossary at the end of the report.

- Direct Incentives – monetary assistance provided to one or more businesses or through an organization authorized by the local government. Direct incentives include grants, loans, equity investments, loan insurance and guarantees, and training subsidies.
- Indirect Incentives – grants or loans provided to businesses or community organizations that provide support to businesses or promote business investment or development.
- Fee-based or Tax-based Incentives – Tax or fee credits, refunds, exemptions, or property tax abatement or assessment reductions.
- Below Market Rate Leases or Deeds for Real Property – provided to businesses from the local government.

Of the 37 counties that submitted surveys, 10 counties did not issue economic development incentives which met the statutory reporting requirement (incentives greater than $25,000 during the previous fiscal year[1]). Even so, 2 of the 10 counties chose to voluntarily report its incentives. Incentives in the amount of $84.4 million were reported by the counties that completed this

[1] These counties included Bradford, Calhoun, Desoto, Franklin, Madison, Monroe, Volusia, and Wakulla. Alachua and Walton counties chose to report their incentives.

survey.   The largest percentage of the incentives granted was in the form of indirect incentives accounting for $40.5 million of the total incentives (47.9%). Of interest, more counties gave more businesses direct incentives such as grants, but the dollar value was lower. Finally, only Santa Rosa and Sarasota counties have taken advantage of all four classes of incentives.

Of the 35 municipalities that reported, 15 municipalities did not issue economic development incentives which met the statutory reporting requirement (incentives greater than $25,000 during the previous fiscal year[2]). However, 3 of these municipalities chose to voluntarily report their incentives.   Incentives in the amount of $60.7 million were reported by the municipalities that completed this survey.   The largest percentage of the incentives granted was in the form of fee and tax credits, accounting for $36.8 million of the total incentives (60.7%).

Note: The value of property tax assessment reduction was calculated to reflect the value of the reduction in property tax, not the value of the assessment reduction.

[2] These municipalities included Belleair Shore, Boca Raton, Callaway, Cape Coral, Caryville, Clermont, Destin, Freeport, Live Oak, Lynn Haven, Oakland, Panama City, Pinellas Park, Pomona Park, and Starke. Saint Petersburg, Bunnell, and Plant City chose to report their incentives.

Counties

Total Incentives

Incentive	# of counties that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentives	Avg. per business
Direct Incentives	23	$29,675,804	35.1%	125	$237,406
Indirect Incentives	15	$40,450,510	47.9%	62	$652,428
Fee or Tax Based Incentives	17	$12,774,650	15.1%	111	$115,087
Below market lease/deeds	3	$1,541,679	1.8%	4	$385,420
Total		$84,442,643	100.0%	302	$279,611

By Incentive

Direct Incentives	# of counties that granted direct incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	21	$27,705,603	93.8%	95	$ 291,638
Loans					
Equity Investment					
Loan Insurance					
Loan Guarantees					
Training	3	$1,135,399	3.8%	13	$ 87,338
Other	3	$710,214	2.4%	10	$ 71,021
Total		$29,551,216	100%	23	$ 1,284,835

Indirect Incentives	# of counties that granted indirect incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	12	$36,951,113	91.2%	57	$ 648,265
Loans					
Other	5	$3,569,919	8.8%	16	$ 223,120
Total		$40,521,032	100%	73	$ 555,083

Fee or Tax Based Incentives	# of counties that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Credits	2	$390,062	3.1%	4	$97,516
Refunds	6	$471,103	3.7%	27	$17,448
Exemptions	3	$252,631	2.0%	13	$19,433
Property Tax Abatement	7	$10,785,879	84.4%	65	$165,937
Property Tax Reduction	1	$635,593	5.0%	1	$635,593
Other	1	$239,381	1.9%	1	$239,381
Total		$12,774,650	100%	67	$190,666

By Incentive (cont.)

Below Market Leases or Deeds	# of counties that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Leases	2	$1,032,800	67.0%	2	$516,400
Deeds	2	$508,879	33.0%	2	$254,440
Total		$1,541,679	100%	4	$385,420

Incentives Geared towards certain industries

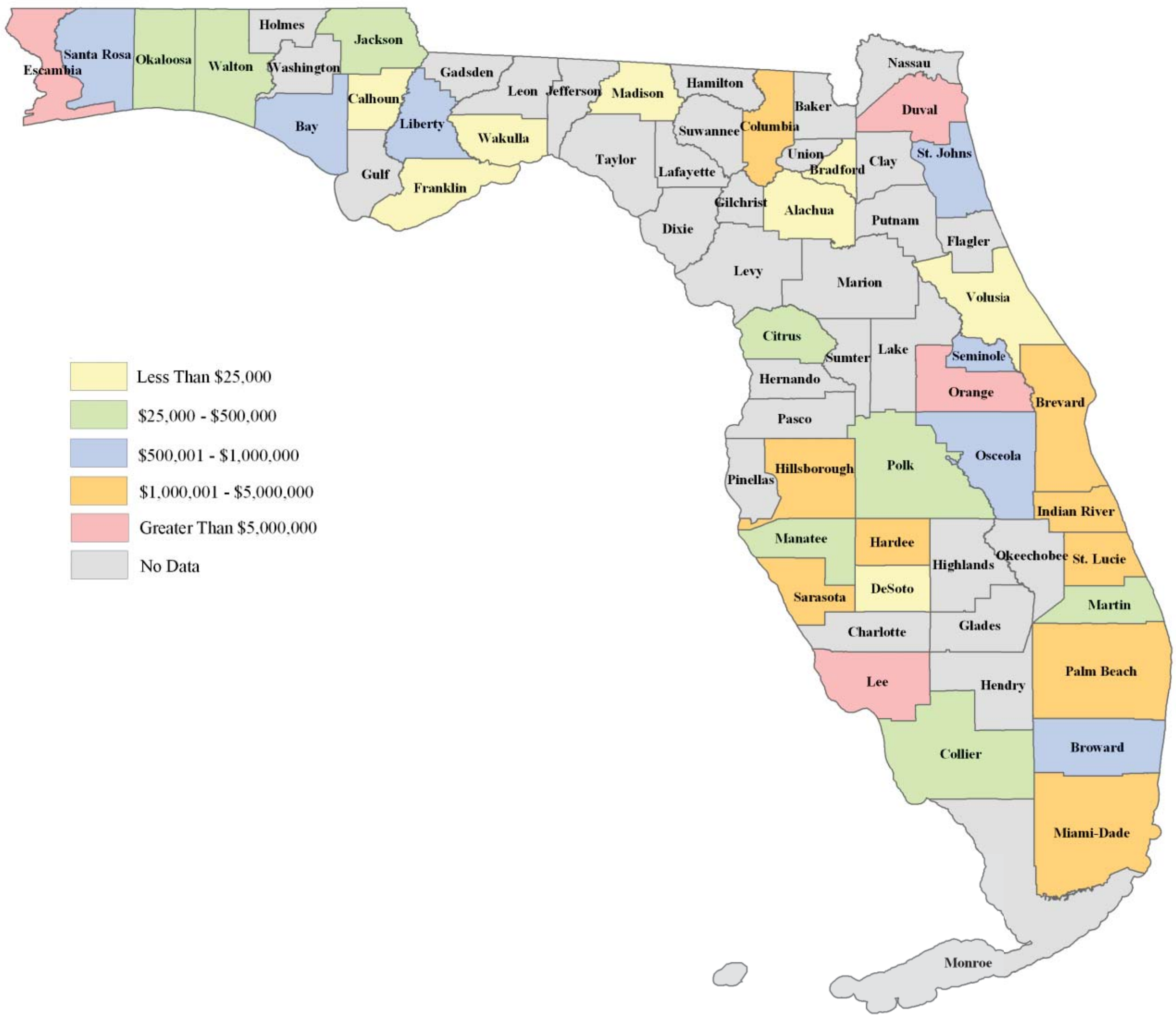
Industry Type	# of counties that gear their incentives towards that industry
Manufacturing	20
Corporate Headquarters	19
Professional Services	14
Research and Development	18
Information Technology	19
Financial Services	16
Multi-state/multi-national distribution	16
Business Services	16
Other[3]	14

[3] Other industries that counties have their incentives geared towards are: Aviation/Aerospace, Health & Life Sciences, Computer Sciences, Logistics and Distribution, Healthcare, Building Systems, Medical Devices, Renewable Energy, Bioscience, Agri-technology, Arts, Sports, Maritime, Manufacturing, Modeling and Simulation, Cleantech, Tourism/Recreation/Entertainment, Transportation

Responses by County

County	Total Direct	Total Indirect	Total Fee and Tax Based	Total Below Market Lease or Deeds	Total Incentives
Alachua			$23,917		$23,917
Baker					0
Bay			$860,782		$860,782
Bradford					0
Brevard		$1,500,050	$216,186		$1,716,236
Broward	$176,325	$774,650			$950,975
Calhoun					0
Charlotte					0
Citrus	$72,000				$72,000
Clay					0
Collier	$47,668	$400,000			$447,668
Columbia			$1,208,527		$1,208,527
De Soto					0
Dixie					0
Duval	$5,194,379	$98,940			$5,293,319
Escambia	$500,000	$1,049,219	$3,916,704		$5,465,923
Flagler					0
Franklin					0
Gadsden					0
Gilchrist					0
Glades					0
Gulf					0
Hamilton					0
Hardee	$3,000,000		$203,174	$7,379	$3,210,553
Hendry					0
Hernando					0
Highlands					0
Hillsborough	$2,865,768	$845,841	$268,756		$3,980,365
Holmes					0
Indian River	$452,951	$692,099			$1,145,050
Jefferson					0
Lafayette					0
Lake	$149,000				$149,000
Lee	$11,441,300				$11,441,300
Leon					0
Levy					0
Liberty			$635,593		$635,593
Madison					0
Manatee	$139,277	$231,000			$370,277
Marion					0
Martin	$60,000				$60,000
Monroe					0
Miami-Dade	$2,766,309		$476,877		$3,243,186
Nassau					$0
Okaloosa			$199,609		$199,609
Okeechobee					0
Orange	$355,003	$31,922,887			$32,277,890
Osceola	$547,762				$547,762
Palm Beach	$702,522	$1,411,584	$35,264		$2,149,370
Pasco					0
Pinellas					0
Polk	$109,000		$62		$109,062
Putnam					0
St. Johns	$421,152	$217,200	$2,554		$640,906
St. Lucie	$48,900	$250,000	$4,083,070		$4,381,970
Santa Rosa	$3,000	$464,040	$14,193	$504,000	$985,233
Sarasota	$118,488	$350,000	$239,381	$1,030,300	$1,738,169
Seminole	$490,000		$390,000		$880,000
Sumter					0
Suwannee					0
Taylor					0
Union					0
Volusia					0
Wakulla					0
Walton	$15,000	$243,000			$258,000
Washington					0
Total	$29,675,804	$40,450,510	$12,774,649	$1,541,679	$84,442,642

County Responses Map



Counties that indicated that they were not required to remit the survey are included with the counties who reported incentives less than $25,000.

Municipalities

Total Incentives

Incentive	# of municipalities that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentives	Avg. per business
Direct Incentives	13	$9,005,894	14.8%	71	$126,844
Indirect Incentives	9	$1,545,582	2.5%	29	$53,296
Fee or Tax Based Incentives	13	$36,840,208	60.7%	185	$199,136
Below market lease/deeds	6	$13,349,971	22.0%	45	$296,666
Total		$60,741,655	100.0%	330	$184,066

By Incentive

Direct Incentives	# of municipalities that granted direct incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	11	$8,757,158	98.9%	64	$136,831
Loans					
Equity Investment					
Loan Insurance					
Loan Guarantees					
Training					
Other	1	$96,965	1.1%	2	$48,483
Total		$8,854,123	100%	66	$134,153

Indirect Incentives	# of municipalities that granted indirect incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	6	$1,111,051	71.9%	19	$58,476
Loans					
Other	4	$434,531	28.1%	12	$36,211
Total		$1,545,582	100%	31	$49,857

Fee or Tax Based Incentives	# of municipalities that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Credits	2	$28,364,141	77.1%	133	$213,264
Refunds	5	$202,508	0.6%	23	$8,805
Exemptions	2	$4,272,577	11.6%	11	$388,416
Property Tax Abatement	4	$3,710,419	10.1%	13	$285,417
Property Tax Reduction					
Other	2	$233,620	0.6%	3	$77,873
Total		$36,783,265	100%	183	$201,001

By Incentive (cont.)

Below Market Leases or Deeds	# of municipalities that granted incentives	Total amount granted ($)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Leases	6	$13,349,971	100.0%	45	$296,666
Deeds					
Total		$13,349,971	100%	45	$296,666

Incentives Geared towards certain industries

Industry Type	# of municipalities that gear their incentives towards that industry
Manufacturing	8
Corporate Headquarters	7
Professional Services	5
Research and Development	8
Information Technology	8
Financial Services	6
Multi-state/multi-national distribution	6
Business Services	5
Other[4]	7

[4] Other industries that counties have their incentives geared towards are: Enterprise Zone Businesses, Restaurants, Boutiques, Arts, Antiques & Tourism, Life Sciences, Digital Media, Operation Centers, State and Private College/University satellite campuses, Life and Bio Sciences

Responses by Municipality

Value ($) of Incentives

Municipality	Total Direct	Total Indirect	Total Fee and Tax Based	Total Below Market Lease or Deeds	Total incentives
Bonita Springs			$54,945		$54,945
Brooksville			$28,879		$28,879
Davie	$346,965				$346,965
DeFuniak Springs	$40,396		$75,015		$115,411
Deltona		$25,619	$25,619		$51,238
Fort Walton Beach		$32,000	$24,021	$247,347	$303,368
Keystone Heights	$41,228				$41,228
Lake Park	$95,530				$95,530
Melbourne		$10,000	$64,010		$74,010
Orlando	$81,770	$456,617	$295,651		$834,038
Ormond Beach	$127,372		$8050		$135,422
Palm Bay	$4,495,442		$3,609,480	$5,400,000	$13,504,922
Pinellas Park	$32,532		$7,601		$40,133
Port Saint Lucie	$3,000,000	$50,000		$1,000,000	$4,050,000
Saint Cloud	$395,000				$395,000
Saint Petersburg			$20,550	$1,107,637	$1,128,187
Sanford	$150,000				$150,000
Sarasota		$358,662		$5,198,587	$5,557,249
Tallahassee		$100,000	$4,302,716	$396,400	$4,799,116
Tampa	$199,658	$439,000	$28,323,671		$28,962,329
TOTAL	$ 8,878,521	$ 1,471,898	$ 36,832,158	$ 13,349,971	$ 60,532,548

Issues:

The following issues were discussed with local government representatives.

- **Are Community Redevelopment Areas (CRAs) incentives required to be included in this survey?**
    - No, the reporting requirements in Sections 125.045 and 166.021, Florida Statutes, specify that a county or a municipality shall report economic incentives the county or municipality granted during the previous fiscal year. As the language specifies that only counties or municipalities must report, CRAs are not required to complete the survey. Economic incentives offered to a business within a CRA from a county or municipality should be included in the county's or municipality's report.
    - Community Redevelopment Areas are dependent special districts that are financed primarily through tax increment funding. Once approved, ad valorem taxes are calculated for a CRA for a base year and the value of all real property is frozen as of a fixed date. Any tax revenues from increases in real property value after the fixed date are deposited into the Community Redevelopment Agency Trust Fund. The funds through the tax increment financing must be used for specific redevelopment purposes in the CRA.

- **How to determine below market leases? Leases could be 20 or 99 year leases, measuring each parcel and their current value would be a cumbersome job.**
    - Advised using an average value for square footage.

- **What about leases for events that aren't solely economic incentives but bring in revenue (such as stadiums, downtown events, etc?)**
    - Advised to not include unless they are directly involved in economic development.

- **Do you use the date that incentives are committed or disbursed?**
    - Disbursed

- **Would a bond payment for construction count?**
    - If the bond was issued for an economic development agency or business.

- **Are there are consequences if the survey isn't filled out?**
    - Currently there is not.

- **Should an incentive granted to a non-profit who promotes business activity included?**
    - Yes, a recipient of an indirect incentive can include communities, financial institutions, universities, training providers and childcare providers. Funds can be tied to expansion projects, communities including infrastructure, training, highway access, airports, etc. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees.

GLOSSARY

Direct financial incentives provide direct monetary assistance to a business from the local government or through a local government funded organization. The assistance is provided through grants, loans, equity investments, loan insurance and guarantees. These programs generally address business financing needs but also may be invested in workforce training, market development, modernization, and technology commercialization activities. Cash grants provide the greatest flexibility and immediate benefit to the company by reducing capital outlays. However, loans, bonds, and equity financing are commonly used to make resources available with an expectation that the dollars will be returned for future investments. Another important category of direct financial incentives is in the area of training subsidies. Other forms of direct financial incentive include revolving loan funds, product development corporations, seed capital funds, and venture funds. These programs directly supplement market resources through public lending authorities and banks. *Direct financial incentives are typically discretionary.*

Indirect incentives include grants and loans to local government entities, non-profits, and community organizations to support and promote business investment or development. The recipients include communities, financial institutions, universities, community colleges, training providers, venture capital investors, and childcare providers. In many cases, the funds are tied to one or more specific business locations or expansion projects. Other programs are targeted toward addressing the general needs of the business community, including infrastructure, technical training, new and improved highway access, airport expansions and other facilities. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees. Indirect incentives may also be used to leverage private investment in economic development. For instance, linked deposit programs in which local government funds are deposited in a financial institution in exchange for providing capital access or subsidized interest rates to qualified business borrowers. *Indirect financial incentives are typically discretionary.*

Tax-*based* incentives use the tax code (or tax base) as the source of direct or indirect subsidy to qualified businesses. It is more stable and less visible than direct financial or indirect incentives because it does not typically require an annual appropriation. Tax-based incentives can be either discretionary or entitlements. While tax based incentives function like direct financial incentives, the ubiquitous use of these incentives justifies a separate categorization.
Tax-based incentives can be further classified into five sub-categories:

- CREDITS, which provide a reduction in taxes due, after verification that statutory or contractual terms have been met.
- REFUNDS, which provide a return on taxes paid, after verification that statutory or contractual terms have been met.
- EXEMPTIONS, which provide freedom from payment of a variety of taxes normally applied to certain business activities.
  LOCAL PROPERTY TAX ABATEMENTS or ASSESSMENT REDUCTIONS, which reduce or decrease the assessed valuation of ad valorem taxes, to include real property and personal property. Because the ad valorem tax is a local government revenue source, the cost of the incentive is borne by local governments.

Recent Material Related to:

Considerations in

Developing and Evaluating

Economic Development Incentives

Evaluation Criteria for Incentives:

IPR 2000-45, Senate Fiscal Resources Committee (2000)

- **Incentives should not harm existing Florida businesses**. Attracting a new business to Florida that causes the demise of an existing business that did not qualify for the incentive does not meet the test of horizontal equity. The incentive should be broadly available to existing and new business, where applicable.

- **Accountability** is not a bad word. **Incentives granted on the basis of some measurable benefit** like number of new jobs, or increases in average salaries might have qualifiers similar to ch. 99-171, L.O.F.

  - First, the incentive is not received until earned. Sales tax is paid up front but becomes a subsequent credit against severance tax. Production earns the credit rather than a subsidy.
  - Additionally, delivery of net new jobs in Florida qualifies the business for continuance of the credit.

- **Measurable economic benefits to the state or a region** are very hard to prove. REMI and other economic models, generally, have not been able to justify most incentives. They cannot isolate the impact of incentives on economic growth of the region or the state. The inverse is true as well. Quantitative analysis also cannot prove they have not encouraged growth. Accordingly, when the quantitative approach falls short, nothing is wrong with subjective consensus that an incentive feels like the right decision to make. In cases like this, what would be wrong with a post review or a sunset provision? **Work toward a cost benefit analysis.**

- **Incentives should not risk constitutionality questions**. The commerce clause and equal protection provisions may be violated if an incentive harms an out-of- state business. Volumes have been written on this issue and the issue is still evolving.

- **Target incentives for areas with**
  - **high unemployment,**
  - **depressed economic activity and**
  - **low per capita income.**

- **Continue to Invest more for the needs of instate entrepreneurs and upgrading worker skills.**

Guiding Principles for Economic Development Tools

REPORT OF THE MISSOURI TAX CREDIT REVIEW COMMISSION November 30, 2010

http://tcrc.mo.gov/pdf/TCRCFinalReport113010.pdf

Positive Return on Investment

Discretionary business development tax credits offered directly to a business should be used only when the project is projected to provide a positive return on investment, defined as a fiscal benefit to the state General Revenue fund net of the cost of the incentive and measured by a REMI or equivalent model. The amount of this return may vary between programs.

Return on Investment Within a Defined Time Period

The fiscal benefits to the state General Revenue fund should occur within an established time period, not to exceed 10 years, but in no event greater than the term of the benefit. However, discretionary business development tax credits used for public infrastructure should be allowed a longer period in which to gain a positive return on investment, not to exceed 20 years.

Focus on Primary Jobs

Business development tax credits should focus predominantly on "primary" or "base" jobs, which are jobs that produce goods or services in excess of what can be consumed within the local market and thereby bring new money into the local economy.

Reward Higher-Paying Jobs With Benefits

Business development tax credits should reward higher paying jobs (above county average wage) with due consideration for location, local employment (recent job loss), job numbers, and company permanency.

Business development incentives should reward companies who offer health insurance to their employees.

Consider Local Participation

Business development tax credits should consider (and reward) cost sharing with local governments.

Flexibility

Business development tax credits should be flexible to meet targeted, high growth industries and sectors, to incent a business activity or close a financing gap, and to apply to a variety of eligible activities, applicants and uses (able to address industry specific cost pressures).

Simplicity

Business development tax credits should be simple to understand, promote and execute and should be streamlined in their operation.

Up-Front Financing

Business development tax credits should allow for the option of up-front financing in certain circumstances through the use of refundable tax credits, with defined clawbacks for non-performance.

Entitlement and Discretionary Components

Business development tax credits should possess both entitlement and discretionary components, to provide both the certainty offered by an entitlement credit along with the project-specific flexibility offered by a discretionary credit.

Broad Applicability

Business development tax credits should work in both urban and rural areas of the state and should be available for large and small businesses.

North Carolina Joint Select Committee on Economic Development Incentives Report, 2/18/09

On March 2, 2007, The General Assembly of North Carolina created the Joint Select Committee on Economic Development Incentives. The committee was charged to examine and review the following:

- The interaction between economic incentives and other economic development tools in North Carolina and in other states.
- The role of State and local governments in recruiting businesses.
- The extent to which tax and other incentives have promoted economic development in the State and at what cost.
- Ways to ensure that legislators have adequate information about potential projects when presented with legislation to give incentives for the projects.
- Whether companies that receive incentives should be required to submit annualized, cumulative, and comprehensive reports to the Joint Legislative Commission on Governmental Operations.
- Methods to ensure that clawback provisions adequately protect North Carolina's investment.
- Any other information the Committee finds helpful in its deliberations.

In January 2008, the North Carolina General Assembly contracted UNC Center of Competitive Economics (c3e, Brent Lane 919 843-7304) to assist the Joint Select Committee on Economic Development Incentives in evaluating the performance of North Carolina's economic development incentive programs. C3E undertook this 18 month research program with the goal of addressing a set of questions deemed key to the committee's efforts:

1. What is an economic incentive and which ones are most appropriate for the committee to assess?

2. How can the success of economic incentives be judged and which measures are the highest priorities for North Carolina?

3. What companies have received economic incentives, how much have they gotten, and how much more will be granted under current policies?

4. What have been the benefits from economic incentives and how do programs and types of recipients differ in their economic impact?

5. To what extent do North Carolina's economic incentives affect the state's economy?

6. How do economic incentives factor into company location decisions, and what is the process operating today?

7. Who are North Carolina's competitors and how do they use economic incentives?

8. How do economic developers, business owners and citizens perceive the effectiveness and importance of economic incentives?

