

Committee on Budget

SB 2156 — Governmental Reorganization

by Budget Committee

1. REORGANIZATION

- a. Creates the Department of Economic Opportunity (DEO):
 - Agency head, known as the “executive director,” appointed by the Governor and confirmed by the Senate.
 - Transfers the Office of Tourism, Trade and Economic Development (OTTED), portions of the Department of Community Affairs (DCA), and portions of the Agency for Workforce Innovation (AWI) workforce functions to the new agency, effective October 1, 2011.
 - The Ready to Work program is transferred from the Department of Education (DOE) to the Department of Economic Opportunity.
- b. Transfers the AWI Office of Early Learning to the Department of Education as a separate entity:
 - Director of the office appointed by the Governor, and confirmed by the Senate.
 - DOE may not impose requirements or standards on early learning programs beyond those authorized in law for voluntary prekindergarten (VPK).
 - Auditor General to review programs and delivery systems (including early learning coalitions) by December 31, 2011.
- c. Consolidates public-private economic development partnerships:
 - Enterprise Florida, Inc., (EFI) President, known as the “Secretary of Commerce,” is appointed by and serves at the pleasure of the Governor.
 - EFI board remains largely as it is under current law, however new language requires certain private-sector representation (e.g., space, tourism, etc).
 - Space Florida retains special district status under the direction of appointed EFI board members.
 - VISIT Florida direct support organization is retained under contract with the EFI Board.
 - Black Business Investment Board (BBIB) and Florida Sports Foundation are merged into EFI, and related divisions are created in EFI.
 - Matching requirements for EFI and VISIT Florida (1-to-1 match) remain as required under current law.
 - Workforce Florida, Inc., maintains independent status as currently provided in law.
- d. Other transfers:
 - Florida Communities Trust and Stan Mayfield Working Waterfronts are transferred from DCA to the Department of Environmental Protection.

- Florida Building Commission is transferred from DCA to the Department of Business and Professional Regulation.
- Division of Emergency Management is transferred from DCA to the Executive Office of the Governor.
- Florida Energy and Climate Commission within the Executive Office of the Governor is transferred to the Department of Agriculture and Consumer Services.

e. Repeals DCA, AWI, and OTTED.

2. PURPOSE AND FUNCTIONS OF THE DEPARTMENT OF ECONOMIC OPPORTUNITY

a. Responsibilities of the department:

- Oversight and coordination of economic development, housing, growth management, community development programs, and unemployment compensation.
- Develop a single, statewide 5-year strategic plan to address the promotion of business formation, expansion, recruitment, and retention in order to create jobs for all regions of the state. The plan must address economic development, marketing and infrastructure development for rural communities.
- Submit an annual report on the condition of the business climate and economic development in the state, with assistance from EFI and WFI.
- Manage the activities of the public-private partnerships.
- Establish annual performance standards for Enterprise Florida, Inc., Workforce Florida, Inc., VISIT Florida, and Space Florida and report annually on how these performance measures are being met.

b. Streamlined incentive process:

- Incentives for economic development projects must be approved or denied within 10 days of submitting an application to the department.
- The release of funds for the incentive or incentives awarded to the applicant depends upon the statutory requirements of the particular incentive program.
- Quick Action Closing Fund projects require recommendation to the Governor in 7 days. In addition, the Governor can approve projects under \$2 million. Projects ranging from \$2 million - \$5 million require notification to the chairs and vice chairs of the Legislative Budget Commission (LBC). Projects totaling more than \$5 million must be approved by the LBC.

c. Business plan required by September 1, 2011, in conjunction with EFI, must outline:

- Strategies to be used by department and EFI for business recruitment and expansion.
- Benchmarks related to: business recruitment, business expansion, number of jobs created or retained.

- Tools, financial and otherwise, needed to achieve benchmarks, and timeframes necessary to achieve standards.
- By Jan. 1, 2012, the department must make recommendations for any further reorganization and streamlining of economic development and workforce functions.

3. PURPOSE AND FUNCTIONS OF ENTERPRISE FLORIDA, INC.

a. Responsibilities of EFI:

- Must enter a performance-based contract with the Department of Economic Opportunity.
- Acts as primary economic agency for the state; chief negotiator for business recruitment and business expansion.
- Increase private investment in Florida.
- Advance international and domestic trade opportunities.
- Market the state as a pro-business location for new investment and as a tourist destination.
- Revitalize Florida's space and aerospace industries.
- Promote opportunities for minority-owned businesses.
- Assist and market professional and amateur sports teams and sporting events.
- Assist and promote economic opportunities in rural and urban communities.

b. Annual incentive report must include:

- Description of incentive programs.
- Amount of awards granted, by year, since inception.
- Economic benefits including actual amount of private capital invested, actual number of jobs created, actual wages paid for incentive agreements, annual average wage.
- The number of applications submitted, and the number of projects approved and denied by the department.
- Federal and local incentives provided.
- The number of projects that did not fulfill the terms of their agreements and consequently did not receive incentives.
- Trends related to usage of the various incentives, including the number of minority-owned businesses receiving incentives.

4. DEEPWATER HORIZON OIL SPILL

To address the negative economic impacts of the Deepwater Horizon oil spill:

- Defines the following counties as “disproportionally affected counties” and waives job, wage, and other requirements for businesses seeking economic development incentives in these counties: Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Walton, and Wakulla.

- Provides that during a state of emergency permits are tolled and an additional 6 months is added to existing permits.
- Creates the Commission on Oil Spill Response Coordination (expires Sept. 2012).
- Appropriates \$10 million per year for three fiscal years to develop and implement an economic strategic plan in counties designated as disproportionately affected.
- Directs how funds received by the state for damages caused by the Deepwater Horizon oil spill may be directed.

5. STATE ECONOMIC ENHANCEMENT AND DEVELOPMENT (SEED) TRUST FUND (HB 7205 creates the SEED Trust Fund within the Department of Economic Opportunity)

This bill provides:

- Effective July 1, 2012, redirects a total of \$75 million from documentary stamp tax revenues, currently dedicated to affordable housing trust funds, into the SEED Trust Fund.
- Effective July 1, 2012, begins redirecting from documentary stamp tax revenues currently dedicated to the State Transportation Trust Fund (STTF) into the SEED Trust Fund. In order to lessen the impacts to the Florida Department of Transportation (FDOT) Work Program, the bill phases-in the amounts to be redirected as follows: \$50 million for FY 2012-13; \$65 million for FY 2013-14; and \$75 million for FY 2014-15 and subsequent years.
- The above-mentioned funds are to be appropriated annually in the General Appropriations Act.
- The affordable housing trust funds are maintained as in current law.

6. FLORIDA ENERGY AND CLIMATE COMMISSION PROVISIONS

- a. Provides for transfer of the powers, duties, and functions of the Florida Energy and Climate Commission within the Governor's Office to the Department of Agriculture and Consumer Services and abolishes the Commission.
- b. Transfers the duties of petroleum allocation from the Commission to the Division of Emergency Management.
- c. Transfers energy emergency contingency plans to the Division of Emergency Management.
- d. Requires the Department of Management Services to coordinate the energy conservation programs of all state agencies.
- e. Transfers administration of the Coastal Energy Impact Program to the Department of Environmental Protection.

If approved by the Governor, these provisions take effect July 1, 2011.

Vote: Senate 33-6; House 81-35