9. How would the economic impact of reducing the state's corporate tax rate compare to that of current economic incentives? http://www.nceda.org/pdfs/c3e-incentives-executive-summary-draft-1-13-09.pdf

As part of its research, C3E organized an Economic Development Incentives Symposium and invited the Committee members to attend. Five world-renown academic experts in the field of economic development joined about 60 North Carolinians in a four-hour examination of incentives in general and, more specifically, the use of incentives in North Carolina. The panel of experts included the following: Dr. Michael Luger, Dean, Manchester Business School, Manchester, England; Dr. Ed Feser, Professor of Urban and Regional Planning, University of Illinois at Urbana-Champaign; Dr. Dagney Faulk, Director of Research, Center for Business and Economic Research, Ball State University; Brian Dabson, President, Rural Policy Research Institute, and Professor, Truman School of Public Affairs, University of Missouri, Columbia; and Dr. Timothy Bartik, Senior Economist, Upjohn Institute for Employment Research, Kalamazoo, Michigan. All of the panelists commended the North Carolina General Assembly on its willingness to reexamine its policy on incentives. The panelists drew the following conclusions, based on national research:

- The effectiveness of economic development incentives is mixed and the cost of incentives is often expensive.
- Evidence suggests that companies may 'game' the system by bidding one state or community against another.
- Incentives cannot replace traditional business growth factors, such as good infrastructure, trained workforces, and quality lifestyles.
- **Statutory tax incentives appear to be the least effective form of economic development policy.**
- **Discretionary incentives may be used more strategically and effectively than statutory tax incentives.**
- **Human resource incentives, such as customized job training, provide the best return to the community and appear to be most important in business location decisions.**
- Targeting incentives to distressed areas makes policy sense, but there is scant evidence that they make a difference in location decisions.
- Using incentives in growing urban areas is of marginal importance in business location decisions and may contribute to growth management problems in those areas.
- Replacing incentives with adjustments in the corporate tax structure should be considered.
- Data, information, and research are critical in deciding how to best allocate tax expenditures and General Fund appropriations among the various economic development incentive programs.

http://www.ncleg.net/documentsites/legislativepublications/Study%20Reports%20to%20the%202009%20NCGA/Economic%20Development%20Incentives.pdf p. 9

GFOA: "Developing an Economic Development Incentive Policy" (2008)
http://www.gfoa.org/downloads/EDINCENTIVES.pdf

At a minimum, an economic development policy should contain the following elements:

1. Goals and Objectives. Goals and measurable objectives create a context and accountability for the use of economic development incentives. Common goals used in economic development include: target economic sectors, business retention and/or recruitment, geographic focus, job creation, blight mitigation, improving economically distressed neighborhoods, and environmental improvements.

2. Financial Incentive Tools and Limitations. An economic development policy should define the types of incentives and the extent to which the jurisdiction will use them. For example, governments may choose to grant an entitlement to any firm that meets minimum qualifications, or may choose to provide incentives based on an assessment of individual firms. Governments may also establish maximum funding for a particular program.

3. Evaluation Process. A clearly defined evaluation process should be outlined in an economic development policy for the purposes of consistency and transparency. Evaluation activities and factors typically include:

> **a.** How a proposal measures up to established economic development criteria
>
> **b.** A cost/benefit analysis
>
> **c.** An evaluation of tax base impact, both in terms of increases in taxable value and, where a TIF is proposed, the impact on all overlapping taxing jurisdictions.
>
> **d.** Analysis of the impact of a project on existing businesses
>
> **e.** A determination of whether the project would have proceeded if the incentive is not provided.
>
> A jurisdiction may also wish to include in its policy a list of required documentation for the economic development application and the officials who are a part of the review team.

4. Performance Standards. An economic development policy should require that specific performance standards be established for each project receiving incentives. Not only will these performance standards help a jurisdiction gauge the effectiveness of its overall economic development program, but may also be used to recover promised financial benefits, through clawbacks or linkage agreements, of recipients failing to fulfill their commitments.

5. Monitoring and Compliance. A process should be established for regular monitoring of the economic development incentives granted and the performance of each project receiving incentives. The policy should also provide for organizational placement and staffing of this activity. The monitoring process should examine performance standards relative to each economic development agreement and determine whether the goals for each project are achieved within the defined timeframe. Ongoing monitoring of these projects should become part of an overall economic development program.

Also see: The Role of the Finance Officer in Economic Development, by David Macgillivray. Government Finance Review, October 2006. Pp. 8-14 http://www.gfoa.org/downloads/GFROct06.pdf

GFOA: "Analyzing the Cost of Economic Development Projects" (2009)(CEDCP)
http://www.gfoa.org/downloads/CostofEDProjectsCEDCP.pdf

Jurisdictions utilizing economic development incentives have very different objectives from the businesses receiving them. Public bodies are responsible for providing services to citizens while businesses are focused on maximizing profits. Because of these competing interests, **the best returns on public investment through economic development incentives are those that have been examined carefully against the cost of the public expenditure.** To ensure government accountability and thoughtful long-term policymaking, an examination of the benefit to the local jurisdiction must be compared to the offered incentives, the need for those incentives, and the public cost or willingness to forgo future revenue.

The Government Finance Officers Association **(GFOA) urges state and local government officials to examine the fiscal costs associated with economic development projects, programs, and policies.** At a minimum, jurisdictions must examine cost elements and costing methodologies as part of their analyses. **Cost Elements:**

- **Opportunity Costs**. Evaluate other potential uses for the funds, land, and other incentives. This can also include one-time upfront developer subsidies. The evaluation should include uses discussed to date or that may develop in the future, recognizing that future uses inherently involve uncertainty. Is the considered project the highest and best use of the incentive(s)? Or, does a future project generate sufficient benefits to justify the risk that a more desirable project won't appear for some time?

- **Operational Costs**. Within the scope of the project, direct and indirect costs should be identified, and whether these costs will be an expansion of ongoing operations that will require additional resources should be determined. Examples of additional costs include police, fire, social services, roads, public transport, utilities, and recreational facilities.

- **Multi-jurisdictional Impacts.** Whether direct or indirect, cost impacts to multiple government levels – counties, townships, school districts, park districts, social service agencies, libraries, water/sewer districts – should be considered when possible within the scope of the project.

- **Market Impact.** Whether direct or indirect, market impacts to the jurisdiction should be considered. Examples include market absorption or saturation, capacity for growth, and potential displacement or substitution of existing local businesses and service providers.

- **Assessing Intangible Costs**. Project impact considerations may also take into account a variety of intangible factors. Such factors may include quality-of-life or amenities, and, while they may not be readily quantified, these factors can be very influential from the perspective of the taxpayers, neighbors, etc., who may be impacted by the project. Following the identification of applicable factors (e.g., noise, light pollution, traffic, and congestion), it is essential that jurisdictions understand and address the respective issues, while identifying mitigating factors if possible.

THE FLORIDA LEGISLATURE
OPPAGA
OFFICE OF PROGRAM POLICY ANALYSIS & GOVERNMENT ACCOUNTABILITY

January 2011 **Report No. 11-01**

Few Businesses Take Advantage of Enterprise Zone Benefits; the Legislature Could Consider Several Options to Modify the Program

at a glance

Over the past five years, Florida's Enterprise Zone Program awarded $187 million in incentives, most of which went to businesses in Miami-Dade County. Program participation remains relatively low in most enterprise zones, limiting progress toward achieving the legislative goals of revitalizing distressed areas and increasing employment of area residents.

The Legislature could consider several options for modifying the program, including

- **encouraging greater participation by lowering incentive eligibility thresholds;**
- **focusing on job creation by eliminating all incentives except jobs tax credits;**
- **establishing a one-year program moratorium on awarding incentives to save an estimated $18 million in Fiscal Year 2011-12;**
- **abolishing the program to save an estimated $18 million annually; or**
- **allowing the program to sunset on December 31, 2015.**

Scope

As required by Ch. 2010-147, *Laws of Florida*, OPPAGA reviewed the Florida Enterprise Zone Program and answered five questions.

1. How has the program changed over time?
2. What are the costs of incentives and program administration?
3. Are the application, review, and approval processes transparent, effective, and efficient?
4. Is the program effectively meeting legislative goals?
5. What options could the Legislature consider to modify the program?

Background

The 1982 Legislature created the Florida Enterprise Zone Program to provide incentives to induce private investments in economically distressed areas of the state. The program has several goals, including revitalizing and rehabilitating distressed areas, encouraging businesses to locate and expand in these areas, stimulating employment among area residents, and enhancing the areas' general social and economic well-being.[1]

To achieve these goals, the state, county, and municipal governments provide investments, tax incentives, and local government regulatory relief to encourage businesses to invest and locate in designated zones and residents to improve their property. These incentives include job and property tax credits as well as sales tax refunds (see Exhibit 1).

[1] Sections 290.001-290.016, *F.S.*, authorize the creation of enterprise zones in Florida and specify goals and criteria for the program. Chapter 2005-287, *Laws of Florida,* re-designated existing enterprise zones and extended the program until December 31, 2015.

Exhibit 1
Florida's Enterprise Zone Program Provides a Variety of Incentives

State Program Incentives
Enterprise Zone Jobs Tax Credit (Sales and Use Tax). Businesses located in a zone that collect and pay Florida sales and use tax are allowed a monthly sales tax credit for wages paid to new employees who have been employed for at least three months and are zone residents.
Enterprise Zone Jobs Tax Credit (Corporate Income Tax). Businesses located in a zone that pay Florida corporate income tax are allowed a corporate income tax credit for wages paid to new employees who have been employed for at least three months and are zone residents.
Enterprise Zone Property Tax Credit (Corporate Income Tax). New or expanded businesses located in a zone are allowed a credit on their Florida corporate income tax equal to 96% of ad valorem taxes paid on new or improved property.
Sales Tax Refund for Building Materials. A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in a zone.
Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone. A refund is available for sales taxes paid on the purchase of certain business property that is used exclusively in a zone for at least three years.
Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone. A 50% sales tax exemption is available to businesses located in a zone on the purchase of electrical energy. The exemption is only available if the municipality in which the business is located passed an ordinance to exempt qualified enterprise zone businesses from 50% of the municipal utility tax.
Community Contribution Tax Credit Program. Businesses located anywhere in Florida are allowed a 50% credit on Florida corporate income tax, insurance premium tax, or a sales tax refund for donations made to approved community development projects. This incentive is available only in Front Porch Florida communities or enterprise zones unless the projects include low and very low income housing.

Local Program Incentives

- Reduction in occupational license fees
- Reduction in building permit or land development fees
- Utility tax abatement
- Facade/commercial rehabilitation grants
- Local option economic development property tax exemptions
- Ad valorem tax exemptions
- Local funds for capital projects

Source: Office of Tourism, Trade, and Economic Development.

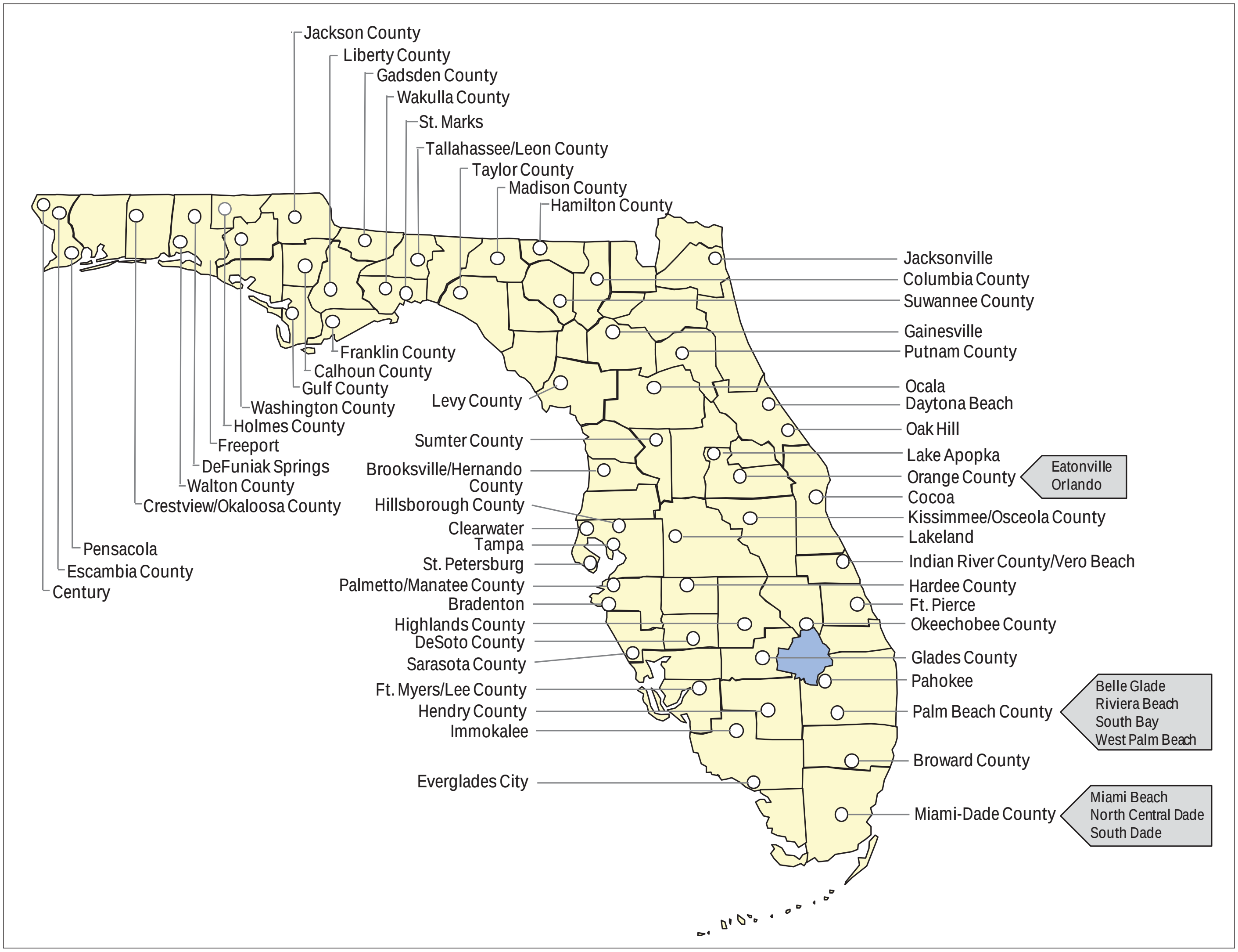
The Legislature requires enterprise zones to meet several criteria. An enterprise zone cannot exceed 20 square miles and must have a poverty rate greater than 20%, high unemployment, and include deteriorating structures.[2] Rural enterprise zones are located in counties with populations that generally do not exceed 100,000.[3] When the Legislature authorizes a new zone, counties and municipalities may nominate an area that meets the criteria to be designated as a zone. The state currently has 59 enterprise zones—29 urban and 30 rural, as shown in Exhibit 2.[4]

[2] The Legislature authorized federally designated empowerment zones and enterprise communities as state enterprise zones without regard to size.

[3] Zones may be designated rural if the nominating county has a population of 75,000 or less; a county has a population of 100,000 or less and is contiguous to a county with a population of 75,000 or less; a municipality is located in a county with a population of 75,000 or less; or a municipality is located in a county with a population of 100,000 or less and is contiguous to a county with a population of 75,000 or less.

[4] Two additional enterprise zones in Columbia and Suwannee counties, which were created in 2010 following the passage of Ch. 2010-108, *Laws of Florida*, effective July 1, 2010, were not included in our analysis.

Exhibit 2
Florida Currently Has 59 Enterprise Zones



Source: Office of Tourism, Trade, and Economic Development.

Local governments may apply to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) for an enterprise zone boundary change once every three years by adopting a resolution that describes the reasons for and extent of the proposed change.

Multiple state and local entities play a role in administering the enterprise zone program. At the state level, three agencies are involved in the enterprise zone program.

- The Governor's Office of Tourism, Trade, and Economic Development oversees the program and approves zone designation applications and changes in enterprise zone boundaries. The office also provides technical support to local zone coordinators, assists businesses in using program benefits, and submits annual program reports to the Governor and the Legislature.[5]
- The Department of Revenue approves program tax incentive applications and ensures that businesses and individuals receive associated tax credits and refunds.
- The state's economic development agency, Enterprise Florida, Inc., markets the program and maintains a website describing enterprise zone benefits and incentives.

[5] Section 290.014, *F.S.*

Local governments have enterprise zone administrative and monitoring responsibilities. For example, local governments are required to establish enterprise zone development agencies and employ zone coordinators to serve as local contacts. Zone coordinators provide assistance to businesses applying for state tax credits and refunds, certify incentive applications to the Department of Revenue, educate the public about the program, and submit data on zone activities to OTTED for inclusion in its annual program report. The state does not provide funding to local governments for these activities.

The incentive application and approval process includes several steps at the state and local levels. All businesses and individuals applying for the enterprise zone program incentives must complete a Department of Revenue form, which requires information such as business name and address, enterprise zone identification number, and small business designation, if applicable. Additional requirements vary based on the incentive sought.

Businesses applying for community contribution tax credits or refunds must seek approval from OTTED, while those applying for any other type of credit or refund must seek certification from the local enterprise zone coordinator. Applicants must attach required documents to the forms, including receipts if the business is applying for sales tax refunds and employee information if applying for jobs tax credits.

After receiving certification, businesses and individuals must submit an application to the Department of Revenue, which audits each application to verify that applicants meet several criteria. For example, applicants must have owned the property when improvements were made; employees must be full-time and live in an enterprise zone; applicants requesting refunds must pay the pertinent taxes; and application deadlines must be met.

If the department denies an application, it notifies the taxpayer. Taxpayers may respond by amending their applications, filing an informal protest with the department, or filing a written formal protest with the Division of Administrative Hearings (DOAH) or a circuit court. The department reports that since 2005, it has received 1,516 informal protests related to enterprise zone incentive applications.[6] DOAH held hearings on only three protests involving enterprise zone incentives during this period.

Many enterprise zone program applicants use consultants to assist with the incentive application process. These consultants provide expertise in determining applicants' eligibility for incentives and completing program applications. They typically work on a contingency basis, receiving a percentage of total incentives awarded to program applicants. Seventy-four percent of enterprise zone coordinators who responded to an OPPAGA survey question regarding consultants reported that most or some of the businesses that applied for incentives hired consultants.[7] According to survey respondents, the consultants' role in the application process was generally positive.[8]

Other states' enterprise zone programs are similar to Florida's. Prior OPPAGA reports found that more than three-fourths of the states have established enterprise zone or similar programs.[9] States' programs vary widely in the number of zones established, and three entire states have been designated as enterprise zones.[10] Most states require enterprise zone areas to meet certain criteria, such as having high levels of poverty, unemployment, and population losses. Most states also require businesses to meet certain job creation or capital investment criteria in order to receive incentives.

Some states have implemented other types of geographically targeted incentive programs such

[6] The number of protests received includes those made by developers filing individual refund claims for multiple condominium units.

[7] We sent a survey to all enterprise zone coordinators regarding program incentives and effectiveness. We received responses from 40 coordinators representing 41 of the 57 enterprise zones, resulting in a response rate of 72%. One coordinator represents two enterprise zones.

[8] Of the 32 enterprise zone coordinators who responded to this question, 27 said the role of paid consultants in the application process was mostly or somewhat positive.

[9] *Florida's Enterprise Zone Program Is Similar to Those of Other States*, OPPAGA Report No. 04-24, March 2004 and *The Legislature Has Several Options Available for Enhancing Rural Enterprise Zones*, OPPAGA Report No. 05-54, November 2005.

[10] These states are Arkansas, Kansas, and South Carolina.

as tax-free zones. These programs differ from typical enterprise zone programs in that they substantially reduce taxes for existing businesses and residents of distressed areas rather than targeting incentives to businesses relocating or expanding operations in a designated area.

Academic research on enterprise zone performance in Florida and other states has found mixed results, with numerous studies demonstrating that state enterprise zone programs had little to no effect. For example, a 2009 study found that enterprise zone designations had statistically significant effects on unemployment rates, poverty rates, and wages in several states but not in Florida.[11] Other research conducted in 2007 and 2009 determined that enterprise zones did not have statistically significant effects on increasing employment in California and Florida.[12, 13] Recent studies of Colorado's enterprise zones yielded similar mixed results, with one finding that the zones had an effect on creating jobs but not on attracting new businesses; the other study found that the zones had no effect on wages and no effect on employment except in rural zones.[14, 15]

These varying results are likely due to differences in research methods. For example, some researchers used census tracts to provide data on zone characteristics, while others used census blocks or ZIP codes for this purpose. Researchers also used different methods to identify areas that served as control groups for determining how the presence or absence of an enterprise zone designation affected program outcomes.

[11] John C. Ham, Ayse Imrohoroglu, and Charles Swenson, "Government Programs Can Improve Local Labor Markets: Evidence from State Enterprise Zones, Federal Empowerment Zones, and Federal Enterprise Communities," unpublished paper, 2009.

[12] David Neumark and Jed Kolko, "Do Enterprise Zones Create Jobs?," *Public Policy Institute of California*, 2009.

[13] Joel A. Elvery, "The Impact of Enterprise Zones on Resident Employment: An Evaluation of the Enterprise Zone Programs of California and Florida," *Economic Development Quarterly*, Vol. 23 Issue 1, February 2009, 44-59.

[14] Stephen Billings, "Do Enterprise Zones Work? An Analysis at the Borders," *Public Finance Review*, Vol. 37 Issue 1, January 2009, 68-93.

[15] Devon Lynch and Jeffrey S. Zax, "Incidence and Substitution in Enterprise Zone Programs: The Case of Colorado," unpublished paper, June 2010.

Questions and Answers

How has the program changed over time?

The Legislature has modified the program several times since its inception in 1982. The Legislature significantly revised the Enterprise Zone Program in 1994 by limiting jobs credits to businesses located in zones, limiting the number of zones to 20, eliminating most existing zones, and requiring local governments to reapply to have areas designated as zones. The Legislature also set a program expiration date of June 30, 2005, and transferred program administration from the Department of Community Affairs to the Department of Commerce. When the Department of Commerce was abolished in 1996, the program was transferred to OTTED.

In 2005, the Legislature reauthorized the program but capped the number of zones as the number in existence on January 1, 2005. In that same year, the Legislature provided four areas the opportunity to apply for enterprise zone designations in addition to the 51 zones in existence at the time.[16] Since 2005, additional enterprise zones have been authorized in Levy County and Ocala. The 2005 Legislature also required re-designation of existing zones, established a procedure for zone boundary changes, expanded the powers and responsibilities of enterprise zone development agencies, and extended the program until December 31, 2015.

Since 2005, seven enterprise zones have undergone boundary changes.[17] Some of these changes removed publicly owned property from the zones and added privately owned property where development would generate additional revenue for local governments.

[16] The four areas were Apopka/Orange County, Lakeland, Sebastian/Vero Beach/Indian River County, and Sumter County.

[17] The zones are Fort Myers/Lee County, Gadsden County, Glades County, Highlands County, Miami-Dade County, Sarasota/Sarasota County, and Tallahassee/Leon County.

Most recently, the 2010 Legislature made condominium properties ineligible for sales tax refunds for building materials. Specifically, Ch. 2010-147, *Laws of Florida*, changed the definition of "real property" to exclude condominiums. In addition, the 2010 Legislature passed Ch. 2010-108, *Laws of Florida*, which directed OTTED to designate as a rural enterprise zone any rural catalyst sites approved prior to January 2010.[18] OTTED subsequently granted enterprise zone designations to rural catalyst sites in Columbia and Suwannee counties.

State incentive expenditures have increased significantly in recent years. During calendar year 2009, the Department of Revenue approved $58.7 million in state incentives for the program (see Exhibit 3). This represents a 225% increase compared to $18.1 million in state incentives approved in 2005. Total incentives for the five-year period were $187 million.

[18] The Rural Economic Development Catalyst Project is an economic development program intended to attract high-growth industries to the state's rural counties.

Exhibit 3
State Enterprise Zone Incentives Increased 225% from 2005 through 2009

Incentives	2005	2006	2007	2008	2009	Total 2005-2009	Percentage Change 2005-2009
Sales Tax Refund for Building Materials Used	$5,261,149	$14,394,159	$25,643,610	$30,715,751	$46,410,878	$122,425,547	782.14%
Jobs Tax Credit (Sales and Use Tax)	5,018,381	5,793,620	6,578,538	5,946,494	5,997,055	29,334,088	19.50%
Jobs Tax Credit (Corporate Income Tax)	3,237,294	4,816,175	3,152,233	3,341,483	2,392,295	16,939,480	-26.10%
Sales Tax Refund for Business Machinery and Equipment Used	2,856,760	1,866,331	1,604,967	1,012,723	1,072,975	8,413,756	-62.44%
Property Tax Credit (Corporate Income Tax)	1,621,570	1,037,206	1,627,781	1,108,496	1,823,284	7,218,337	12.44%
Sales Tax Exemption on Electricity Use	84,516	778,090	793,179	606	1,007,007	2,663,398	1,091.50%
Total	**$18,079,670**	**$28,685,581**	**$39,400,308**	**$42,125,553**	**$58,703,494**	**$186,994,606**	**224.69%**

Source: OPPAGA analysis of Department of Revenue data.

Most of this increase in incentives was associated with condominium developers' extensive use of the sales tax refund for building materials. For example, condominium developers received $37.2 million, or 96%, of the $38.6 million in sales tax refunds claimed for building materials during the last six months of calendar year 2009. However, due to the Legislature's recent decision to change the definition of "real property" to exclude condominiums, use of these incentives should decline significantly in the future.[19]

From 2005 to 2009, the sales tax incentives most frequently awarded to applicants in specific enterprise zones were for building materials, business equipment and machinery, and jobs tax credits; these incentives totaled approximately $160 million.[20] Applicants in 10 of the state's 57 enterprise zones received 84% of these incentives during the five-year period, with applicants in Miami-Dade County's enterprise zone receiving 55% of the total amount (approximately $87.6 million).[21] See Appendix A for a list of the 57 enterprise zones and the incentives awarded to applicants in each zone from 2005 to 2009.

[19] See, Ch. 2010-147, s.9, *Laws of Florida.*

[20] This amount does not include credits taken against Florida corporate income taxes because the Department of Revenue does not track these incentives for individual enterprise zones.

[21] The other nine zones were Fort Lauderdale/Broward County, Gulf County, Jacksonville, Okeechobee County, Palm Beach County, Palmetto/Manatee County, St. Petersburg, Tallahassee/Leon County, and Tampa.

What are the costs of incentives and program administration?

In 2009, the enterprise zone program's total cost was approximately $71.5 million (see Exhibit 4). This included state and local program incentives and the administrative costs of state (OTTED, the Department of Revenue, and Enterprise Florida, Inc.) and local entities.[22] Most of the program's costs (82%) were for state incentives.

Exhibit 4
The Enterprise Zone Program Cost $71.5 Million in 2009

Incentive Costs	State	Local	Total
Incentive Costs	$58,703,494	$11,557,451	$70,260,945
Administrative Costs			
Office of Tourism, Trade, and Economic Development	40,000	0	40,000
Enterprise Florida, Inc.	35,000	0	35,000
Department of Revenue	162,882	0	162,882
Local Governments[1]	0	1,007,625	1,007,625
Total	**$58,941,376**	**$12,565,076**	**$71,506,542**

[1] Local government data is based on survey responses from 40 coordinators representing 41 of the 57 enterprise zones.

Source: Information provided by administering agencies and local governments.

Are the application, review, and approval processes transparent, effective, and efficient?

The program's incentive application review process and reporting procedures have several deficiencies and should be modified. Specifically, while the Department of Revenue has written procedures for sales tax refunds, it lacks such procedures for review and approval of tax credits (e.g., jobs tax credits). In addition, the department uses different procedures for refunds, credits, sales and use taxes, and corporate income taxes, which can confuse and frustrate business applicants. Further, stakeholders report that for some incentives, the department's approval process is inconsistent and some department staff are unresponsive and lack program knowledge. Moreover, tax credit applications cannot be submitted online. Consequently, taxpayers are required to complete time-consuming paper applications.

There are also several deficiencies in program data reporting processes, which makes it difficult to draw valid conclusions about the overall effectiveness of the program. First, the Department of Revenue is not required to notify local enterprise zone coordinators when it approves applications for credits and refunds. Thus, local coordinators do not know which incentives have been approved and cannot report this information to OTTED. Without this information, OTTED is unable to accurately report program data and outcomes to the Legislature. For example, according to OTTED's most recent annual enterprise zone report, between October 1, 2004 and September 30, 2009, 54,000 new jobs were created in zones.[23] However, Department of Revenue data shows that businesses received job tax credits against sales and use taxes for 8,086 employees over the five-year period from calendar year 2005 to 2009.

Second, the department does not record information on corporate income tax credits approved by zone, making it difficult to determine how these credits are distributed. Third, taxpayers completing sales and use tax returns often fail to specify on the application form that they are claiming enterprise zone jobs tax credits, resulting in the underreporting of the use of this incentive.

To address these application review and data reporting issues, we recommend that the Department of Revenue

- develop written application review, validation, and approval procedures;
- develop standard procedures for processing enterprise zone credits and refunds;

[22] Totals are approximate because figures are from different periods. The Department of Revenue approves incentives for a calendar year. The state fiscal year is July 1 through June 30, while the fiscal year for local enterprise zone development agencies is October 1 through September 30.

[23] Job creation data in the annual enterprise zone report is derived from multiple sources. Specifically, the information is self-reported by enterprise zone coordinators who gather it from sources such as county occupational license data, tax credit statistics, and local businesses' press releases.

- develop an online application process for all enterprise zone incentives;[24]
- be granted the authority to notify enterprise zone coordinators when it approves applications for incentives within their zones;[25]
- record zone information related to the corporate income tax jobs tax credits in a database; and
- modify the sales and use tax credit application form to require taxpayers to report total credits from a list that includes the jobs tax credit and reject incomplete forms.

Is the program effectively meeting legislative goals?

Low participation hinders the program's progress toward meeting major legislative goals. Limited business involvement in the enterprise zone program makes it difficult for the program to accomplish its intended goals of revitalizing and rehabilitating distressed areas, encouraging businesses to locate and expand in these areas, and increasing employment among area residents.

To assess the program's progress toward achieving its intended goals, we examined economic outcomes for five zones that received 64% of the total incentives from 2005 to 2009.[26] These urban and rural zones include Gulf County, Jacksonville, Miami-Dade County, Okeechobee County, and Tallahassee/Leon County.[27]

As shown in Exhibit 5, during the five-year period business, employment, and wage growth varied widely among the five zones. For example, business growth in Jacksonville increased by 8% while it decreased by 19% in Gulf County. Employment dropped in all zones except Tallahassee/Leon County where it grew by less than 1%. Wages increased in all zones, with growth ranging from 9% (Tallahassee/Leon County) to 22% (Jacksonville).

Exhibit 5
Economic Outcomes Varied in Five Enterprise Zones from 2005 to 2009

Enterprise Zone	Business Growth[1]	Employment Growth[2]	Wage Growth[3]
Gulf County	-19.2%	-19.8%	9.4%
Jacksonville	8.0%	-3.4%	22.0%
Miami-Dade County	0.02%	-2.4%	15.6%
Okeechobee County	-2.2%	-9.2%	10.9%
Tallahassee/Leon County	3.0%	0.1%	9.0%

[1] Changes in number of businesses.

[2] Changes in number of employees.

[3] Changes in average wages.

Source: OPPAGA analysis of Agency for Workforce Innovation data.

However, low participation makes it difficult to attribute changes in business, employment, and wage growth to the effects of the program. For example, only 300 (1.6%) of the 18,692 businesses in the Miami-Dade County zone received program incentives from 2005 to 2009. The percentage of businesses participating in the program was higher in other zones but still did not exceed 15% (see Exhibit 6).

[24] The department would incur some costs in developing and implementing an online application process.

[25] To facilitate this recommendation, the Legislature may have to amend s. 213.053, *F.S.*, regarding the sharing of confidential information.

[26] Our analyses were limited by several factors. For example, confidentiality requirements between the Agency for Workforce Innovation and the Department of Revenue prevented us from gathering information about size, average wage, industry type, age, and other information about businesses that received incentives. In addition, because the department does not track corporate income tax credits received by taxpayers in specific zones, we were unable to determine which zones received these credits. Lastly, enterprise zone GIS maps used in our analysis had some inaccuracies regarding zone boundaries and may have incorrectly included or excluded businesses.

[27] Two of the zones, Miami-Dade County and Tallahassee/Leon County, changed boundaries in 2008. The Miami-Dade County boundary change brought several large condominium and mixed use developments into the zone while the Tallahassee/Leon County boundary change brought in a business park and the municipal airport. In both cases, the boundary changes removed public lands and institutions and areas with minimal demand for enterprise zone incentives.

Exhibit 6
Small Percentages of Businesses in Selected Enterprise Zones Received Incentives between 2005 and 2009[1]

Enterprise Zone	Number of Businesses in the Zone	Number of Businesses Receiving Incentives	Percentage Receiving Incentives
Miami-Dade County	18,692	300	(1.6%)
Jacksonville	3,461	102	(3.0%)
Tallahassee/Leon County	2,519	75	(3.0%)
Gulf County	353	52	(14.7%)
Okeechobee County	761	46	(6.0%)

[1] The figures do not include businesses taking credits against corporate income taxes.

Source: OPPAGA analysis of Agency for Workforce Innovation data.

Enterprise zones also appear to have a limited effect on the legislative goal of creating jobs for zone residents, because few businesses have used the program's job tax credits. While businesses received jobs tax credits for 8,606 employees during the five-year period, over half of these employees and one-third of the businesses receiving job tax credits were in one zone—Miami-Dade County.[28] As shown in Exhibit 7, 136 businesses in Miami-Dade County's enterprise zone received approximately $12 million in sales and use tax jobs credits for 4,475 employees, while 3 businesses in the Tallahassee-Leon County enterprise zone received a total of $43,000 in credits for 5 employees.

Exhibit 7
Few Businesses Received Sales and Use Tax Jobs Credits in Five Enterprise Zones between 2005 and 2009

Enterprise Zone	Businesses	Credits	Tax Credit Jobs
Miami-Dade County	136	$12,268,358	4,475
Okeechobee County	25	3,758,716	425
Gulf County	25	2,433,818	468
Jacksonville	24	675,123	392
Tallahassee/Leon County	3	43,212	5
Total	**213**	**$19,179,227**	**5,765**

Source: OPPAGA analysis of Agency for Workforce Innovation and Department of Revenue data.

[28] The number of jobs created in each of the 57 zones can be found in Appendix B.

As shown in Exhibit 8, these jobs represented a small percentage of the total jobs in each of the three urban zones (Jacksonville, Miami-Dade County, and Tallahassee/Leon County). However, they represented approximately 23% of the jobs in the rural zone in Gulf County.

Exhibit 8
Tax Credit Jobs Represented a Small Percentage of the Total Jobs in Three Urban Enterprise Zones

Enterprise Zone	Total Jobs[1]	Tax Credit Jobs	Tax Credit Jobs as a Percentage of Total Jobs
Miami-Dade County	206,429	4,475	2.2%
Okeechobee County	5,445	425	7.8%
Gulf County	2,055	468	22.8%
Jacksonville	57,950	392	Less than 1%
Tallahassee/Leon County	26,573	5	Less than 1%

[1] These figures represent an average over the period from 2005 to 2009.

Source: OPPAGA analysis of Agency for Workforce Innovation and Department of Revenue data.

Enterprise zone coordinators rated program incentives as being only moderately effective. To further examine program effectiveness, we asked local enterprise zone coordinators to rate the program's performance in achieving its goals in their communities. Using a scale from 1 (low) to 10 (high), zone coordinators rated the program's effectiveness in achieving several legislative goals as moderate to low. For example, the coordinators' average ratings of the program's effectiveness in attracting new businesses and creating new jobs were between 5 and 6. The coordinators' average ratings of the program's effectiveness in achieving other goals are shown in Exhibit 9.

Exhibit 9
Enterprise Zone Coordinators Rate Program Effectiveness in Meeting Legislative Goals as Moderate to Low

Program Goal	Average Score (1 = Low, 10 = High)
Attracting new businesses	6.00
Creating new jobs	5.76
Creating new businesses	5.42
Creating jobs for zone residents	5.21
Increasing property values	4.53
Attracting new residents	3.49
Reducing crime	3.32

Source: OPPAGA survey of enterprise zone coordinators.

Local enterprise zone coordinators gave slightly higher ratings for the effectiveness of program incentives. Of the eight incentives, coordinators identified two as the most effective – sales tax refunds for building materials and sales tax refunds for business equipment. As shown in Exhibit 10, the coordinators' average ratings for these incentives were 7.89 and 7.59, respectively. The next most highly rated incentive was the job tax credit for sales tax, with an average rating of 6.83.[29] The average ratings for the other incentives ranged from 5.36 to 3.40. Enterprise zone coordinators also reported that the application processes for the three sales tax incentives were relatively easy to complete and that expanding businesses found such incentives especially useful.

Exhibit 10
Enterprise Zone Coordinators Rate the Effectiveness of Program Incentives as Moderate to Low

Incentive	Average Score (1 = Low, 10 = High)
Building Materials Sales Tax Refund	7.89
Business Equipment Sales Tax Refund	7.59
Jobs Tax Credit (Sales Tax)	6.83
Jobs Tax Credit (Corporate Income Tax)	5.36
Sales Tax Exemption for Electrical Energy	4.48
Property Tax Credit (Corporate Income Tax)	4.17
Community Contribution Tax Credit Program	3.40

Source: OPPAGA survey of enterprise zone coordinators.

However, coordinators voiced concerns regarding some program incentives. For example, some coordinators reported that many businesses in their zones are unable to use the corporate tax credits, either because they are not corporations or they are S-type corporations that typically do not have to pay corporate income taxes. Some coordinators also reported that many businesses with part-time employees are unable to take advantage of jobs tax credits because only full-time employees who work at least 36 hours per week may qualify. In addition, they asserted that the thresholds for sales and use tax refunds for business property and building materials discouraged program participation among small businesses. Finally, they suggested that businesses would benefit if they could apply for incentives online.

The enterprise zone coordinators provided several suggestions for improving the program.

- Modify the jobs tax credits to include part-time employees that small businesses are likely to hire.
- Reduce the business property and equipment threshold of $5,000 to a lower amount such as $500 so more small businesses can use the incentive.
- Increase the sales tax refund for building material purchases from the current maximum to an amount such as $125,000 to encourage higher-value projects.[30]
- Simplify application forms and allow for online completion.

What options could the Legislature consider to modify the program?

Given the enterprise zone program's low participation rate among businesses and the lack of employment growth in five of the most active zones, we identified several options the Legislature may wish to consider to modify the program.

Option 1: Modify program eligibility requirements to expand participation. To encourage increased program participation, especially by small businesses, the Legislature may wish to consider changing eligibility requirements for program incentives. While such changes may encourage more businesses to apply for program incentives, they would also reduce state revenue collections. For example, the Legislature could amend s. 212.08(5)(h), *Florida Statutes*, to lower the $5,000 threshold for sales tax refunds on business property; some zone coordinators recommended a new threshold could be $500. The Legislature could also amend ss. 212.096 and 220.181, *Florida Statutes*, to allow businesses to claim part-time

[29] This is consistent with the findings of our 2005 report on rural enterprise zones, in which zone coordinators identified the same two incentives as being the most effective. See *The Legislature Has Several Options Available for Enhancing Rural Enterprise Zones*, OPPAGA Report No. 05-54, November 2005.

[30] The current maximum is $5,000 or $10,000, depending on whether 20% or more of the employees of the business receiving the incentive are residents of an enterprise zone.

employees for jobs tax credits. In addition, the Legislature could amend s. 212.08(5)(g), *Florida Statutes*, to increase the maximum sales tax refund for building material purchases, currently $5,000.

Option 2: Target program incentives to encourage job creation. To focus the program on job creation, the Legislature could eliminate all program incentives except jobs tax credits. This change would reduce program costs by eliminating incentives estimated at $10 million annually as well as the program administrative costs associated with those incentives. However, this change could reduce program participation and discourage business growth in the enterprise zones. As in Option 1, the Legislature could also allow businesses to claim part-time employees for jobs tax credits, although this would reduce the $10 million cost savings.

Option 3: Implement a program moratorium to create short-term savings. The Legislature could suspend the program for one year, saving the state at least $18 million.[31] This option would increase state revenue collections during a time when state resources are limited because of economic conditions. However, eliminating business participation in the program for one year could reduce business investment and employment growth in the enterprise zones.

Option 4: Abolish the program to create long-term savings. The Legislature could amend the statutes and abolish the program, saving at least $18 million. This change would increase state revenue collections, but could reduce business investment and employment growth in the enterprise zones.

Option 5: Allow the program to sunset as the Legislature intended. The Legislature could allow the program to sunset on December 31, 2015, which would delay the effects of abolishing the program. As with Option 4, this option would increase state revenue collections, but could result in reducing business investment and employment growth in the enterprise zones. However, any effects would be delayed until 2016.

Agency Responses

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was provided to the Director of the Office of Tourism, Trade, and Economic Development, the Executive Director of the Department of Revenue, and the President and CEO of Enterprise Florida, Inc., for review. Written responses to the draft report are included in Appendix C.

[31] This figure represents the lowest amount of program incentives awarded in a given year between 2005 and 2009.

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

OPPAGA website: www.oppaga.state.fl.us

Project supervised by Kara Collins-Gomez (850/487-4257)
Project conducted by Darwin Gamble, Elizabeth McAuliffe, Larry Novey, and Alex Regalado
Kathy McGuire, OPPAGA Interim Director

Appendix A

Program Incentives for 2005 through 2009 Totaled $160 Million

During the period 2005 to 2009, the sales and use tax refund and credit incentives were most frequently used by businesses in all 57 enterprise zones. These incentives totaled approximately $160 million during the period. Miami-Dade County's enterprise zone received 55% of these incentives, or approximately $88 million. The figures presented in this appendix do not include credits taken against Florida corporate income taxes because the Department of Revenue does not track these incentives for individual enterprise zones. The figures differ from those reported in Exhibit 3 because of missing data on the enterprise zones in which businesses were located.

	Jobs Tax Credit (Sales and Use Tax)		Sales Tax Refund for Building Materials Used		Sales Tax Refund for Business Machinery and Equipment Used		Total
Enterprise Zone	Businesses	Incentive	Businesses/ Individuals	Incentive	Businesses	Incentive	Incentive
Miami-Dade County	136	$12,268,358	122	$72,915,021	104	$2,389,939	$87,573,318
Tampa	6	331,656	155	8,945,767	8	125,299	9,402,722
Fort Lauderdale/Broward County	5	32,427	189	8,123,532	15	78,537	8,234,496
St. Petersburg	15	1,648,521	88	5,231,326	21	115,432	6,995,279
Okeechobee County	25	3,758,716	49	191,227	21	65,967	4,015,910
Gulf County	25	2,433,818	121	1,381,168	9	33,381	3,848,367
Palmetto/Manatee County	3	38,083	78	3,681,236	13	108,951	3,828,270
Jacksonville	24	675,123	62	1,301,676	55	1,747,685	3,724,484
Tallahassee/Leon County	3	43,212	100	3,419,037	15	141,140	3,603,389
Palm Beach County	3	85,095	9	2,557,003	19	294,068	2,936,166
Gainesville	6	23,645	38	2,634,011	11	93,519	2,751,174
Jackson County	12	510,302	126	488,916	11	1,035,942	2,035,160
Hendry County	16	924,277	175	878,011	17	45,206	1,847,493
Sarasota County	1	1,736	110	1,680,554	11	19,433	1,701,723
Clearwater	0	0	8	1,675,457	1	2,120	1,677,578
Bradenton	0	0	21	1,345,952	7	114,878	1,460,830
Fort Pierce	1	414,378	5	498,064	6	195,772	1,108,214
Taylor County	6	602,898	81	424,822	8	77,913	1,105,633
Madison County	8	867,119	15	40,625	5	21,279	929,024
Daytona Beach	0	0	7	922,961	0	0	922,961
Freeport	3	395,784	7	451,054	1	5,000	851,838
Pensacola	7	109,729	84	487,384	33	206,331	803,444
Highlands County	12	647,423	9	36,943	17	83,852	768,218
Immokalee/Collier County	0	0	4	732,843	1	2,481	735,325
Washington County	9	534,663	22	90,070	11	38,097	662,830
Putnam County	3	490,579	6	25,930	6	111,411	627,920
Gadsden County	12	436,554	12	54,782	8	38,565	529,901

Enterprise Zone	Jobs Tax Credit (Sales and Use Tax)		Sales Tax Refund for Building Materials Used		Sales Tax Refund for Business Machinery and Equipment Used		Total
	Businesses	Incentive	Businesses/ Individuals	Incentive	Businesses	Incentive	Incentive
Fort Myers/Lee County	1	18,541	12	112,260	19	338,197	468,998
Wakulla County	5	259,195	9	136,897	5	62,277	458,369
Hardee County	7	354,276	12	66,138	5	16,077	436,492
DeSoto County	5	262,970	8	49,386	10	104,400	416,756
Orange County	0	0	22	337,635	9	68,446	406,081
DeFuniak Springs	2	73,747	49	165,991	5	21,307	261,045
Franklin County	8	208,209	8	43,417	1	896	252,522
Liberty County	1	195,029	14	54,507	1	1,151	250,687
Escambia County	3	19,587	15	64,289	12	158,988	242,864
Kissimmee/Osceola County	0	0	6	54,441	7	179,367	233,808
Hillsborough County	4	48,364	15	127,415	4	17,893	193,671
Lakeland	0	0	19	155,395	5	34,479	189,874
St. Marks	2	176,520	3	10,100	0	0	186,620
South Apopka	0	0	8	178,551	1	3,134	181,685
Cocoa	1	7,575	9	146,645	1	26,196	180,416
Everglades City	1	128,743	6	45,680	2	1,243	175,666
Walton County	0	0	4	174,892	0	0	174,892
Calhoun County	4	44,071	25	94,119	2	2,221	140,411
Vero Beach/Indian River County	1	1,134	5	41,307	6	81,039	123,481
Levy County	3	18,415	10	38,199	13	27,168	83,782
Glades County	1	20,989	11	54,003	3	5,302	80,295
Holmes County	4	35,668	5	21,722	1	10,000	67,390
Hamilton County	1	39,859	5	16,906	3	2,999	59,764
Sumter County	1	43,449	0	0	0	0	43,449
Brooksville/Hernando County	1	474	0	0	2	17,532	18,007
Crestview/Okaloosa County	3	12,999	0	0	1	5,000	17,999
Century	1	8,073	0	0	0	0	8,073
Pahokee	1	1,497	0	0	1	1,762	3,258
Oak Hill	0	0	0	0	2	1,526	1,526
Total[1,2]	**402**	**$29,253,481**	**1,983**	**$122,405,267**	**555**	**$8,380,798**	**$160,039,547**

[1] Businesses took credits and refunds in multiple enterprise zones.

[2] Values were estimated for six companies that claimed job tax credits in multiple enterprise zones.

Source: OPPAGA analysis of Florida Department of Revenue data.

Appendix B

Businesses Received Jobs Tax Credits Totaling $29 Million for More Than 8,000 Employees between 2005 and 2009

Businesses in enterprise zones that collect and pay Florida sales and use tax are allowed a monthly credit against their sales tax for wages paid to new employees who have been employed for at least three months and are zone residents. Sales and use tax jobs tax credits for the period 2005 to 2009 totaled $29,253,481 for 8,606 employees. The Miami-Dade County enterprise zone accounted for 52% (4,475) of these employees. The figures differ from those reported in Exhibit 3 because of missing data on enterprise zones in which businesses were located.

Enterprise Zone	Businesses	Credits	Employees
Miami/Dade County	136	$12,268,358	4,475
Okeechobee County	25	3,758,716	425
Gulf County	25	2,433,818	468
St. Petersburg	15	1,648,521	711
Hendry County	16	924,277	178
Madison County	8	867,119	85
Jacksonville	24	675,123	392
Highland County	12	647,423	68
Taylor County	6	602,898	47
Washington	9	534,663	115
Jackson County	12	510,302	84
Putnam County	3	490,579	68
Gadsden County	12	436,554	101
Fort Pierce	1	414,378	55
Freeport	3	395,784	16
Hardee County	7	354,276	34
Tampa	6	331,656	88
Desoto County	5	262,970	140
Wakulla County	5	259,195	94
Franklin County	8	208,209	48
Liberty County	1	195,029	28
St. Marks	2	176,520	13
Everglades City	1	128,743	24
Pensacola	7	109,729	35
Palm Beach County	3	85,095	18
DeFuniak Springs	2	73,747	41
Hillsborough County	4	48,364	9
Calhoun County	4	44,071	7
Sumter County	1	43,449	9

Enterprise Zone	Businesses	Credits	Employees
Tallahassee/Leon County	3	43,212	5
Hamilton County	1	39,859	4
Palmetto/Manatee County	3	38,083	40
Holmes County	4	35,668	10
Fort Lauderdale/Broward County	5	32,427	6
Gainesville	6	23,645	11
Glades County	1	20,989	3
Escambia County	3	19,587	47
Fort Myers/Lee County	1	18,541	6
Levy County	3	18,415	4
Crestview/Okaloosa County	3	12,999	16
Century	1	8,073	19
Cocoa	1	7,575	24
Sarasota County	1	1,736	7
Pahokee	1	1,497	5
Vero Beach/Indian River County	1	1,134	1
Brooksville/Hernando County	1	474	2
Total[1]	**402**	**$29,253,481**	**8,086**

[1] Values were estimated for six companies that claimed job tax credits in multiple enterprise zones.
Source: OPPAGA analysis of Department of Revenue data.

Appendix C

CHARLIE CRIST
GOVERNOR

STATE OF FLORIDA
Office of the Governor
THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

December 30, 2010

Mr. Gary R. VanLandingham, Ph.D.
Director
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street; Suite 312
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

In accordance with the provisions of subsection 11.51 (5), Florida Statutes, the Governor's Office of Tourism, Trade and Economic Development (OTTED) acknowledges receipt of OPPAGA's draft report entitled: *"Few Businesses Take Advantage of Enterprise Zone Benefits; the Legislature Could Consider Several Options to Modify the Program"* dated January 2011.

We appreciate the opportunity to review and respond to the draft report. We have no objections or questions in regard to the information presented at this time. We look forward to working with the Legislature as the options are discussed in the future.

We extend our appreciation to your staff for their thoroughness and professionalism in conducting the review of the Florida Enterprise Zone Program.

Sincerely,

Chris Hart, IV
Director
Office of Tourism, Trade and Economic Development

cc: Ms. Kim Mills, Director of Auditing, Executive Office of the Governor

FLORIDA
DEPARTMENT OF REVENUE

Executive Director
Lisa Vickers

Child Support Enforcement
Ann Coffin
Director

General Tax Administration
Jim Evers
Director

Property Tax Oversight
James McAdams
Director

Information Services
Tony Powell
Director

Tallahassee, Florida 32399-0100
www.myflorida.com/dor

January 10, 2010

Ms. Kathy McGuire, Interim Director
Office of Program Policy Analysis and
Government Accountability
The Florida Legislature
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Ms. McGuire:

We appreciate the opportunity to respond to the recommendations for the Department of Revenue (Revenue) in OPPAGA's January 2011 report, "Few Businesses Take Advantage of Enterprise Zone Benefits; the Legislature Could Consider Several Options to Modify the Program."

The report recommends Revenue:

- Develop written application review, validation, and approval procedures.

Revenue has procedures that are used to verify eligibility for enterprise zone credits taken on tax returns. These procedures will be documented and added as a part of the Review and Math Audit, Sales and Use Tax and Corporate Income Tax Procedures manuals by January 31, 2011.

- Develop standard procedures for processing enterprise zone credits and refunds.

Revenue, in order to take advantage of processing efficiencies, intentionally processes tax credits differently than the tax refunds.

Revenue is taking advantage of an existing business process to promote efficiency in processing. Verification of tax credits is a part of the overall examination of the tax return and allows Revenue to take advantage of existing processes to provide the taxpayer with a single result of the examination of the tax return.

Due to the nature of the enterprise zone refunds, there are several criteria that must be verified prior to issuance of the refund and are documented in the written procedures provided.

- Develop an online application process for all enterprise zone incentives.

Revenue has an online application process for refunds. Many taxpayers applying for enterprise zone refunds have done so via the Internet. The link to Revenue's online refund application is https://taxapps3.state.fl.us/refunds/.

For credits, Revenue uses a combination of both electronic and paper processing. Providing a complete electronic solution is desirable, but due to limited resources and the relatively limited participation in the program, other higher priority

Ms. Kathy McGuire
January 10, 2011
Page 2

programming needs have taken precedence. Additional resources would be required to complete an electronic solution for tax credits.

- Be granted the authority to notify enterprise coordinators when it approves applications for incentives within their zones.

Revenue is currently restricted from sharing specific information regarding approval of applications with the enterprise zone coordinators due to confidentiality requirements defined by section 213.053, Florida Statutes.

However, enterprise zone refunds are summarized by zone and provided to the Office of Tourism, Trade, and Economic Development (OTTED) annually. This includes the number and amount of refunds approved, denied, or withdrawn.

- Record zone information related to the corporate income jobs tax credits in a database.

Revenue agrees that recording of the zone information related to the corporate income jobs tax credits would benefit the gathering and analysis of data regarding the effectiveness of the enterprise zone program. However, due to current limited resources and other priority programming requirements, additional resources would be necessary for this enhancement at this time. It will be addressed as resources become available.

- Modify the sales and use tax credit application form to require taxpayers to report total credits from a list that includes the jobs tax credit and reject incomplete forms.

This is a complex issue that can best be addressed by requiring electronic filing of tax returns for taxpayers claiming an enterprise zone credit. Due to the space limitations on the current paper Sales and Use Tax Return, a listing of all available credits from which the taxpayer can select would require a costly redesign of the paper tax return and associated equipment Revenue uses to efficiently process those returns. If electronic filing of the tax return was mandated for credit eligibility, this suggestion could be implemented without the expenses associated with revising the paper form.

We appreciate OPPAGA's interest in the improvement of the application review process and data reporting for enterprise zone jobs tax credits.

Please let me know if we may be of further assistance.

Sincerely,

Lisa Vickers

Lisa Vickers

LV/hm/bso

cc: Kim Mills, Director of Auditing, Office of the Chief Inspector General, Executive Office of the Governor
Kara Collins-Gomez, Staff Director, Government Operations, OPPAGA
Sharon Doredant, Inspector General, Department of Revenue
Jim Evers, Director, General Tax Administration

Enterprise Florida

January 7, 2011

Mr. Gary R. VanLandingham
Director
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399-1475

Dear Mr. Van Landingham:

Enterprise Florida is in receipt of the preliminary report; ***Few Businesses Take Advantage of Enterprise Zone Benefits: the Legislature Could Consider Several Options to Modify the Program.*** We appreciate the opportunity to comment on the report.

The Enterprise Zone Program has had a measurable impact on improving economic conditions in some of Florida's most distressed areas. Potential modifications to the existing Programs could serve to strengthen their effectiveness and further improve economic conditions in these areas. In addition to the Programs highlighted in the report, the Enterprise Zone designation also helps to attract other businesses to these areas. For example, businesses receiving the Qualified Target Industry Tax Refund incentive are eligible for a higher award for jobs created within Enterprise Zones, prompting new, high-quality job creation within these Zones.

Enterprise Florida provides many marketing opportunities for the enterprise zone program through its web site, fact sheets, training and value propositions. Each explains the program's incentives and benefits. In addition to narrative explanations the Florida Enterprise Zone website has a map function for preliminary determination of site location within or outside of an enterprise zone.

In the discussion of changes in the program since the Legislature reauthorized the program in 2005 it should be clarified that Levy County applied for a vacant enterprise zone slot not that it was afforded the same opportunity as Sumter or Ocala.

The OPPAGA Report points out a number of program deficiencies that could make the program stronger and more effective. The Jobs Tax Credit, only available against the Corporate Income Tax or Sales and Use Tax, is not highly effective for small to medium sized manufacturers as they neither collect sales and use taxes nor do they have a significant corporate income tax liability. There have been attempts over the past several years to modify this incentive to make it have value such as allowing the credits to be transferred/sold.

800 North Magnolia Avenue, Suite 1100 • Orlando, Florida 32803 • T 407.956.5600 • F 407.956.5599

January 10, 2011 Page 2

Whether highly or moderately effective, the enterprise zone incentives, particularly in the rural areas are the only incentive available. In the Urban area it is hoped to be a tie-breaking resource. It was not designed to be a panacea but to give the most distressed areas of Florida a chance to slow down the downward economic spiral of the area by affording local governments an opportunity to increase economic activity and job creation.

In addition to the audit conducted by the Department of Revenue there has been a change in the Department's eligibility interpretation that could retroactively require refunds for projects. This shift could serve as a detriment for the entire program and could bleed over into other areas causing Florida to lose credibility with those looking to place a facility in the state.

Additionally Florida Statutes give the program a ten year life and each incentive is time certain. Any recommendations should recognize the inherent commitment by the state to those businesses already in the program and allow them the full range of incentive opportunity upon which the location decision was made.

Sincerely,

J. A. Adams, Jr.

John A. Adams Jr., Ph.D.

cc: Chris Hart
Crystal Sircy

FLORIDA ENTERPRISE ZONE PROGRAM ANNUAL REPORT

OCTOBER 1, 2009 - SEPTEMBER 30, 2010

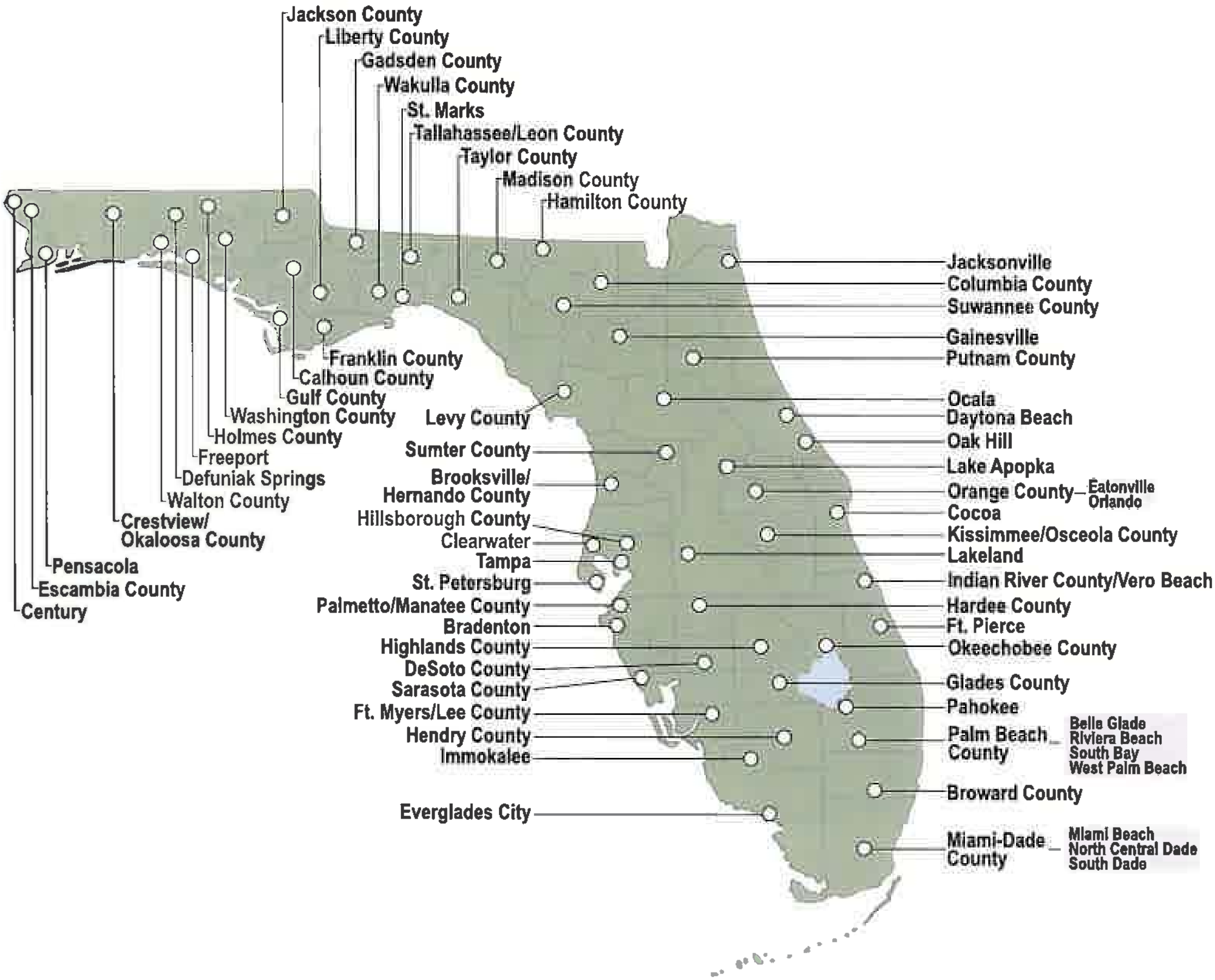
EXECUTIVE OFFICE OF THE GOVERNOR

OFFICE OF TOURISM, TRADE & ECONOMIC DEVELOPMENT
THE CAPITOL; SUITE 2001
TALLAHASSEE, FLORIDA 32399-0001

MARCH 1, 2011

FLORIDA ENTERPRISE ZONES

EFFECTIVE SEPTEMBER 1, 2010



EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF TOURISM, TRADE AND ECONOMIC DEVELOPMENT
THE CAPITOL, SUITE 2001 TALLAHASSEE, FLORIDA 32399-0001
www.floridaenterprisezone.com
PHONE: 850-487-2568 FAX: 850-487-3014

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ADDITIONAL INFORMATION

For additional information regarding the Florida Enterprise Zone Program, contact:

Burt C. Von Hoff
Executive Office of the Governor
Office of Tourism, Trade and Economic Development
The Capitol, Suite 2001
Tallahassee, Florida 32399-0001
Phone: 850/487-2568; Fax: 850/487-3014

E-mail: burt.vonhoff@eog.myflorida.com
Website: www.floridaenterprisezone.com

EXECUTIVE SUMMARY

INTRODUCTION

In accordance with section 290.014 (2), Florida Statutes, this annual report of the Florida Enterprise Zone Program is submitted to the Governor, the President of the Senate and the Speaker of the House of Representatives,. This report summarizes the results of the Florida Enterprise Zone Program during the timeframe of October 1, 2009, through September 30, 2010.

This report is based on information provided by the fifty-nine Enterprise Zone Development Agencies and the Florida Department of Revenue. The purpose of this document is to examine the impact of the program and monitor the use of state and local incentives.

RESULTS FOR 2009/2010

During the timeframe of October 1, 2009, through September 30, 2010, the following activity levels were reported by the Enterprise Zone Coordinators:

7,559 **new businesses** moved into or were created in enterprise zones;
6,784 **new jobs** were created by businesses located in enterprise zones; and

$67,602,482 state tax incentives were approved by the Department of Revenue;

State approved incentives **increased** by $22,251,041 as compared to the prior period ($67,602,482 in 2009/2010 versus $45,351,441 in 2008/2009). The Building Materials Sales Tax Refunds accounted for an increase of approximately $23-million during the reporting period.

Based on estimates from the Enterprise Zone Coordinators there were 4,455 more businesses created (7,559 versus 3,104), but 2,289 fewer jobs created than during the prior period (6,784 versus 9,073).

Local governments administering the fifty-nine enterprise zones received a substantial amount of federal and state support to supplement their revitalization efforts. Local governments received more than $50-million of funding from federal and state agencies during the 2009/2010-time period.

COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM

The Office of Tourism, Trade, and Economic Development (OTTED) reported that 9 (nine) new sponsors were approved to participate in the Community Contribution Tax Credit Program during the reporting period.

Tax credits worth $14 million (representing 308 donations) were also approved during the reporting period.

LEGISLATIVE CHANGES

During the 2010 Legislative Session, the Florida Legislature approved legislation that provided Columbia and Suwannee Counties an opportunity to submit an Enterprise Zone Application Package. The Legislature also amended the definition of real property by excluding "condominiums" within the Building Materials Sales Tax Refunds incentive. The Legislature also directed the Office of Program Policy Analysis and Government Accountability to review and evaluate the Enterprise Zone Program

BACKGROUND

Florida established one of the first enterprise zone programs in the country in 1982 to encourage economic growth and investment in distressed areas by offering tax advantages to businesses willing to make such an investment. An Enterprise Zone is a specific geographic area targeted for economic revitalization. Currently, the state has designated 59 enterprise zones in Florida.

The Florida Enterprise Zone Program offers businesses located in enterprise zones corporate and sales tax credits for hiring residents of the zones. Sales tax refunds are offered to businesses located in the zone that purchase building materials and business equipment for use in the zone. Corporate tax credits are available to new and expanding businesses that locate or expand their facilities in a zone. In some zones, a sales tax exemption on electrical energy is available to new businesses locating there. In addition to these state incentives, local governments also provide a number of incentives to attract new businesses, as well as to help existing businesses expand.

In 1994, the Florida Legislature passed the Florida Enterprise Zone Act of 1994, which significantly revised the existing Enterprise Zone Program. As a result, the existing zones were repealed on December 31, 1994, and parameters were established for designation of new zones. Administrative responsibilities of the program were transferred from the Department of Community Affairs to the Department of Commerce. The jobs tax credit eligibility criteria were revised to require both the business and employee to reside within an enterprise zone.

During the summer of 1995, local governments completed and submitted competitive applications for new Enterprise Zone designations. The application process was patterned after the Empowerment Zone/Enterprise Community programs offered by the federal government. On July 1, 1995, nineteen new Enterprise Zones were designated in urban and rural communities throughout the state.

In 2005, the Florida Legislature extended the program for ten years and provided existing enterprise zones an opportunity to have their zones be re-designated (with boundary amendments).

Effective January 1, 2006, OTTED approved 53 Enterprise Zone Re-designation Application Packages. These 53 enterprise zones will be in effect until December 31, 2015.

Subsequently, the Florida Legislature authorized and OTTED approved an enterprise zone in the following jurisdictions: Lakeland, Levy County, Sumter County, Ocala, Columbia County and Suwannee County. These enterprise zones will be in effect until December 31, 2015.

IMPACT OF THE PROGRAM

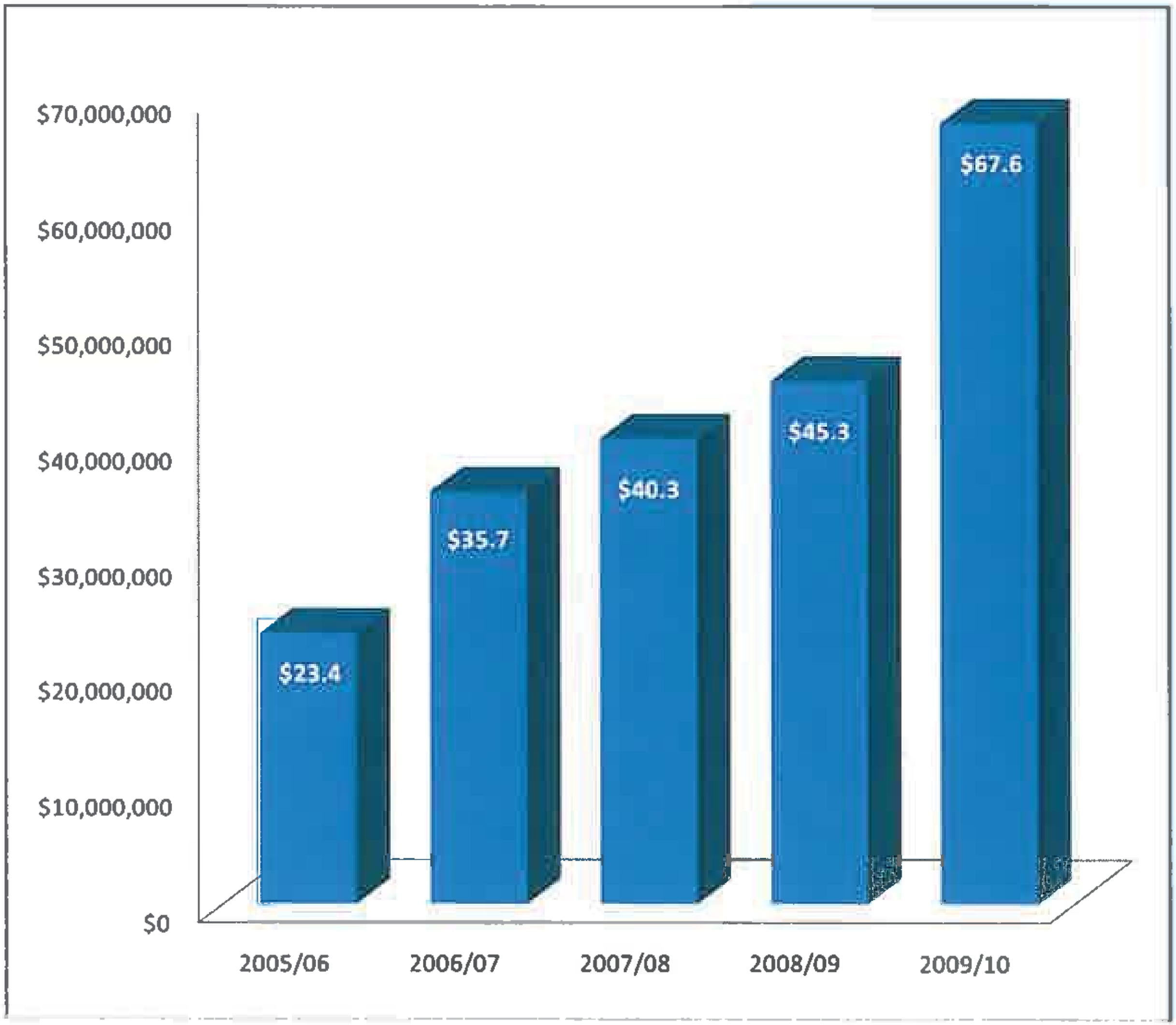
Two-year summary of the Enterprise Zone Program:

CATEGORY	2009/2010	2008/2009	DIFFERENCE
New Businesses within a zone	7,559	3,104	+ 4,455
New Jobs created within a zone	6,784	9,073	(-) 2,289
Businesses receiving technical assistance	9,056	11,708	(-) 2,652
State Incentives Approved	$67,602,482	$45,351,441	+ $22,251,041
Local Incentives Provided	$19,975,176	$11,577,451	+ $8,397,725
Total State and Local Incentives Approved	$87,577,658	$56,928,892	+ $30,648,766

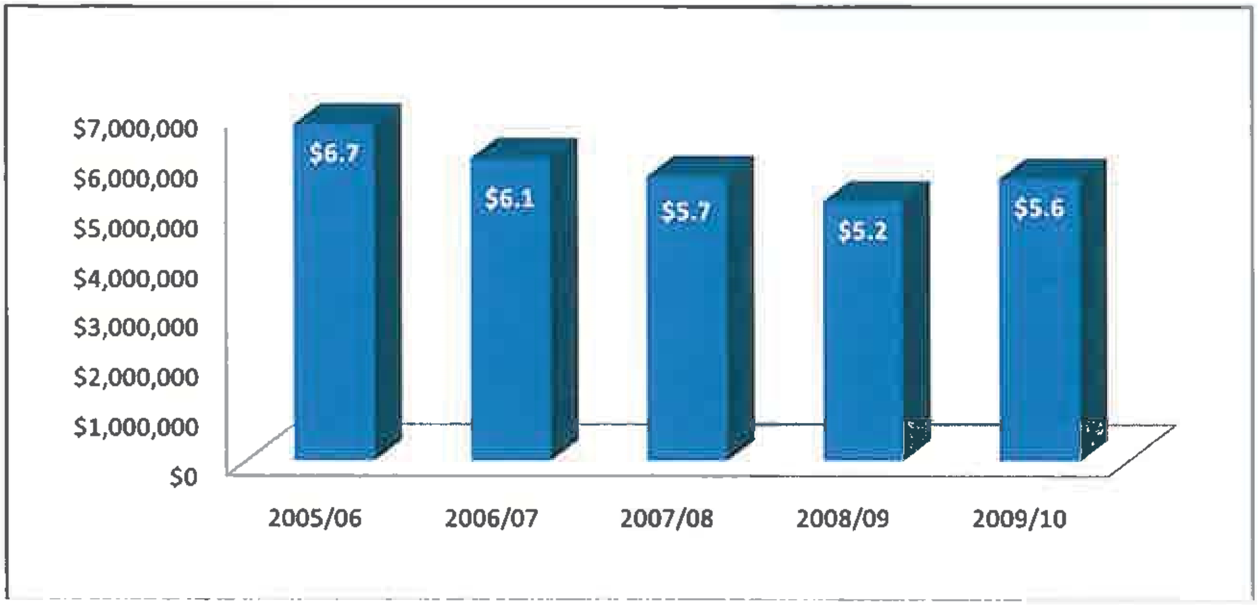
Five-year summary of the state incentives approved by the Florida Department of Revenue:

CATEGORY	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Jobs Tax Credit (Sales and Use Tax)	$5,683,252	$5,227,245	$5,732,605	$6,087,843	$6,777,250
Jobs Tax Credit (Corporate Income Tax)	$4,348,031	$5,072,555	$5,507,311	$5,919,236	$4,253,621
Property Tax Credit (Corporate Income Tax)	$1,384,668	$1,910,708	$2,184,036	$2,291,961	$1,267,999
Building Materials (Sales Tax Refund)	$54,012,915	$30,994,860	$25,665,025	$18,855,129	$7,415,711
Business Equipment (Sales Tax Refund)	$1,035,562	$1,139,066	$1,269,955	$1,771,396	$2,940,864
Electrical Energy (Sales Tax Exemption)	$1,138,054	$1,007,007	$606	$793,179	$778,090
Total State Incentives	$67,602,482	$45,351,441	$40,359,538	$35,718,744	$23,433,535
Number of Zones	59	56	56	56	55

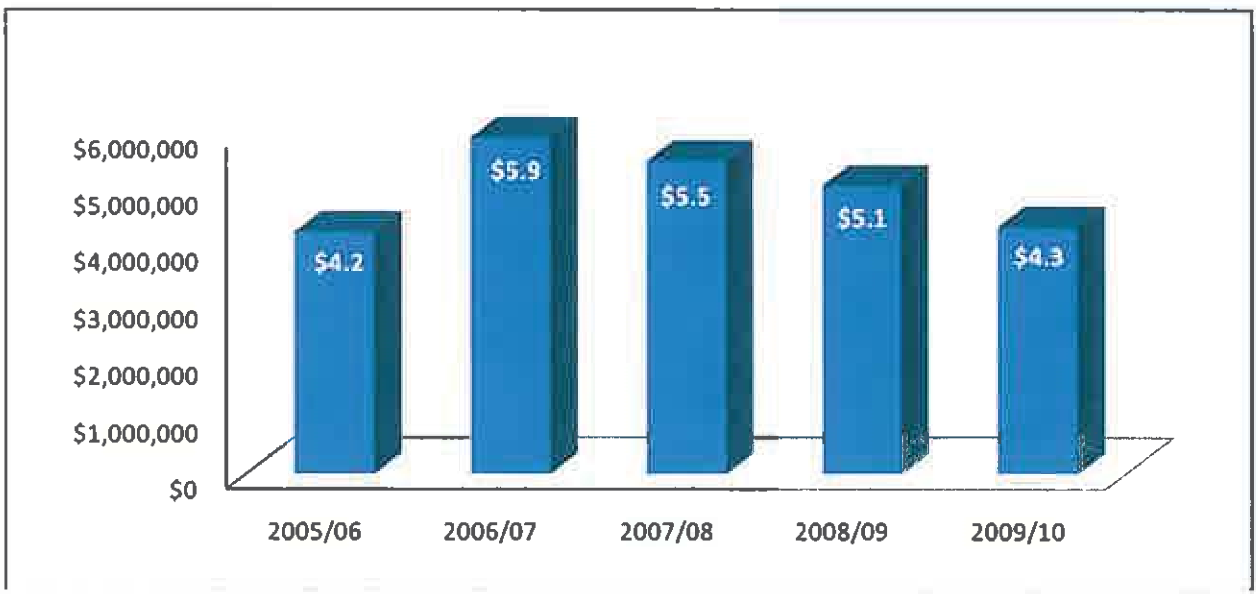
Total State Incentives Approved By the Department of Revenue



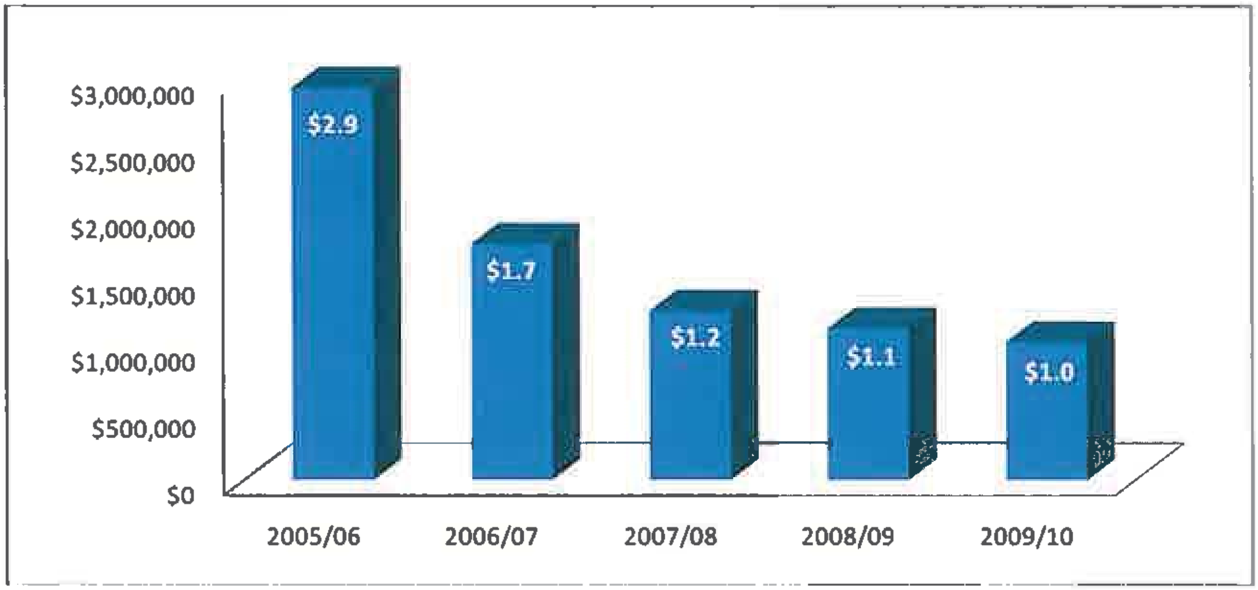
Jobs Tax Credit
Against Sales Tax



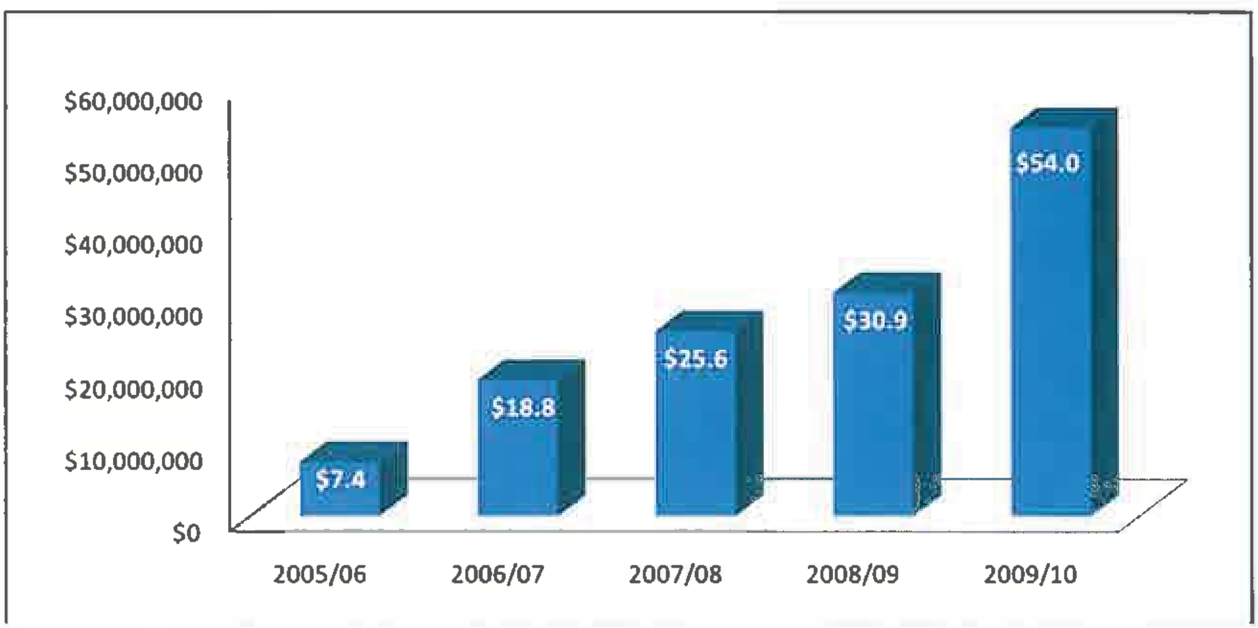
Jobs Tax Credit
Against Corporate Income Tax



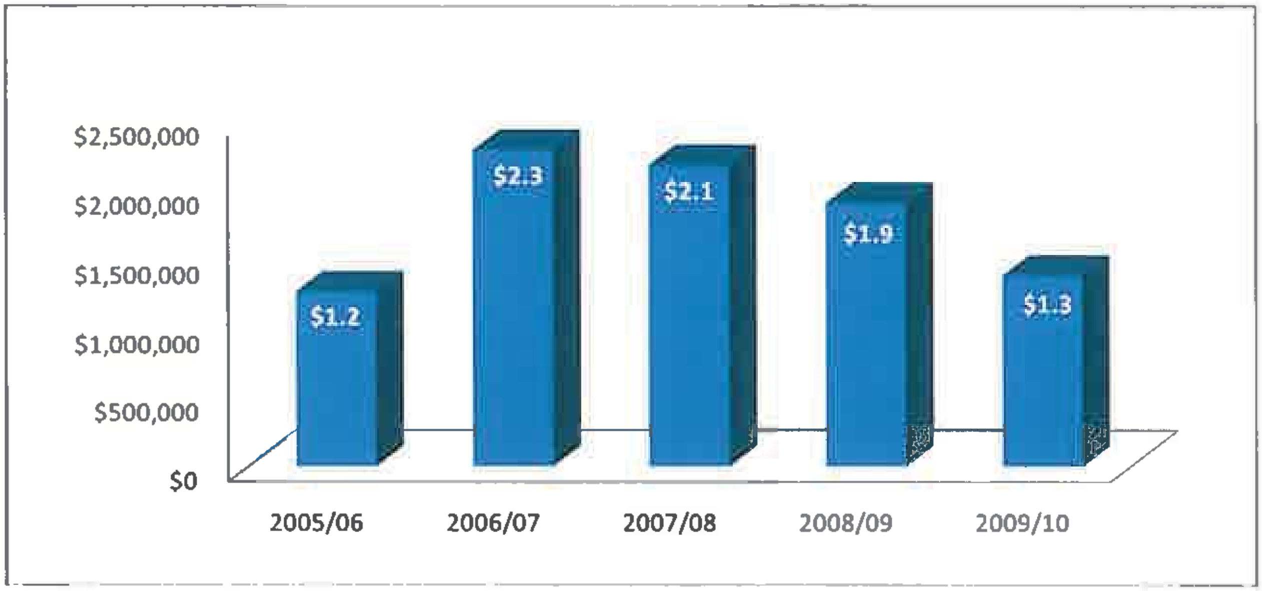
Building Equipment
Sales Tax Refunds



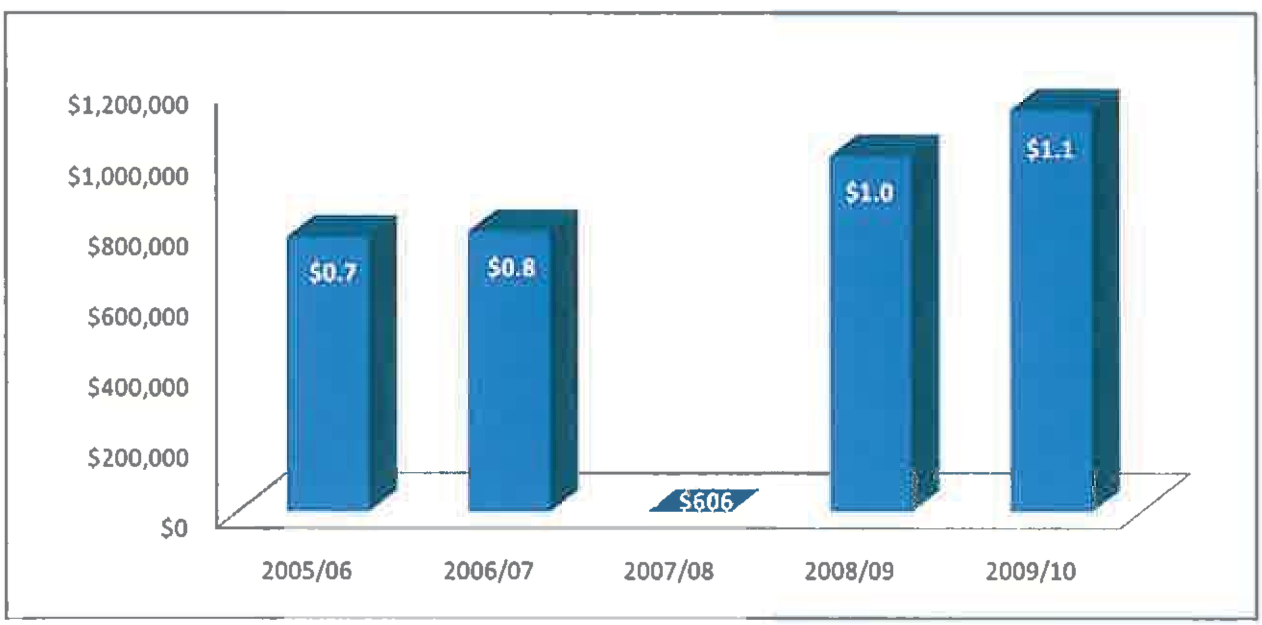
Building Materials
Sales Tax Refunds



EZ Property Tax Credit Against Corporate Income Tax



Electrical Energy Sales Tax Exemption



ENTERPRISE ZONE DEVELOPMENT AGENCIES

All counties or municipalities nominating an area for designation have been required to establish an Enterprise Zone Development Agency. Please refer to see Appendix A (for the most current list of these agencies (pages 22 - 31).

Each governing body appointed a board of commissioners to their EZDA with at least eight, but not more than thirteen, members. The governing bodies were encouraged to appoint members that represented the following entities:

1. the local chamber of commerce;
2. local financial or insurance entities;
3. businesses operating within the nominated area;
4. residents living in the nominated area;
5. nonprofit organizations operating within the nominated area;
6. the local private industry council;
7. the local code enforcement agency; and
8. the local law enforcement agency.

Enterprise Zone Application Packages are required to include an Enterprise Zone Development Plan (Plan). At a minimum, the Plan must address the following:

1) OTTED maintains a copy of each the goals of the revitalization efforts;
2) a description of the area's coordinated efforts for revitalization;
3) a description of the area's poverty and general distress;
4) verification that local organizations participated in the planning process;
5) a commitment from the governing body to enact fiscal and regulatory incentives;
6) an identification of the private resources available in the nominated area;
7) provide an indication of how the local and state resources would be utilized;
8) the identification of funding requested under any state or federal program; and
9) the identification of baseline data and benchmarks for implementing the plan.

EZDA Annual Report that includes information regarding accomplishments and progress concerning the implementation of the strategic plan or measurable goals, and any updates to their strategic plan or measurable goals.

Please contact the Enterprise Zone Program Administrator at 850/487-2568 to request a copy of any of the local EZDA Annual Reports that have been submitted to OTTED.

In addition to implementing the goals and objectives of their Plan, each Agency is required by section 290.0055 (9), Florida Statutes, to perform the following zone related activities:

- review, process and certify applications for state tax incentives pursuant to ss. 212.08 (5), (h) and (15); 212.096; 220.181; and 220.182;
- provide assistance to businesses and residents within the zone; and
- promote the development of the zone.

An Agency Coordinator, who is responsible for the day-to-day operations of the Agency, normally performs these activities. Typically, the Agency Coordinator is an employee of a local governmental agency, chamber of commerce or an economic development organization.

ENTERPRISE ZONE INCENTIVES

The Florida Enterprise Zone Program includes financial incentives which are offered to businesses to encourage private investment and increase employment opportunities for enterprise zone residents. These incentives are available to businesses that are located within a designated zone. A statutory reference is provided for each incentive.

The approved amounts of these incentives are summarized in a table on pages 11 -13 of this report.

- **Enterprise Zone Jobs Tax Credit (Sales & Use Tax):** Businesses located in a zone, who collect and pay Florida sales and use tax, are allowed a monthly credit against their sales tax due on wages paid to new employees who have been employed for at least three months and are residents of a Florida enterprise zone or a rural county **(s. 212.096, FS).**

- **Enterprise Zone Jobs Tax Credit (Corporate Income Tax):** Businesses located in a zone who pay Florida Corporate Income Tax are allowed a corporate income tax credit for wages paid to new employees who have been employed for at least three months and are residents of a Florida enterprise zone or a rural county **(s. 220.181, FS).**

- **Enterprise Zone Property Tax Credit (Corporate Income Tax):** New or expanded businesses located in a zone are allowed a credit on their Florida Corporate Income Tax equal to 96 percent of ad valorem taxes paid on the new or improved property (the assessment rate varies by county) **(s. 220.182, FS).**

- **Sales Tax Refund for Building Materials Used in an Enterprise Zone:** A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in a zone . Effective on July 1, 2010, condominium projects are no longer eligible for a sales tax refund. **(s. 212.08(5)(g), FS).**

- **Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone:** A refund is available for sales taxes paid on the purchase of certain business property, (e.g. tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), which is used exclusively in a zone for at least three years. The minimum purchase price of equipment is $5,000 per unit. **(s. 212.08(5) (h), FS).**

- **Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone:** A 50 percent sales tax exemption is available to qualified businesses located in a zone on the purchase of electrical energy. The exemption is only available if the municipality in which the business is located has passed an ordinance to exempt qualified enterprise zone businesses from 50 percent of the municipal utility tax **(s. 212.08(15), FS).**

- **Community Contribution Tax Credit Program:** Businesses located anywhere in Florida are allowed a 50 percent credit on Florida Corporate Income Tax or Insurance Premium Tax as well as a sales tax refund for eligible donations made to approved community development projects **(s. 212.08 (5) (p), 220.183 & s. 624.5105, FS).**

- **Exemption for a Licensed Child Care Facility operating in an Enterprise Zone:** An exemption of ad valorem property tax for child care facilities operating in an enterprise zone. The child care facility must be owned and operated by the property owner as well as meet the requirements of s. 402,302, FS. **(s. 196.095).**

ENTERPRISE ZONE INCENTIVES
(CONTINUED)

The following state incentive amounts were approved by the Florida Department of Revenue during the period between October 1, 2009, and September 30, 2010.

The amount of state financial incentives of **$67,602,482** for this reporting period represents a **33-percent increase** from the **$45,351,441** of state tax incentives approved in the 2008/2009-time period.

Please refer to pages 11 -13 of this report for a summary of the state incentives approved in each enterprise zone.

STATE INCENTIVE	AMOUNT 2009/2010	AMOUNT 2008/2009	DIFFERENCE
Jobs Tax Credit (Sales Tax)	$5,683,252	$5,227,245	+ $456,007
Jobs Tax Credit (Corporate)	$4,348,031	$5,072,555	(-) $724,524
Property Tax Credit (Corporate)	$1,384,668	$1,910,708	(-) $526,040
Sales Tax Refund for Building Materials	$54,012,915	$30,994,860	+ $23,018,055
Sales Tax Refund for Business Equipment	$1,035,562	$1,139,066	(-) $103,504
Sales Tax Exemption for Electrical Energy	$1,138,054	$1,007,007	+ $131,047
TOTALS	**$67,602,482**	**$45,351,441**	**+ $22,251,041**

STATE INCENTIVES: APPROVED BY DEPARTMENT OF REVENUE

OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	JOBS TAX CREDIT (Sales Tax)	JOBS TAX CREDIT (Corporate)	PROPERTY TAX CREDIT	BUILDING MATERIALS REFUND	BUSINESS EQUIPMENT REFUND	ELECTRICAL ENERGY EXEMPTION
Bradenton	$0	Dept. of Revenue does not identify enterprises zones.		$2,261	$18,462	$0
Brooksville/Hernando County	$0			$0	$0	$0
Broward County	$14,156			$401,541	$15,979	$0
Calhoun County	$13,949			$22,044	$0	$0
Century	$0			$0	$0	$0
Clearwater	$0			$40,000	$0	$0
Cocoa	$0			$1,445	$0	$0
Crestview/Okaloosa County	$24,504			$0	$0	$0
Columbia County (September 1st)	$0			$0	$0	$0
Daytona Beach	$0			$13,274	$0	$0
DeFuniak Springs	$33,703			$29,815	$0	$0
DeSoto County	$2,636			$8,523	$14,673	$0
Escambia County	$780			$23,765	$1,022	$0
Everglades City	$30,980			$16,994	$0	$0
Fort Myers/Lee County	$6,654			$6,064	$20,091	$676
Fort Pierce	$12,988			$518,680	$36,109	$0
Franklin County	$94,353			$0	$0	$0
Freeport	$0			$0	$0	$0
Gadsden County	$127,933			$6,935	$0	$0

STATE INCENTIVES: APPROVED BY DEPARTMENT OF REVENUE

OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	JOBS TAX CREDIT (Sales Tax)	JOBS TAX CREDIT (Corporate)	PROPERTY TAX CREDIT	BUILDING MATERIALS REFUND	BUSINESS EQUIPMENT REFUND	ELECTRICAL ENERGY EXEMPTION
Gainesville	$33,193	**Dept. of Revenue does not identify enterprises zones.**		$25,018	$10,186	$0
Glades County	$51,215			$22,076	$0	$0
Gulf County	$152,545			$24,646	$3,155	$0
Hamilton County	$0			$0	$0	$0
Hardee County	$270,540			$20,947	$0	$0
Hendry County	$407,445			$37,187	$14,273	$0
Highlands County	$737,366			$3,508	$2,295	$0
Hillsborough County	$0			$29,841	$5,000	$0
Holmes County	$2,900			$0	$781	$0
Immokalee (Collier County)	$1,433			$197,487	$0	$0
Indian River County/Vero Beach	$0			$5,000	$7,381	$0
Jackson County	$178,464			$68,707	$8,004	$0
Jacksonville	$229,073			$237,608	$197,480	$990,054
Kissimmee/Osceola	$0			$32,799	$41,532	$0
Lake Apopka	$0			$152,695	$0	$0
Lakeland	$0			$8,477	$2,779	$0
Levy County	$8,375			$5,000	$940	$0
Liberty County	$1,643			$8,434	$0	$0
Madison County	$395,234			$16,051	$0	$0
Miami – Dade County	$1,882,169			$46,752,861	$409,095	$111,269

(Continued)

STATE INCENTIVES: APPROVED BY DEPARTMENT OF REVENUE

OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	JOBS TAX CREDIT (Sales Tax)	JOBS TAX CREDIT (Corporate)	PROPERTY TAX CREDIT	BUILDING MATERIALS REFUND	BUSINESS EQUIPMENT REFUND	ELECTRICAL ENERGY EXEMPTION
Oak Hill	$0	Dept. of Revenue does not identify enterprises zones.		$0	$0	$0
Ocala	$0			$0	$0	$0
Okeechobee County	$330,460			$10,000	$12,091	$1,399
Orange County	$0			$37,949	$8,182	$0
Pahokee	$0			$0	$0	$0
Palm Beach County	$0			$597	$18,509	$24,625
Palmetto/Manatee County	$0			$15,692	$3,254	$0
Pensacola	$103,371			$59,427	$3,547	$0
Putnam County	$75,995			$0	$381	$0
St. Marks	$7,722			$10,000	$0	$0
St. Petersburg	$284,311			$431,581	$3,787	$0
Sarasota County	$0			$22,136	$541	$9,330
Sumter County	$9,717			$0	$0	$0
Suwannee County (September 1st)	$0			$0	$0	$0
Tallahassee/Leon County	$8,025			$1,164,724	$35,535	$0
Tampa	$70,866			$3,174,651	$13,702	$0
Taylor County	$28,674			$9,061	$4,941	$0
Wakulla County	$0			$10,000	$3,030	$
Walton County	$0			$174,892	$0	$0
Washington County	$49,880			$15,114	$1,391	$0
Zone Not Identified	$0			$137,408	$117,434	$0
Totals $67,347,639	**$5,683,252**	**$4,348,031**	**$1,384,668**	**$54,012,915**	**$1,035,562**	**$1,138,054**

COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM

The Community Contribution Tax Credit Program was established by the Florida Legislature (sections 212.08 (5) (p), 220.183 and 624.5105, Florida Statutes) to encourage private sector participation in revitalization projects located within enterprise zones or housing projects for low - income persons.

The program offers a tax incentive (a corporate income tax credit, insurance premium tax credit or a sales tax refund) equal to 50 percent of the amount donated to sponsors who have been approved to participate in the program.

OTTED is responsible for administering the program by reviewing sponsor's project proposals and tax credit applications. Presently, 144 sponsors have been approved to participate in the program.

Eligible sponsors include: Community Development Corporations, Neighborhood Housing Services Corporations, Local Housing Authorities, Community Redevelopment Agencies, Enterprise Zone Development Agencies, Units of Local and State Governments, School Boards and Non-profit Corporations affiliated with community and economic development efforts.

Eligible projects include: construction, improvement, or rehabilitation of housing, commercial, industrial, or public facilities. Also included are projects that promote entrepreneurial or job development opportunities for low-income persons.

The Florida Legislature has allocated a total $14.0 million of tax credits for each state fiscal year beginning on July 1st. Projects that provide home ownership opportunities were allocated $10.5 million of tax credits while all other projects were allocated $3.5 million of tax credits.

The Community Contribution Tax Credit Program is scheduled to expire on June 30, 2015.

The following is a summary of the results of the **reporting period** of October 1, 2009 through September 30, 2010:

COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM		
SPONSORS APPROVED	**DONATIONS APPROVED**	**TAX CREDITS APPROVED**
9	**308**	**$14,000,000**

Please refer to Appendix B (page 32) for a listing of the sponsors that were approved during the reporting period.

LOCAL INCENTIVES

In addition to those incentives provided by the state, some local governments offer the following incentives as part of their Enterprise Zone Development Plan:

- Reduction of occupational license fees
- Ad valorem tax exemption on improved property
- Local option economic development property tax exemption
- Utility tax abatement
- Facade/Commercial Rehabilitation Grants (Loans)
- Local funds for capital projects
- Reduced building permit fees or land development fees
- Reduction of specific local government regulations in the area

The amount of **$19,975,176** worth of local incentives provided during this reporting period represents an increase of **$8,397,725** from the **$11,577,451** worth of incentives provided by local governments in the previous reporting period.

Please refer to pages 16 - 18 of this report for a listing of the local incentives that were provided in each zone during the reporting period.

The following table is a summary of the amounts of local incentives that were provided to businesses operating within enterprise zones by local governments during the period of October 1, 2009, through September 30, 2010 (with FY 2008/2009 figures as well):

LOCAL INCENTIVE	2009/2010	2008/2009	DIFFERENCE
Occupational License Fee Reduction	$10,009	$35,870	(-) $25,861
Reduction of Local Government Regulations or Additional Local Government Services	$2,943,732	$2,346,809	+ $596,923
Impact Fee Waiver and/or Discount	$417,136	$1,350,329	(-) $933,193
Municipal Utility Tax Abatement	$589	$735,450	(-) $734,861
Facade Renovation and or Commercial Revitalization	$40,000	$1,835,648	(-) $1,795,648
Local Economic Development Property Tax Exemption	$402,425	$4,599,059	(-) $4,196,634
Loans, Grants and Miscellaneous	$16,161,285	$674,286	+ $15,486,999
TOTALS	**$19,975,176**	**$11,577,451**	+ **$8,397,7725**

In addition to these local incentives, local governments received a significant amount of support from both federal and state agencies to supplement their revitalization efforts. Collectively, the 59 local governments received more than $50-million of funding from federal and state agencies during the reporting period.

Please refer to pages 19 - 21 for a summary of the state and federal resources accessed in each enterprise zone during the reporting period.

LOCAL ACCOMPLISHMENTS
OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	BUSINESSES ASSISTED	NEW BUSINESSES	JOBS CREATED	LOCAL INCENTIVES	LOCAL INCENTIVE PROVIDED
Bradenton	125	45	21	$0	Local Incentives Were Not Provided
Brooksville/Hernando County	13	28	95	$153,879	Local Option E. D. Property Tax Exempt.; Local Funds for Capital Projects
Broward County	36	38	17	$35,600	Community Redevelopment Agency
Calhoun County	17	7	20	$0	Local Incentives Were Not Provided
Century	0	0	0	$0	Local Incentives Were Not Provided
Clearwater	8	0	50	$0	Local Incentives Were Not Provided
Cocoa	23	14	29	$186,259	Occupational License Fee Abatement; Local Funds for Capital Projects
Columbia County (September 1st)	0	0	0	$0	Local Incentives Were Not Provided
Crestview/Okaloosa County	144	0	81	$35,000	Local Option E. D. Property Tax Exempt
Daytona Beach	13	0	0	$0	Local Incentives Were Not Provided
DeFuniak Springs	9	9	25	$0	Local Incentives Were Not Provided
DeSoto County	4	2	18	$0	Local Incentives Were Not Provided
Escambia County	124	6	4	$811,271	Escambia County CRA; Additional Local Government Services; Brownfields
Everglades City	5	2	7	$0	Local Incentives Were Not Provided
Fort Myers/Lee County	152	48	309	$329,340	Ft. Myers Business Tax Receipt Abatement; Local Impact Fee Waiver
Fort Pierce	57	146	4	$0	Local Incentives Were Not Provided
Franklin County	15	5	5	$0	Local Incentives Were Not Provided
Freeport	4	2	4	$0	Local Incentives Were Not Provided
Gadsden County	22	24	271	$0	Local Incentives Were Not Provided

LOCAL ACCOMPLISHMENTS
OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	BUSINESSES ASSISTED	NEW BUSINESSES	JOBS CREATED	LOCAL INCENTIVES	LOCAL INCENTIVE PROVIDED
Gainesville	137	188	407	$34,305	Occupational License Abatement; Utility Tax Abatement; Reduction of Local Government Regulations
Glades County	36	0	6	$0	Local Incentives Were Not Provided
Gulf County	16	4	10	$0	Local Incentives Were Not Provided
Hamilton County	0	0	0	$0	Local Incentives Were Not Provided
Hardee County	30	1	5	$0	Local Incentives Were Not Provided
Hendry County	50	167	75	$14,000	Local Funds for Capital Projects
Highlands County	19	0	105	$0	Local Incentives Were Not Provided
Hillsborough County	812	158	294	$12,857	Impact Fee Waivers
Holmes County	0	0	0	$0	Local Incentives Were Not Provided
Immokalee (Collier County)	61	15	193	$419,000	Local Funds for Capital Projects
Indian River County/Vero Beach	32	1	2	$0	Local Incentives Were Not Provided
Jackson County	116	2	42	$253,906	Local Option E. D. Property Tax Exemption
Jacksonville	1,055	32	909	$443,000	Local Funds for Capital Projects; QTIP.
Kissimmee/Osceola County	984	29	612	$0	Local Incentives Were Not Provided
Lake Apopka	3	1	57	$0	Local Incentives Were Not Provided
Lakeland	220	2	34	$76,931	Impact Fee Waivers
Levy County	0	0	0	$0	Local Incentives Were Not Provided
Liberty County	43	0	0	$0	Local Incentives Were Not Provided
Madison County	38	1	55	$0	Local Incentives Were Not Provided
Miami – Dade County	769	Unknown	293	$50,914	Local Option E. D. Property Tax Exemption

LOCAL ACCOMPLISHMENTS
OCTOBER 1, 2009 - SEPTEMBER 30, 2010

ENTERPRISE ZONE	BUSINESSES ASSISTED	NEW BUSINESSES	JOBS CREATED	LOCAL INCENTIVES	LOCAL INCENTIVE PROVIDED
Oak Hill	4	0	0	$0	Local Incentives Were Not Provided
Ocala	465	7	149	$40,880	City of Ocala Investment Program
Okeechobee County	229	7	43	$0.00	Local Incentives Were Not Provided
Orange County	97	838	41	$99,978	Orlando Business Assistance Program
Pahokee	0	0	0	$0.00	Local Incentives Were Not Provided
Palm Beach County	95	37	122	$3,000,668	Business Loan Program; Business Incubator Program; Local Option E.D. Tax Exemption; Job Growth Incentive Fund.
Palmetto/Manatee County	10	13	49	$0.00	Local Incentives Were Not Provided
Pensacola				$0.00	Local Incentives Were Not Provided
Putnam County	26	1	23	$0.00	Local Incentives Were Not Provided
St. Marks	2	1	1	$0.00	Local Incentives Were Not Provided
St. Petersburg	654	362	621	$0.00	Local Incentives Were Not Provided
Sarasota County	589	36	43	$18,500	Business Training Program
Sumter County	0	0	0	$0.00	Local Incentives Were Not Provided
Suwannee County (September 1st)	0	0	0	$0	Local Incentives Were Not Provided
Tallahassee/Leon County	120	261	239	$12,343,420	Local Funds for Capital Projects
Tampa	70	2,010	703	$1,615,468	Impact Fee Waiver; East Tamp TIF
Taylor County	25	0	13	$0.00	Local Incentives Were Not Provided
Wakulla County	0	0	0	$0.00	Local Incentives Were Not Provided
Walton County	0	0	0	$0.00	Local Incentives Were Not Provided
Washington County	0	0	0	$0.00	Local Incentives Were Not Provided
Totals	**9,056**	**7,559**	**6,784**	**$35,508,436**	

RESOURCES ACCESSED WITHIN ENTERPRISE ZONES

OCTOBER 1, 2009- SEPTEMBER 30, 2010

ENTERPRISE ZONE	DOLLAR AMOUNT	RESOURCE
Bradenton	$481,421	Community Development Block Grant Program (CDBG)
Brooksville/Hernando County	$875,000	Community Development Block Grant Program (CDBG)
Broward County	Unknown	Resources Were Not Accessed Within Enterprise Zone
Calhoun County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Century	$0.00	Resources Were Not Accessed Within Enterprise Zone
Clearwater	$0.00	Resources Were Not Accessed Within Enterprise Zone
Cocoa	$408,157	Community Development Block Grant Program (CDBG)
Columbia County (September 1st)	$0.00	Resources Were Not Accessed Within Enterprise Zone
Crestview/Okaloosa County	$92,000	Economic Development Transportation Fund (EDTF)
Daytona Beach	$0.00	Resources Were Not Accessed Within Enterprise Zone
DeFuniak Springs	$461,250	Community Development Block Grant Program (CDBG)
DeSoto County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Escambia County	$4,236,647	Community Development Block Grant Program (CDBG): Tax Increment Finance Fund
Everglades City	$0.00	Resources Were Not Accessed Within Enterprise Zone
Fort Myers/Lee County	$28,950	Incumbent Working Training Grant
Fort Pierce	$873,069	Community Development Block Grant Program (CDBG); State Housing Initiative Partnership Program (SHIP) & Recovery
Franklin County	$299,946	Community Development Block Grant Program (CDBG)
Freeport	$0.00	Resources Were Not Accessed Within Enterprise Zone
Gadsden County	$3,173,000	Florida Department of Transportation; Florida Recreational Development and Assistance Program

Resources Accessed within Enterprise Zones
October 1, 2009- September 30, 2010

ENTERPRISE ZONE	DOLLAR AMOUNT	RESOURCE
Gainesville	$0.00	Resources Were Not Accessed Within Enterprise Zone
Glades County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Gulf County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Hamilton County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Hardee County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Hendry County	$140,000	FDEM Residential Mitigation; DCF Emergency Shelter Grant
Highlands County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Hillsborough County	$73,026	Community Development Block Grant Program (CDBG); Small Business Development Center
Holmes County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Immokalee (Collier County)	$3,752,124	Community Development Block Grant Program (CDBG); HUD Disaster Recovery Initiative
Indian River County/Vero Beach	$143,510	Community Development Block Grant Program (CDBG); SHIP
Jackson County	$700,000	Community Development Block Grant Program (CDBG)
Jacksonville	$1,032,000	Qualified Target Industry Tax Refund Program;
Kissimmee/Osceola	$0.00	Resources Were Not Accessed Within Enterprise Zone
Lake Apopka	2,260,000	Community Development Block Grant Program (CDBG)
Lakeland	$254,111	Community Development Block Grant Program (CDBG)
Levy County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Liberty County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Madison County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Miami – Dade County	$2,662,389	Community Development Block Grant Program (CDBG)

(Continued)

Resources Accessed within Enterprise Zones

October 1, 2009 - September 30, 2010

ENTERPRISE ZONE	DOLLAR AMOUNT	RESOURCE
Oak Hill	$0.00	Resources Were Not Accessed Within Enterprise Zone
Ocala	$2,092,665	Florida Back to Work Grants; QTI and Quick Action Closing Fund.
Okeechobee County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Orange County	$3,064,725	Community Development Block Grant (CDBG)
Pahokee	$0.00	Resources Were Not Accessed Within Enterprise Zone
Palm Beach County	$726,000	Qualified Defense Contractor Tax Refund Program
Palmetto/Manatee County	$533,136	Community Development Block Grant (CDBG); State Housing Initiative Partnership Program (SHIP)
Pensacola	$0.00	Resources Were Not Accessed Within Enterprise Zone
Putnam County	$0.00	Resources Were Not Accessed Within Enterprise Zone
St. Marks	$0.00	Resources Were Not Accessed Within Enterprise Zone
St. Petersburg	$1,112,641	Community Development Block Grant Program (CDBG);
Sarasota County	$583,462	Community Development Block Grant Program (CDBG)
Sumter County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Suwannee County (September 1st)	$0.00	Resources Were Not Accessed Within Enterprise Zone
Tallahassee/Leon County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Tampa	$3,876,236	Community Development Block Grant (CDBG); State Housing Initiative Partnership Program (SHIP); HOME; ESG; HOPWA; East Tampa TIF
Taylor County	$2,985,000	CDBG, Florida Boating Improvement; FDLE; FDOT; FAA; USFW
Wakulla County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Walton County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Washington County	$0.00	Resources Were Not Accessed Within Enterprise Zone
Total Resources Accessed	**$36,920,465**	

APPENDIX A

FLORIDA ENTERPRISE ZONE CONTACT PERSONS

LOCATION	E.Z. NUMBER	CONTACT PERSON
Bradenton	EZ-4101	Mr. Volker Reiss City of Bradenton 101 Old Main Street Bradenton, FL 34205 (941) 932-9402 (941) 932-9534 (FAX) Volker.Reiss@cityofbradenton.com
Brooksville/Hernando County	EZ-2701	Mr. Bill Geiger City of Brooksville 201 Howell Avenue Brooksville, Florida 34601-2041 (352) 540-3810 (352) 554-5429 (FAX) bgeiger@cityofbrooksville.us
Broward County	EZ-0601	Ms. Angela Wilson City of Fort Lauderdale 101 NE 3rd Avenue; Suite 300 Ft. Lauderdale, FL 33301 (954) 828-4347 (954) 828-4500 (FAX) angelaw@fortlauderdale.gov
Calhoun County	EZ-0701	Ms. Kristy Halley Speers Calhoun Chamber of Commerce 20816 Central Avenue East, Suite 2 Blountstown, Florida 32424 (850) 674-4519 (850) 674-4962 (FAX) kristy@calhounco.org
Century	EZ-1701	Ms. Kristina Wood Town of Century Post Office Drawer 790 Century, FL 32535 (850) 256-3208 (850) 256-0318 (FAX) kwood@centuryflorida.us
Clearwater	EZ-5202	Ms. Diane Hufford City of Clearwater Post Office Box 4748 Clearwater, FL 33758-4748 (727) 562-4054 (727) 562-4075 (FAX) diane.hufford@myclearwater.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Cocoa	EZ-0501	Ms. Susan D. McGrady City of Cocoa 603 Brevard Avenue Cocoa, FL 32922 (321) 639-7577 (321) 639-7575 (FAX) smcgrady@cocoafl.org
Crestview/Okaloosa County	EZ-4601	Mr. Larry Sassano EDC of Okaloosa County, Inc. Post Office Box 4097 Fort Walton Beach, Florida 32549 (850) 651-7374 (850) 651-7378 (FAX) larrys@florida-edc.org
Daytona Beach	EZ-6401	Mr. Don Gooding City of Daytona Beach Post Office Box 2451 Daytona Beach, FL 32115 (386) 671-8055 (386) 671-8059 (FAX) goodingd@codb.us
DeFuniak Springs	EZ-6601	Mr. Theodore L. Laird City of DeFuniak Springs Post Office Box 685 DeFuniak Springs, FL 32433 (850) 892-8571 (850) 892-8570 (FAX) building@defuniaksprings.net
DeSoto County	EZ-1401	Ms. Mandy Hines DeSoto County 208 East Oak Street Arcadia, Florida 34266 (863) 993-4800 (extension 208) (863) 993-4809 (FAX) m.hines@desotobocc.com
Escambia County	EZ-1703	Ms. Clara Long Escambia County 1190 West Leonard Street Pensacola, FL 32501 (850) 595-3596 (850) 595-3218 clara_long@co.escambia.fl.us
Everglades City	EZ-1102	Mr. David Harraden 107 Camelia Street Everglades City, FL 34139 (239) 695-3299 (239) 695-4155 evergladesdave@aol.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Fort Myers/Lee County	EZ-3601	Ms. Sue Noe Lee County 12800 University Drive; Suite 300 Fort Myers, FL 33907 (239) 338-3161 (239) 338-3227 (FAX) snoe@leegov.com
Fort Pierce	EZ-5601	Ms. Sadie Cooper City of Fort Pierce Post Office Box 1480 Fort Pierce, FL 34954 (772) 460-2200 (extension: 228) (772) 461-2954 (FAX) sadiecooper@city-ftpierce.com
Franklin County	EZ-1901	Mr. Alan C. Pierce Franklin County Planning & Building 34 Forbes Street; Suite 1 Apalachicola, FL 32320 (850) 653-9783 (ext: 161) (850) 653-9799 (FAX) alanp@fairpoint.net
Freeport	EZ-6602	Ms. Robin Haynes City of Freeport Post Office Box 339 Freeport, FL 32439 (850) 835-2822 (850) 835-3137 (FAX) cityclerk@freeportflorida.gov
Gadsden County	EZ-2001	Mr. Henry G. Grant Gadsden County Extension Director 2140 West Jefferson Street Quincy, Florida 32351 (850) 875-7255 (850) 875-7257 (FAX) hgg@ufl.edu
Gainesville	EZ-0101	Mr. Shaad Rehman Gainesville CRA 802 NW 5th Avenue; Suite 200 Gainesville, FL 32601 (352) 334-2298 (352) 334-2132 (FAX) rehmans@gainesvillecra.com www.gainesvillecra.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Glades County	EZ-2201	Ms. Tracy Whirls Glades County EDC Post Office Box 1003 Moore Haven, Florida 33471 (863) 946-0300 (863) 946-0777 (FAX) info@gladescountyedc.com twhirls@gladescountyedc.com
Gulf County	EZ-2301	Ms. Zanna Woods Gulf County Economic Development Council 406 Marina Drive Port St. Joe, FL 32456 (850) 229-1901 (850) 229-2458 (FAX) info@gulfcountyedc.org www.gulfcountyedc.org
Hamilton County	EZ-2401	Ms. Susan Ramsey Hamilton County 1153 US Highway 41 NW; Suite 4 Jasper, Florida 32052 (386) 792-6828 (386) 792-6808 (FAX) sramsey@hamiltoncda.org www.HamiltonCountyFlorida.com
Hardee County	EZ-2501	Ms. Sarah Pelham Hardee County Economic Development 107 East Main Street Wauchula, Florida 33873 (863) 773-3030 (863) 773-4915 (FAX) hardeedc@embarqmail.com
Hendry County	EZ-2601	Mr. Ronald R. Zimmerly Hendry County Post Office Box 2340 LaBelle, FL 33975-2340 (863) 675-5264 (863) 675-5317 (FAX) rzimmerly@hendryfla.net
Highlands County	EZ-2801	Mr. Dan Murphy Highlands County Industrial Development Authority 2113 U. S. 27 South Sebring, FL 33870 (863) 385-1025 (863) 385-1379 (FAX) hcfedc@highlandsedc.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Hillsborough County	EZ-2902	Ms. Lynn I. Schultz Hillsborough County Economic Development Department 7402 North 56th Street; Suite 425 Tampa, FL 33617 (813) 914-4028 (Extension 62010) (813) 914-4027 (FAX) schultzl@hillsboroughcounty.org
Holmes County	EZ-3001	Mr. Jim Brook Holmes County Development Commission and Chamber 106 East Byrd Street Bonifay, Florida 32425 (850) 547-4682 (850) 547-4206 chamber@wfeca.net
Immokalee area of Collier County	EZ-1101	Ms. Penny S. Phillippi Immokalee CRA 310 Alachua Street Immokalee, FL 34142 (239) 252-2310 (239) 285-7635 (239) 252-3970 (FAX) pennyphillippi@colliergov.net www.colliercra.com
Indian River County/City of Vero Beach	EZ-3101	Ms. Helene Caseltine Indian River County Chamber of Commerce 1216 – 21st Street Vero Beach, FL 32960 (772) 567-3491 (ext: 121) (772/778-3181 (FAX) directored@indianriverchamber.com
Jackson County	EZ-3201	Mr. Bill Stanton Jackson County Development Council Post Office Box 920 Marianna, FL 32447 (850) 526-4005 (850) 526-4008 (FAX) stantonjcdc@earthlink.net http://phon1.com/jcdc/
Jacksonville	EZ-1601	Mr. Joe Whitaker City of Jacksonville 1 West Adams Street; Suite 200 Jacksonville, FL 32202 (904) 630-1624 (904) 630-2919 (FAX) josephw@coj.net www.coj.net/ezone

LOCATION	E.Z. NUMBER	CONTACT PERSON
Kissimmee/Osceola County	EZ-4901	Ms. Christina Morris Osceola County Economic Development Department 3 Courthouse Square Kissimmee, FL 34741 (407) 742-4207 (407) 742-4202 (FAX) cdaw@osceola.org
Lake Apopka	EZ-4802	Mr. Manan Pathak Orange County Planning Department Post Office Box 1393 Orlando, FL 32802 (407) 836-5600 (407) 836-5761 (FAX) Manan.Pathak@ocfl.net ocfl.net
Lakeland	EZ-5301	Mr. Jason Willey City of Lakeland 228 S. Massachusetts Avenue Lakeland, FL 33801 (863) 834-6011 (863) 834-8432 (FAX) jason.willey@lakelandgov.net
Levy County	EZ-3801	Mr. Pat O'Neal Levy County EZDA Post Office Box 1112 Bronson, FL 32621 (352) 486-5470 (352) 486-5471 (FAX) Pat.Oneal@bellsouth.net www.LevyCopuntyEZDA.org
Liberty County	EZ-3901	Mr. Johnny Eubanks Liberty County Chamber of Commerce Post Office Box 523 Bristol, FL 32321 (850) 643-2359 (850) 643-3334 (FAX) jbe@gtcom.net
Madison County	EZ-4001	Ms. Sherilyn Pickels Madison County Board of County Commissioners Post Office Box 539 Madison, Florida 32341 (850) 973-3179 (extension 11) (850) 973-6880 (FAX) admin@maisoncountyfl.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Miami - Dade County Miami Beach North Central Dade (Miami) South Dade County	EZ-1301	Ms. Lori Weldon Miami - Dade County Office of Community & Ec. Development 701 NW 1st Court; 14th Floor Miami, FL 33136 (786 469-2100 (786) 469-2226 (FAX) loriw@miamidade.gov www.miamidade.gov
Oak Hill	EZ-6402	Ms. Julie Wood City of Oak Hill 234 US Highway 1 Oak Hill, FL 32759 (386) 345-3522; (386) 345-0371 (386) 345-1834 (FAX)
Okeechobee County	EZ-4701	Ms. Robbie Chartier Okeechobee County 304 NW 2nd Street; Room 109 Okeechobee, Florida 34972 (863) 763-9312 (863) 763-0118 (FAX) rchartier@okeechobeeco.com
Orange County Eatonville Orlando South Apopka	EZ-4801	Mr. Manan Pathak Orange County Planning Department Post Office Box 1393 Orlando, FL 32802 (407) 836-5600 (407) 836-5761(FAX) Manan.Pathak@ocfl.net www.ocfl.com
Pahokee	EZ-5001	Mr. Ted Roberts City of Pahokee 171 N. Lake Avenue Pahokee, FL 33476 (561) 924-5534 (561) 924-8104 (FAX) tedroberts@cityofpahokee.com
Palm Beach County Belle Glade Riviera Beach South Bay West Palm Beach	EZ-5002	Ms. Pam Nolan Palm Beach County Economic Development Office 301 North Olive Ave.; 10th Floor West Palm Beach, FL 33401 (561) 355-3624 (561) 355-6017 (FAX) pnolan@co.palm-beach.fl.us www.co.palm-beach.fl.us

LOCATION	E.Z. NUMBER	CONTACT PERSON
Palmetto/Manatee County	EZ-4102	Ms. Cheri Coryea Manatee County Community Services Post Office Box 1000 Bradenton, FL 34206-1000 (941) 749-3030 (941) 749-3040 (FAX) cheri.coryea@co.manatee.fl.us
Pensacola	EZ-1702	Mr. Ed Spears City of Pensacola Post Office Box 12910 Pensacola, FL 32521 (850) 436-5652 (850) 595-1143 (FAX) espears@ci.pensacola.fl.us
Putnam County	EZ-5401	Ms. Dana Jones Putnam County Chamber of Commerce Post Office Box 550 Palatka, Florida 32178 (386) 328-1503 (386) 328-7076 (FAX) pcccfla@bellsouth.net
St. Marks	EZ-6501	Ms. Zoe Mansfield City of St. Marks Post Office Box 143 St. Marks, FL 32355 (850) 925-6224 (850) 925-5657 (FAX)
St. Petersburg	EZ-5201	Mr. Jon Fleming City of St. Petersburg Post Office Box 2842 St. Petersburg, FL 33731-2842 (727) 892-5288 (727) 892-5465 (FAX) jon.fleming@stpete.org www.st.pete.org (click business)
Sarasota	EZ-5801	Ms. Dru Jones City of Sarasota Planning and Redevelopment Dep't. Newtown Redevelopment Office 1782 Dr. Martin Luther King Jr. Way Sarasota, Florida 34234 (941) 373-7780 (941) 373-7766 (FAX) Dru_Jones@sarasotagov.com

LOCATION	E.Z. NUMBER	CONTACT PERSON
Sumter County	EZ-6001	Mr. Rick Dodge E5 Solutions 1576 Bella Cruz Drive; Suite 409 The Villages, FL 32159 (352) 446-4679 (888) 857-5784 (FAX) rick@e5Solutions.biz
Tallahassee/Leon County	EZ-3701	Ms. Beth Kirkland EDC of Tallahassee/Leon County Post Office Box 1639 Tallahassee, FL 32302 (850) 521-3114 (850) 425-1056 (FAX) bkirkland@taledc.com
Tampa	EZ-2901	Mr. Ed Johnson City of Tampa 3808 North 22nd Street Tampa, FL 33610 (813) 242-3806 (813) 242-3830 (FAX) Ed.Johnson@tampagov.net
Taylor County	EZ-6201	Mr. Clay Olson County Extension Director 203 Forest Park Drive Perry, FL 32347 (850) 838-3508 (850) 838-3546 (FAX) cbolson@ufl.edu
Wakulla County	EZ-6502	Ms. Jennifer Langston Wakulla County 3093 Crawfordville Highway Crawfordville, FL 32327 (850) 926-0919 (850) 926-0940 (FAX) jlangston@mywakulla.com
Walton County	EZ-6603	Ms. Shirl Williams Walton County Post Office Box 1355 DeFuniak Springs, FL 32435 (850) 892-8155 (850) 892-8454 (FAX) wilshirl@co.walton.fl.us

LOCATION	E.Z. NUMBER	CONTACT PERSON
Washington County	EZ-6701	Ms. Chris MacBlain Washington County Chamber of Commerce Post Office Box 457 Chipley, FL 32428-0457 (850) 638-4157 (850) 638-8770 (FAX) wcchamber@wfeca.net

APPENDIX: B

COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM
APPROVED SPONSORS: 10/1/08 - 09/30/09 (1)

SPONSOR	LOCATION	PROJECT DESCRIPTION
City of Dania Beach	Dania Beach	Charter School Construction Project
Edison State College Foundation	LaBelle	Curtis Campus Construction Project
Hendry County	LaBelle	Helms Road Extension Project
Immokalee Foundation	Immokalee	Vocational Training Project
Jackson County Habitat for Humanity	Marianna	Housing for Low-Income Persons
Jacksonville Alliance for KIP Schools	Jacksonville	1440 North McDuff Charter School Renovation Project
Northwest Jacksonville CDC	Jacksonville	The Villages of North Point (Housing Project)
Port St. Joe Elementary School	Port St. Joe	Activity Center Construction Project
Springfield Improvement Association and Women's Club	Jacksonville	• Meeting Hall Renovation Project • Parks Safety Project • Parks Enhancement Project

(1) In addition to these nine (9) sponsors approved during this reporting period, 126 other sponsors have been approved in other reporting periods.

Innovation Incentive Program
2010 Annual Report

The Innovation Incentive Program was created within the Office of Tourism, Trade and Economic Development (OTTED) by the Florida Legislature in 2006. The purpose of the program as currently enunciated in section 288.1089, *Florida Statutes*:

> To ensure that sufficient resources are available to allow the state to respond expeditiously to extraordinary economic opportunities and to compete effectively for high-value research and development, innovation business and alternative and renewal energy projects.

This incentive program enables Florida to attract world-class research and development opportunities, innovation business projects, and alternative and renewable energy projects that support the growth of high-technology innovation clusters and high-wage jobs.

Background

The companies and organizations interested in receiving a grant from the Innovation Incentive Program must first apply to Enterprise Florida, Inc. (EFI). In order to qualify for review by OTTED, the research and development project applicants must demonstrate the following to EFI:

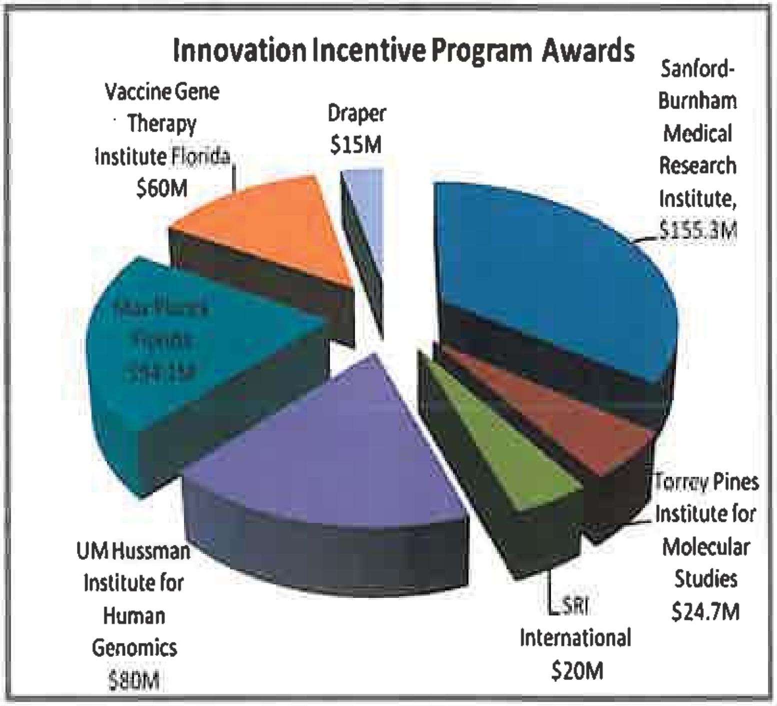
1. The jobs created will pay an estimated annual average wage equaling at least 130% of the average private sector wage (with exceptions allowed for rural areas);
2. A plan for significant higher education collaboration;
3. Provide the state a breakeven return on investment within 20 years;
4. Serve as a catalyst for an emerging or evolving technology cluster; and
5. Have a one-to-one match from the local community (with exceptions allowed for rural areas). A match can use both private or public funds and in-kind incentives, such as tax abatement, land, buildings or infrastructure.

Innovation business and alternative and renewable energy projects have additional application requirements.

EFI evaluates applicants based on a variety of factors including, but not limited to: number of full-time equivalent jobs created, estimated annual wages, cumulative investment of the project, economic and fiscal impacts for local and state economies, collaborations with higher education, and the role of the incentive in location decisions. EFI also conducts an economic impact analysis for each project application. The amount of the award requested may be negotiated based on the applicant's needs and available resources, as well as project potential.

Once OTTED receives the application, evaluation, and recommendation from EFI, the OTTED Director reviews and makes a recommendation to the Governor for approval or disapproval. Before approving a project, the Governor is required to consult with the President of the Senate and the Speaker of the House of Representatives. Upon review and approval by the Legislative Budget Commission, the Governor's Office releases the funds and OTTED negotiates a contract for the incentive.

The Innovation Incentive Program (IIP) was initially supported with a $200 million appropriation in Fiscal Year 2006-07. In its first year, three recipients received grants from the IIP—the Burnham Institute for Medical Research (now the Sanford-Burnham Medical Research Institute), the Torrey Pines Institute for Molecular Studies, and SRI International. In Fiscal Year 2007-08, four new projects were funded from a $250 million appropriation—the Miami Institute for Human Genomics (now the Hussman Institute for Human Genomics) at the University of Miami, Max Planck Florida Institute, Oregon Health and Science University's Vaccine Gene Therapy Institute Florida Corporation, and the Charles Stark Draper Laboratory, Inc. This brings the total number of projects that have received IIP funds to seven with an investment of $450 million (actual awards have totaled $449.09 million). An additional $75 million was appropriated in Fiscal Year 2010-11, contingent upon federal extension of the Federal Medicaid Assistance Percentage (FMAP) rate, which did occur. These funds have not been awarded at this time.



The Scripps Florida project is often associated with the IIP; however, it was funded prior to the creation of the Innovation Incentive Program and is provided for under a separate statute and oversight program.

Awardee Summary and Update

1. Hussman Institute for Human Genomics (HIHG)*

Fiscal Year Funded: 2007-08
Site: University of Miami (UM)
Permanent Facilities: Biomedical Research Building on UM's Miller School of Medicine campus (move completed in June 2009)
Required Minimum Job Creation: 296 (through FY 2014)
Required Minimum Average Salary: $62,004 or 130% of the average private sector wage in the City of Miami MSA, whichever is greater
Innovation Incentive Award: $80 million
Local Matching Funds: $100 million in private philanthropy
Required Equipment Investment: exact amount not required in Funding Agreement, $25.2 million planned per Business Plan
Effective Date of Funding Agreement: January 9, 2008

HIHG is exploring the genetic influences on human health and applying this knowledge to the practice of medicine through improved diagnostics, treatments, and medications, thus translating the unprecedented scientific advance of the "Human Genome Project" into information that can benefit patients directly.

On September 30, 2010, HIHG submitted its Annual Report, covering the project year from June 1, 2009 to May 31, 2010. Some of the key achievements include:

- 167.9 new jobs created
- Average annual wage of $74,020
- Awarded 27 grants totaling $24 million from federal agencies and other sources during the fiscal year
- 3 provisional patents filed (total of 17 since inception)
- In process of developing a not-for-profit spin-off that will expedite the translation of discoveries to the private sector
- HIHG members published more than 70 research papers during the fiscal year

HIHG reported that cumulative jobs increased to 169.7 as of November 30, 2010, with an average salary of $76,066.

* Previously the Miami Institute for Human Genomics. Renamed the Hussman Institute for Human Genomics upon the pledge and gift of $20 million from Dr. John Hussman.

2. Max Planck Florida Corporation (MPFC)

Fiscal Year Funded: Fiscal Year 2007-08
Site: Florida Atlantic University (FAU) Mac Arthur Campus, Jupiter
Temporary Facilities: Currently housed in 40,000 square feet across two buildings at FAU's Mac Arthur Campus in Jupiter (space previously occupied by Scripps Florida)
Permanent Facilities: Groundbreaking for 100,000 square feet building occurred on June 22, 2010. Located on six acres of land donated by FAU on the Mac Arthur campus in Jupiter near Scripps Florida (anticipated completion in early 2012).
Required Minimum Job Creation: 135 (through FY 2018)
Required Minimum Average Salary: $46,931
Innovation Incentive Award: $94.09 million
Local Matching Funds: Palm Beach County ($86.9 million for permanent facility construction and operations), FAU ($6.3 million for land for permanent facility and temporary facility rent concessions), Town of Jupiter ($260,000 in waived impact fees)
Required Equipment Investment: Funding Agreement requires a $2 million expenditure on scientific equipment as a condition of the fourth disbursement
Effective Date of Funding Agreement: March 12, 2008

The Max Planck Society for the Advancement of Science is an independent, non-profit scientific research organization. With an annual operating budget of $2.1 billion and 81 institutes located through the European Union and now in the United States, the Society pioneers research at the frontiers of human knowledge in the natural sciences, life sciences, and the humanities. It has 17 Nobel Prize Laureates to its credit since its inception in 1948, a staff of 13,000, and an additional 12,000 fellows of the International Max Planck Research Schools, doctoral students, post-doctoral students, assistants and visiting scientists. The interdisciplinary research areas often provide opportunities to work with universities, especially when the topic falls outside the scope of a university's ability to fund, staff, or pursue it. Studies in the natural sciences and the humanities at Max Planck Institutes very often complement important work underway at universities and other research facilities in key fields, and the institutes often perform service functions for research performed at universities by providing equipment and facilities to a wide range of scientists, such as telescopes, large-scale equipment, specialized libraries, and documentary resources.

Research at the MPFC focuses on bioimaging, using the most advanced techniques to visualize microscopic molecular processes. Bioimaging provides a critical opportunity to translate discoveries of basic research into clinical and patient-oriented applications, which can ultimately be used to help improve medical diagnostics and medical care. The Florida-based institute plans to collaborate with Scripps Florida on health-oriented research applications, and is establishing a relationship with FAU and other universities in addition to the Palm Beach County K-12 School District and Palm Beach Community College to enhance and advance bioscience programs at all levels of education.

MPFC's recent achievements include:

- Had 37 full-time employees with an average annual salary of $76,735 as of September 30, 2010.
- In October 2010, MPFC hosted a two-day neuroscience symposium marking the launch of a new joint Integrative Biology and Neuroscience graduate program with FAU. The new program is expected to welcome its first class in Fall 2011.

3. Vaccine Gene Therapy Institute (VGTI) Florida

VGTI is a not-for-profit corporation established by Oregon Health and Science University (OHSU), an institution that promotes and supports cutting-edge vaccine and gene therapy research and development, focusing on developing vaccines and therapeutics for infectious diseases and identifying defects in the immune systems in the elderly who are the most susceptible to infections, the most difficult to immunize, and thus the most difficult group for whom to develop therapeutic intervention.

Fiscal Year Funded: Fiscal Year 2007-08
Site: Port St. Lucie
Temporary Facilities: Third floor of the building owned by the Torrey Pines Institute for Molecular Studies (TPIMS)
Permanent Facilities: 99,000 square feet at the Florida Center for Innovation at Tradition adjacent to TPIMS
Required Minimum Job Creation: 200 (through 2018)
Required Minimum Average Salary: $42,278.60
Innovation Incentive Award: $60 million
Local Matching Funds: City of Port St. Lucie (infrastructure), St. Lucie County (property tax exemption and reduced impact fee), TPIMS (temporary facilities), and Core Communities (rent concessions)
Required Equipment Investment: $10 million
Funding Agreement Effective Date: April 17, 2008

On September 29, 2010, VGTI submitted its Annual Report for the period covering July 1, 2009 through June 30, 2010. Highlights of reported accomplishments include:

- 49 jobs created with an average annual salary of $72,499.80
- Awarded six federal and other research grants totaling $9,130,197
- On June 3, 2010, the City of Port St. Lucie issued tax-exempt Research Facilities Revenue Bonds in the aggregate amount of $64,035,000 on behalf of VGTI to support the development and construction of the 99,000 square foot permanent facility.
- A formal groundbreaking ceremony took place on October 20, 2010,

with anticipated occupancy in early 2012.

As of September 30, 2010, VGTI reported an additional 11 hires, bringing total new jobs to 60, with an average annual salary of $74,646.08.

4. The Charles Stark Draper Laboratory, Inc. (Draper)

Draper is an independent, not-for-profit research and development laboratory engaged in applied research, engineering development, technology transfer, and advanced technical education. Draper separated from the Massachusetts Institute of Technology (MIT) in 1973 and is headquartered in Cambridge, Massachusetts. With seven satellite offices, including one at Cape Canaveral which provides test launch support of Trident Missiles, Draper has more than 1,300 employees engaged in a broad array of programs for both government and commercial sponsors.

Draper is bringing a unique Multi-Chip Module (MCM) technology that results in the reduction in the size of electronics which enables the sensor systems to be placed in small hard-to-reach areas and perform in a variety of severe environments. This technology has tactical, covert, space, and medical applications.

Draper's Bioengineering Center at the University of South Florida is involved in an array of research – from balance prosthesis development and the development of reagent-less handheld biological agent sensors, to liver stage malaria drug discovery and microenvironment models for personalized cancer treatment.

On October 28, 2010, Draper submitted its Annual Report for Year 2, covering October 1, 2009 through September 30, 2010. Highlights of the year's achievements include:

- 36 new jobs created with an average annual salary of $80,145
- The MCM facility transitioned from a start-up environment to a fully operational production capability
- The Bioengineering facility was awarded $4.9 million in research grants – ranging from research in radiological debris analysis to malaria and melanoma
- Submitted grant applications totaling more than $55 million
- Draper and USF researchers filed a joint patent application

Fiscal Year Funded: Fiscal Year 2007-08
Site: Bioengineering Center at the University of South Florida (USF), Tampa and Multi-chip Module (MCM) Manufacturing Center, St. Petersburg
Temporary Facilities: USF in Tampa
Permanent Facilities: 10,000 square feet has been provided for the Bioengineering Center at USF in Tampa and 14,000 square feet at Oerlikon Building for the MCM Center in St. Petersburg
Required Minimum Job Creation: 165 plus two Draper Lab Fellowes (through 2015)
Required Minimum Average Salary: 200% of the average wage in the Hillsborough and Pinellas counties MSA
Innovation Incentive Award: $15 million
Local Matching Funds: Pinellas County ($2 million for the MCM Manufacturing Center), City of St. Petersburg ($2 million land grant for future expansion), Hillsborough County ($6 million for the Bioengineering Center), USF Foundation ($4 million), High Tech Corridor ($1 million), and Progress Energy $300,000)
Required Equipment Investment: $5 million
Funding Agreement Effective Date: June 30, 2008

There have been no significant updates since the Annual Report was submitted.

5. Sanford-Burnham Medical Research Institute
(Previously the Burnham Institute for Medical Research)

Fiscal Year Funded: Fiscal Year 2006-07
Site: Lake Nona, Orlando
Temporary Facilities: 14,000 square feet at Florida's Blood Centers
Permanent Facilities: 175,000 square feet on 50 acres at the Lake Nona site in Orlando (moved to new facilities in May 2009)
Required Minimum Job Creation: 303 (through FY 2016)
Required Minimum Average Salary: 130% of the average private-sector wage in Orange County
Innovation Incentive Award: $155.272 million
Local Matching Funds: Orange County, City of Orlando, University of Florida, University of Central Florida, Lake Nona Land Company
Required Equipment Investment: $61.4 million
Funding Agreement Effective Date: October 31, 2006

The Sanford-Burnham Medical Research Institute (SBMRI) is a non-profit institute focused on revealing the fundamental molecular mechanisms of disease and to use that knowledge to devise the prototype therapies of tomorrow. SBMRI is organized into three disease-focused research centers: the Cancer Research Center, the Dale E. Webb Center for Neuroscience and Aging Research, and the Infectious and Inflammatory Disease Center. These three disease-focused research centers are bolstered by three technology centers: Chemical Genomics, Proteolytic Pathways, and Computational Modeling. SBMRI-Lake Nona has added a fourth research center focused on Diabetes and Obesity.

Two research programs were initiated within the new Diabetes and Obesity Research Center – the Metabolic Signaling and Disease Program and the Cardiovascular Pathobiology Program. SBMRI-Lake Nona will also focus, together with its health system partners, on developing innovative approaches for translating research discoveries to clinical care. To that end, SBMRI-Lake Nona and Florida Hospital have established the Translational Research Institute, for which building and recruitment plans are in progress.

On September 23, 2010, SBMRI-Lake Nona submitted its 4th Annual Report covering July 1, 2009 – June 30, 2010. Highlights of the report included:

- 172.8 new jobs created with an average annual salary of $69,706
- Hosted Inaugural Scientific Symposium complete with lectures by Nobel Laureates Drs. Michael Brown and Joseph Goldstein.
- The first Diabetes and Obesity Research Center Advisory Board meeting (chaired by Dr. Chris Newgard of Duke University) met in February 2010 at Lake Nona.
- Equipment purchases totaled $10.4 million during the fiscal year
- 23 active grants with a value of $7.6 million during the fiscal year

As of September 30, 2010, SBMRI-Lake Nona reported an additional three jobs, for a total of 175.8.

6. Torrey Pines Institute for Molecular Studies (TPIMS)

The mission of TPIMS is to conduct basic biomedical research to discover treatments and cures for leading causes of human disease including Alzheimer's, heart disease, cancer, Types 1 and 2 diabetes, AIDS and other infectious diseases, multiple sclerosis, chronic pain and more. TPIMS is a bi-coastal biomedical institution, with over 100 people working at its La Jolla, California base.

TPIMS submitted its Annual Report covering July 1, 2009 through June 30, 2010. Highlights of achievements during that time include:

- Cumulative new jobs created totals 84, with an average annual salary of $63,022
- One patent application was filed during the fiscal year
- Two spin-off businesses were established during the fiscal year (both in the business plan development stage)
- Twenty-five (25) scientific publications published during the fiscal year

Fiscal Year Funded: Fiscal Year 2006-07
Site: Port St. Lucie
Temporary Facilities: 15,000 square feet at the FAU/ Harbor Branch Oceanographic Institute
Permanent Facilities: 107,000 square feet on 20 acres at the Tradition Community,
Port St. Lucie (grand opening occurred in January 2009)
Required Minimum Jobs: 189 (through 2015)
Required Minimum Average Annual Salary: $62,321 or 130% of the average private sector wage in the Port St. Lucie-Fort Pierce MSA, whichever is greater
State Funding: $32 million ($24.728 million from Innovation Incentive Fund and $7.272 million from Quick Action Closing Fund)
Local Matching Funds: City of Port St. Lucie ($33 million for construction and $7 million for equipment), St. Lucie County ($10 million), Florida Atlantic University (use of temporary facility and graduate assistantships valued at $6.5 million), Tradition Development (land valued at $15 million)
Projected Facility Construction: $35 million per Business Plan
Funding Agreement Effective Date: November 16, 2006

As of September 30, 2010, TPIMS reported three additional hires, bringing the current job count to 87. In addition, the Student Summer Internship Program included eight students, seven from the Research Coast.

7. SRI International (SRI Florida)

SRI International, established in 1946 as the Stanford Research Institute, is an independent, nonprofit research institute conducting client-sponsored research and development for government agencies, commercial businesses, foundations and other organizations. SRI International's Marine Technology Program, primarily located in St. Petersburg, specializes in the study of surface and subsurface marine environments.

Research at SRI Florida's port facility focuses on harnessing health benefits that marine habitats can provide, improving our marine ecosystem and understanding its role in climate change, and marine and port security. An example of their efforts includes developing a Maritime Domain Awareness System for the U.S. Naval Air Systems Command.

Highlights of SRI Florida's Third Annual Report covering calendar year 2009 included:

- SRI Florida was awarded 21 new grants and contracts from federal agencies and industrial clients with a value of $11.5 million
- New jobs totaled 92 (18 of which were temporary) with an average annual salary for full-time employees of $80,400
- Two (2) U.S. patents were filed with the U.S. Patent and Trademark Office
- Eleven (11) papers, conference presentations, and scientific publications were generated from SRI Florida research

Fiscal Year Funded: Fiscal Year 2006-07
Site: St. Petersburg
Temporary Facilities: University of South Florida (USF) provided SRI Florida with temporary facilities located at the USF St. Petersburg Campus.
Permanent Facilities: 34,000 square feet on the eastern edge of the Port of St. Petersburg within the Bayboro area, a designated state Enterprise Zone, leased to SRI Florida by the City of Petersburg. SRI Florida transitioned to this space in December 2009. In addition to this primary space, SRI Florida occupies 21,000 square feet of leased space for a micro-systems clean room in Largo and 4,000 square feet of office space in Orlando.
Required Minimum Job Creation: 160 "net-new-to-Florida", 200 total (including approximately 40 positions from the USF Center for Ocean Technology)
Required Minimum Average Annual Salary: 130% of the statewide average wage
Innovative Incentive Award: $20 million
Local Matching Funds: The City of St. Petersburg (including $5 million grant from the Florida Seaport Transportation and Economic Development Council), Pinellas County, and USF's College of Marine Science and Center for Ocean Technology
Required Equipment Investment: $2 million
Funding Agreement Effective Date: November 22. 2006

Since December 31, 2009, SRI Florida submitted quarterly updates, which reported 84.8 cumulative new jobs with an average salary of $85,525 (as of September 30, 2010). The most recent quarterly update also reported the transfer of $3 million in equipment from USF to SRI.

Economic Development Impacts

Though evidence is beginning to illustrate significant growth in Florida's biotechnology industry, it is too soon to begin to measure the actual return on the state's Innovation Incentive investments. For example, the recent *Battelle/BIO State Bioscience Initiatives 2010* report shows a 40.5 percent increase in Florida bioscience establishments between 2001-2008, compared to a national change of 28.3 percent.[1] Similarly, Florida's 18 percent increase in employment during that time compares favorably to the 15.8 percent increase nationwide.[2] In addition, biomedical venture capital is showing significant increases – through the third quarter of 2010, investments totaled $143 million, an increase of $27.4 million over total 2009 investment.[3] However, even these recent improvements occur prior to complete deployment of Innovation Incentive awards. As 2010 comes to a close, only 60 percent of all awards have been disbursed to grant recipients and 44 percent required jobs created.

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[1] Accessed http://www.bio.org/local/battelle2010/FLORIDA_profile.pdf
[2] Ibid.
[3] Michael Schmitt, M.D., "Florida Biomedical Investment Dollars Now Surpass 2009 by 24%", accessed http://www.biotech.ufl.org/pubs/Fl_BiomedInvestDollars_9Nov10.pdf

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Office of Program Policy Analysis & Government Accountability

January 2010 Report No. 10-05

Biotechnology Clusters Developing Slowly; Startup Assistance May Encourage Growth

at a glance

Although the Innovation Incentive Program has invested over $449 million to bring seven major biotechnology research institutes to the state, this investment has not yet resulted in the growth of technology clusters in the counties where program grantees have established facilities. However, experts in the biotechnology industry agree that significant cluster growth often takes decades. While many factors related to biotechnology cluster growth are present in the state, such as a collegial and cooperative environment among stakeholders, Florida has limited early stage capital for beginning companies.

The Legislature could consider options to strengthen the program, including shifting its focus from attracting research institutes to providing early stage money for startup biotechnology companies. The Legislature could do so by authorizing grants to startup companies or by providing matching funds to companies that also receive grants from the federal Small Business Innovation Research and Small Business Technology Transfer Programs.

Scope

In accordance with state law, this report evaluates the Innovation Incentive Program's progress toward creating clusters of high wage, high skilled, complementary industries that serve as catalysts for economic growth in regions in which they are located and across the state.[1] The report answers four questions.

1. How have Innovation Incentive Program funds been awarded?
2. Does Florida have the characteristics necessary for biotechnology cluster growth?
3. Are biotechnology clusters developing because of the program?
4. What options could the Legislature consider to strengthen the Innovation Incentive Program?

The report also includes information about Scripps Florida, which received a separate incentive from the state prior to the establishment of the program.

Background

In recent years, Florida has aggressively pursued developing a biotechnology industry to diversify the state's economy and create

[1] Chapter 2009-51, *Laws of Florida,* directs OPPAGA to review the Innovation Incentive Program every three years.

Office of Program Policy Analysis & Government Accountability
an office of the Florida Legislature

high skill, high wage jobs.[2] To do so, the state has offered substantial financial incentives to biotechnology research institutes to establish locations in Florida. For example, in October 2003, the Legislature appropriated $310 million to pay for scientific equipment and staff salaries for the Scripps Florida Research Institute (Scripps Florida) during its first 10 years of operation.[3]

The 2006 Legislature created the Innovation Incentive Program to further this effort and provide resources to attract high-value research, development, and innovation business projects. The program targets funds to businesses that expand or locate in Florida, are likely to serve as catalysts for the growth of existing or emerging technology clusters, or significantly affect the regional economy in which they expand or locate. Businesses receiving funding may include those engaged in research and development as well as alternative and renewable energy.

The Legislature appropriated $200 million for the program in Fiscal Year 2006-07 and $250 million in Fiscal Year 2007-08, for a total of $450 million. The Legislature did not appropriate funding for the program in Fiscal Years 2008-09 and 2009-10.

Questions and Answers—

How have Innovation Incentive Program funds been awarded?

To date, seven research and development institutes have received funds through the Innovation Incentive Program, and these institutes have received $449 million in program awards. Local governments have provided matching funds totaling nearly $526 million, bringing total funding awards to approximately $975 million.

Companies were awarded Innovation Incentive Program funds based on an application and approval process. To receive Innovation Incentive Program funding, each grantee is required to submit an application to Enterprise Florida, Inc. (EFI) after EFI conducted an initial screening process.[4] The applications are evaluated based on factors such as job creation, investment in facilities and equipment, collaborative relationships with state universities, and state and local economic impacts. Applicants are required to specify how the requested funds would influence their decision to locate or expand in Florida and demonstrate local support for the proposal, including a local match equal to program funding from public and private sources.[5]

After reviewing each proposal, Enterprise Florida, Inc., makes a recommendation to the director of the Office of Tourism, Trade, and Economic Development (OTTED), who advises the Governor regarding approval or disapproval of the program award.[6] The Governor consults with the President of the Senate and the Speaker of the House of Representatives before approving program awards.

After the Governor approves a proposal, OTTED and the grantee enter into a contractual agreement. The contract specifies the funds awarded and performance

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[2] Biotechnology refers to the use of cellular and molecular processes in solving problems and developing products. Advances in biotechnology processes and products have many applications, such as better diagnosing and treating human diseases and improving agricultural crops.

[3] The Scripps Research Institute is a large, private, non-profit, biomedical research organization headquartered in La Jolla, California that established a facility called Scripps Florida in Palm Beach County in 2004. Although Scripps Florida predates the Innovation Incentive Program, it is an example of the type of entity the program was intended to attract.

[4] Enterprise Florida, Inc. is a public-private partnership created by the Legislature to serve as the state's principal economic development organization. It is a non-profit corporation that operates under a contract with the Governor's Office of Tourism, Trade, and Economic Development.

[5] The local match requirement may be waived or reduced in some cases. However, any local match may not include, directly or indirectly, state funds appropriated from the General Revenue Fund or any state trust fund, excluding tax revenues shared with local governments pursuant to law.

[6] The Florida Energy and Climate Commission also evaluates alternative and renewable energy project proposals.

conditions regarding job creation, average wages, and cumulative investment.[7] Contracts also include sanctions for failure to meet performance conditions, including any clawback provisions.[8] For example, the contracts provide that OTTED can reduce or eliminate disbursements of funds to grantees that fail to meet job creation requirements.

The program awarded $449 million to seven biotechnology institutes that located in Florida. As of October 2009, the program had awarded $449,090,000 to seven research and development institutes in six counties—Hillsborough, Miami-Dade, Orange, Palm Beach, Pinellas, and St. Lucie (see Exhibit 1). Program managers report that the remaining $910,000 was returned to the General Revenue Fund. Public and private partners contributed approximately $526 million in local matching funds, for a total award of at least $974.8 million to the seven grantees. According to OTTED managers, all grantees were meeting their contractual requirements as of November 2009.

When program funding of $449 million is combined with $310 million appropriated to Scripps Florida, state funding to attract biotechnology research institutes to Florida totals $759 million.

[7] As of September 2009, the seven program grantees had created a total of 783 jobs.

[8] Clawbacks stipulate that a publicly subsidized firm not achieving agreed-upon employment performance targets must pay back a portion of the subsidy it received.

Exhibit 1
The State Has Committed Approximately $759 Million to Attract Biotechnology Research Institutes to Florida

Entity		City/County	Contract Date	Major Activities	State Funding	Local Match
Scripps Florida		Jupiter/ Palm Beach	1/30/04	Studies several areas, including immunology, molecular and cellular biology, and synthetic vaccine development	$310,000,000	$269,000,000
Innovation Incentive Grantees	Burnham Institute for Medical Research	Orlando/Orange	10/30/06	Studies the fundamental molecular mechanisms of diseases	$155,272,000	$155,500,000
	Max Planck Florida Corporation	Jupiter/ Palm Beach	3/12/08	Uses bio-imaging to study microscopic molecular processes	$94,090,000	$93,460,000
	Miami Institute for Human Genomics	Miami/ Miami-Dade	1/9/08	Explores genetic influences on human health	$80,000,000	At least $100 million in private funds[2]
	Vaccine & Gene Therapy Institute Florida	Port St. Lucie/ St. Lucie	4/17/08	Develops vaccines and therapeutics for diseases afflicting the elderly	$60,000,000	At least $60 million[2]
	Torrey Pines Institute for Molecular Studies[1]	Port St. Lucie/ St. Lucie	11/16/06	Conducts basic biomedical research related to disease treatment	$24,728,000	$71,520,000
	SRI International	St. Petersburg/ Pinellas	11/22/06	Studies surface and subsurface marine environments	$20,000,000	At least $30 million[2]
	Charles Stark Draper Laboratory, Inc.	St. Petersburg/ Pinellas Tampa/ Hillsborough	6/30/08	Develops miniature medical technologies and military guidance systems	$15,000,000	$15,300,000
Program Total					**$449,090,000**	**$525,780,000[2]**
Grand Total					***$759,090,000***	***$794,780,000[2]***

[1] The Torrey Pines Institute for Molecular Studies also received $7,272,000 from the Quick Action Closing Fund.

[2] These are minimum figures. Part of local match is provided in-kind, such as building infrastructure over a period, and the total cost may not be known until after the grantee has moved into its permanent facility.

Source: Florida Office of Tourism, Trade, and Economic Development.

Does Florida have the characteristics necessary for biotechnology cluster growth?

Although definitions vary, an industry cluster is generally a geographic concentration of "interconnected companies and institutions in a particular field."[9] Industry clusters are important for economic development, as businesses and research institutes often prefer to locate in areas that already have similar enterprises in order to collaborate and draw upon existing labor markets.

There are several significant biotechnology clusters in the United States. For example, Boston, San Diego, San Francisco, and the Research Triangle Park in North Carolina have all been cited as major biotechnology hubs. In addition, biotechnology clusters have formed in other countries, including Brazil, Canada, China, and India.

Some factors favorable for biotechnology cluster growth are present in Florida. Biotechnology experts, economic development organization representatives, and grantee managers we contacted reported that Florida has several characteristics that promote the growth of industry clusters. These include

- specific research programs at the state's public and private universities;
- a skilled workforce;
- a business-friendly economic climate that includes low taxes;
- a visitor-friendly climate with warm winters;
- state incentive programs that attract biotechnology research institutes to the state; and
- a collegial and cooperative environment among various companies, local governments, economic development organizations, state agencies, and public and private universities.

However, these experts also reported that Florida lacks a key factor related to cluster growth—sufficient early stage venture capital for fledgling biotechnology companies. This is consistent with findings of a 2006 OPPAGA report.[10] Early stage capital is important to companies' initial operations as they conduct proof of concept activities and demonstrate that products are feasible. It also helps companies develop and commercialize their products and begin to create high skill, high wage jobs.

The Legislature has established programs to provide startup assistance to new biotechnology companies. To address the state's shortage of early stage venture capital, the 2007 Legislature established the Florida Opportunity Fund to invest in seed and early stage venture capital funds. Investments must be focused on Florida companies in designated sectors including the life sciences, information technology, and homeland security and defense. The Legislature appropriated $29.5 million for this purpose. As of November 2009, the fund had committed to provide $12 million to three venture capital companies that invest in Florida technology companies.

In addition, the 2008 Legislature authorized the State Board of Administration to invest up to 1.5% of the net assets of the state retirement system trust fund in technology and high-growth investments. These investments can include space technology, aerospace and aviation engineering, computer technology, renewable energy, and medical and life sciences. Such investments could indirectly assist some startup biotechnology companies. As of November 2009, the board had committed to investing $26.5 million in three companies.

[9] Michael E. Porter, "Clusters and the New Economics of Competition," *Harvard Business Review*, November-December 1998, p. 78. Although institutions in a cluster may be physically close, technology can also allow distant institutions to engage in collaboration.

[10] Start-up companies in Florida historically have had difficulty in attracting early stage capital. See OPPAGA report *Florida Has Implemented Promising Biotechnology Initiatives, But Faces Challenges,* Report No. 06-71, November 2006.

The Legislature could consider authorizing the Innovation Incentive program to provide start-up funds. Some biotechnology experts and economic development organization representatives we contacted suggested that the state provide additional types of financial assistance to biotechnology companies. Some stakeholders recommended that the Innovation Incentive Program's focus be shifted to providing grants of $1 million or less to assist startup biotechnology companies. Other stakeholders suggested that the state provide matching funds to companies that receive Small Business Innovation Research and Small Business Technology Transfer grants from the U. S. Small Business Administration.[11]

Are biotechnology clusters developing because of the program?

Biotechnology clusters have yet to grow substantially in the six counties where Innovation Incentive Program grantees have established facilities. The grantees have established collaborative relationships with state universities and other biotechnology institutes that could encourage cluster development. Average wages paid by program grantees and biotechnology businesses are substantially higher than average total wages for all industries in the state and the six counties where grantees are located.

Biotechnology businesses already existed in the counties where program grantees established operations. Each of the six counties where Innovation Incentive Program grantees established institutes had existing biotechnology businesses. As shown in Exhibit 2, Palm Beach County had 46 biotechnology businesses the year before Scripps Florida was established (2003). Similarly, Orange County had 53 such businesses the year before the Burnham Research Institute established its facility (2005).

Exhibit 2
Biotechnology Businesses Existed in All Six Counties Prior to the Establishment of State Funded Research Institutes

County	Biotechnology Businesses Before Program Awards	Biotechnology Businesses as of December 2008
Hillsborough	37[1]	49
Miami-Dade	83[1]	96
Orange	53[2]	46
Palm Beach	46[3]	54
Pinellas	64[2]	72
St. Lucie	4[2]	7
Total	**287**	**324**

[1] Funds awarded in 2008.
[2] Funds awarded in 2006.
[3] Funds awarded in 2004.

Source: Florida Agency for Workforce Innovation.

The six counties that host the program's grantees also house many biotechnology companies—these counties had 324 companies as of December 2008, the most recent date for which these data are available. The six counties hosted 41% of the 788 biotechnology businesses in Florida as of that date. The biotechnology companies and the seven program grantees in these counties employed 15,722 persons, over half (57%) of the state's 27,699 biotechnology employees (see Exhibit 3).

Exhibit 3
In 2008, Counties with Grantees Accounted for 41% of Florida Biotechnology Companies and 57% of Biotechnology Employees

County	Companies	Employees
Hillsborough	49	1,257
Miami-Dade	96	6,191
Orange	46	1,213
Palm Beach	54	1,573
Pinellas	72	5,388
St. Lucie	7	100
Total	**324**	**15,722**
Statewide	788	27,699
State Total Percentage	**41%**	**57%**

Source: Florida Agency for Workforce Innovation.

[11] These programs help fund companies' startup and development phases and encourage technology commercialization. Qualifying businesses can receive startup funds up to $100,000 for approximately six months and expansion funds up to $750,000 for as long as two years.

Relatively few biotechnology companies have begun operations in Florida since the grantees were established. As of the last quarter of 2008, state records show that 36 biotechnology companies began operations in the six counties after the grantees were established. However, only 19 reported that they paid wages or had employees as of December 31, 2008.

However, most of the new companies did not begin operations in Florida as a direct result of the grantees' presence. We were able to contact managers of 14 of these businesses to discuss their location decisions, and only two reported that they had based their decisions on the presence of the grantees; these two companies had a total of six employees as of the last quarter of 2008.

It should be noted that most grantees have been in Florida for a relatively brief period, and they may have more impact on cluster development over time. To date, most grantees have been in operation for two years or less, and four signed contracts with the state in 2008 and are operating in temporary facilities until their permanent facilities are constructed. State and local economic development organizations reported receiving several inquiries from biotechnology companies considering a move to Florida. Experts in the biotechnology industry agree that significant cluster growth often takes decades.

To establish a baseline that will assist in determining the future growth of biotechnology clusters, we calculated location quotients for each county. Location quotients compare local employment in a given industry to statewide or national employment in that industry. As shown in Exhibit 4, Miami-Dade and Pinellas counties had location quotients exceeding 1.0 as of December 2008, meaning that their levels of biotechnology employment were higher than the statewide level.

Exhibit 4
Miami-Dade and Pinellas Counties' Biotechnology Employment Is Higher Than the Statewide Level

Area	Total Employment	Biotechnology Employment	Location Quotient
Statewide	7,663,676	27,699	1.00
Hillsborough	612,733	1,257	0.56
Miami-Dade	**1,006,528**	**6,191**	**1.70**
Orange	688,309	1,213	0.48
Palm Beach	530,308	1,573	0.82
Pinellas	**420,268**	**5,388**	**3.54**
St. Lucie	69,906	100	0.39

Source: Florida Agency for Workforce Innovation and OPPAGA analysis.

Grantees have developed collaborative relationships, which could lead to cluster development. Several grantees reported that they had established collaborative relationships with other grantees and Florida universities. For example, Max Planck Florida Corporation managers said that the presence of Scripps Florida was one of the reasons they located a facility in Palm Beach County, as the corporation can use its bio-imaging to translate Scripps Florida's basic research into clinical and patient-oriented applications. Similarly, SRI International, which located in Pinellas County in 2006, studies surface and subsurface marine environments. It has established a collaborative agreement with the Charles Stark Draper Laboratory, which located in the area in 2008, to develop miniature sensors and other technologies that assist SRI in its research. Both companies have also established collaborative agreements with the University of South Florida.

Grantees have established high paying jobs. Biotechnology jobs provide workers with higher-than-average wages, which is a key goal of the Innovation Incentive Program. As shown in Exhibit 5, average biotechnology wages are substantially higher than average state wages as well as the average wages in the six counties with program grantees. These differences ranged from 12% above the average wage in Palm Beach County to 52% above the average wage in Orange County.

Exhibit 5
In 2008, Biotechnology Employees' Average Annual Wages Were Higher Than Those of Other Employees

Area	Average Total Wages	Average Biotechnology Wages	Percentage Difference
Statewide	$40,569	$55,853	37.7%
Hillsborough	$43,316	$55,413	27.9%
Miami-Dade	$45,152	$55,535	23.0%
Orange	$41,056	$62,481	52.2%
Palm Beach	$44,488	$49,849	12.1%
Pinellas	$39,261	$51,390	30.9%
St. Lucie	$34,833	$42,648	22.4%

Source: Florida Agency for Workforce Innovation.

What options could the Legislature consider to strengthen the Innovation Incentive Program?

The Innovation Incentive Program, as well as the earlier recruitment of Scripps Florida, has helped the state develop a biotechnology industry. However, the state continues to face challenges in developing industry clusters, most notably the limited availability of early stage venture capital for new start-up companies.

The Legislature could consider shifting the focus of the Innovation Incentive Program from attracting new research institutes to providing early stage capital for startup biotechnology companies. It could do this by providing direct grants to startup biotechnology companies.

Alternatively, the Legislature could provide matching funds to companies that receive grants from the federal Small Business Innovation Research and Small Business Technology Transfer Programs. These federal programs encourage small businesses to engage in research or research and development projects that have the potential for commercialization. The programs provide grants of up to $100,000 for the first phase (approximately six months) and up to $750,000 for the second phase (up to two years of operation).

Either of these alternatives could assist Florida in attracting biotechnology companies to the state and aid in developing industry clusters, thereby amplifying the economic impact of the Innovation Incentive Program research facilities. However, these alternatives would require additional state funding, which may not be possible until the state's economy improves.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the director of the Office of Tourism, Trade, and Economic Development and the president of Enterprise Florida, Inc. for them to review and respond.

Their written responses have been reprinted herein in Appendix A.

Appendix A

CHARLIE CRIST
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

December 30, 2009

Gary R. VanLandingham, Ph.D.
Director
Office of Program Policy Analysis and Government Accountability
111 West Madison Street
Room 312
Tallahassee, Fl 32399

Dear Dr. VanLandingham:

In accordance with the provisions of S.11.51 (5) Florida Statutes, the Governor's Office of Tourism, Trade and Economic Development ("OTTED") acknowledges the OPPAGA draft report dated December 2009 prepared by the Office of Program Policy Analysis & Government Accountability ("OPPAGA") which evaluated the Innovation Incentive Program's progress toward creating clusters of high-wage, high-skilled industries throughout the state. OTTED appreciates the professional work of the OPPAGA team and commends them on a comprehensive and quantitative analysis of several industry factors necessary to assemble a successful biotechnology industry.

OTTED is encouraged by the findings in this report which demonstrate that the fundamental building blocks of cluster development have been laid and that in a few short years, progress is already quantifiable. On page 4, OPPAGA reports that

> Some factors favorable for biotechnology cluster growth are present in Florida ... including ... a collegial and cooperative environment among various companies, local governments, economic development organizations, state agencies, and public and private universities.

Additionally, the report finds that "biotechnology jobs provide workers with higher-than-average wages, which is a key goal of the Innovation Incentive Program." Considering there was no funding in the Innovation Incentive Program in fiscal years 2008-09 and 2009-10 and that "experts in the biotechnology industry agree that significant cluster growth often takes decades." OTTED is satisfied with these successful stepping stones on the path to cluster development.

The OPPAGA report also finds the need for start-up assistance for early stage companies and recommends providing this capital for start-up companies or matching funds to companies which receive federal grants. OTTED acknowledges these are two viable options to help ease the competition for capital among early stage companies. Additionally, it is our position that venture capital is one factor among many that will continue to strengthen with the growth of biotechnology clusters and the industry overall in the State of Florida.

We are prepared to answer any questions relative to the report and we thank you for the opportunity to respond.

Sincerely,

Jenni Garrison
Innovation Program Manager
Office of Tourism, Trade and Economic Development

Cc (via email):
Ms. Michelle Dennard, Senior Attorney, Office of Tourism, Trade, and Economic Development
Ms. Kim Mills, Director of Auditing, Executive Office of the Governor
Mr. Larry Novey, Chief Legislative Analyst, OPPAGA
Ms. Kara Collins-Gomez, Staff Director, OPPAGA

Enterprise Florida

January 5, 2010

Gary VanLandingham
The Florida Legislature's Office of Program
Policy Analysis and Government Accountability (OPPAGA)
111 West Madison Street, Suite 312
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for the opportunity to respond to the preliminary findings and conclusions of OPPAGA's report: ***Biotechnology Clusters Developing Slowly; Start-up Assistance May Encourage Growth***

We think this is a fair and reasonable report and in general support your recommendations. We have a couple of comments for your consideration.

In looking at the impact of the Innovation Incentive Fund, in section "Are biotechnology clusters developing because of the program?" we suggest that impact must be seen in the long term, a decade or more. Although your report has this deadline, it is too early to call a verdict. However there is more impact than suggested in the paper.

In our review of the data, we find that before Scripps, there were only 36 biotech companies in Florida. There are now more than 170 biotech companies in Florida (developed through attraction, home grown start ups, and spin offs). Importantly for future growth, Florida is now recognized as a top state for biotechnology. It is more appropriate to look at Florida as the geography, not individual counties, since the measures of success include not only the spinoffs from the biotechnology companies in their counties but also supporting development of Orlando's Medical City and the University of Miami Innovation Center. While the investments may be viewed as county specific, the impact is beyond these counties to the entire state.

In the last section "What options could the Legislature consider to strengthen the Innovation Incentive Program?" the report states that there continue to be gaps such as early stage capital and matching funds for SBIR/STTR. We fully agree. However, we don't think that Innovation Fund and these initiatives are alternatives for each other, but complementary parts of developing a robust cluster. Both are necessary for encouraging and nurturing growth in innovation driven businesses.

Further information on the need to commit to funds for Innovation can be found in **Roadmap to Florida's Future *2010-2015 Strategic Plan for Economic Development Priority* Recommendations.** *Strategic Priority: Innovation.* The **Roadmap** will be available after January 1, 2010 and will be posted on our website shortly after that.

Let us know if we can provide any further explanation of our comments.

Sincerely,

John

John A. Adams, Jr. Ph.D

cc: Chris Hart, OTTED

P.S. Please note that per enclosed email request from Darwin Gamble the above is a duplicate letter addressed to Gary VanLandingham. Original letter was mailed on December 18, 2009 to Darwin Gamble – copy enclosed.

Governor Charlie Crist, Chairman • Allan G. Bense, Vice Chairman • John A. Adams, Jr., President & CEO

800 North Magnolia Avenue, Suite 1100 • Orlando, Florida 32803 • T 407.956.5600 • F 407.956.5599

The Florida Legislature

Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

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Project supervised by Larry Novey, Chief Legislative Analyst (850/487-3768)
Project conducted by Darwin Gamble (850/487-9247), Kent Hutchinson (850/487-9164), and Alex Regalado (850/487-9234)
Kara Collins-Gomez, Staff Director (850/487-4257)
Gary R. VanLandingham, Ph.D., OPPAGA Director