STORAGE NAME: h3501.bdt
DATE: April 9, 1998

HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 3501

RELATING TO: Small Business Technology Growth Program

SPONSOR(S): Representative Livingston

COMPANION BILL(S): SB 1262 (i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE (W/D)
(2) FINANCE AND TAXATION
(3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

This bill creates the Florida Small Business Technology Growth Program designed to provide financial assistance to businesses in Florida with emerging technology potential, high job growth and fewer than 100 employees. The program is to be administered and managed by the Technology Development Board of Enterprise Florida, Inc.

Funding for the program would consist of legislative appropriations, proceeds from collateral used to secure assistance, transfers, fees assessed for providing or processing assistance, grants, interest earnings, earnings on financial assistance and funds from the Department of Community Affairs for qualifying energy projects. Unused appropriated moneys are not subject to reversion for reappropriation at the end of the fiscal year.

This bill does not have a fiscal impact on local governments.

This bill does not increase the rulemaking authority of a state agency.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Enterprise Florida, Inc., (EFI) and its four affiliate boards are created in Chapter 288, Florida Statutes. The following responsibilities of EFI are specifically listed: providing leadership for business development in Florida including establishing unified efforts for international trade; marketing the state as a probusiness location for potential new investment; and, assisting in the creation, retention, and expansion of existing business. EFI is directed to develop and implement programs and strategies to accomplish these goals.

The programs and resources of the four affiliate boards facilitate the goals of EFI. The boards are: the Capital Development Board; the International Trade and Economic Development Board; the Technology Development Board; and, the Workforce Development Board.

The Technology Development Board

The Technology Development Board of EFI is a private-public non-profit board created in s. 288.9512, F.S. The board is responsible for fostering growth in high technology and other value-added industries and providing leadership market-driven, performance-based economic development tools. Recognizing that a competitive economy is characterized by better employment and higher-paying jobs, the board is directed to provide the leadership and development tools essential to foster growth in this area. The board is given various powers and duties including the authority to solicit, borrow, accept, receive and invest funds from public or private sources in order to carry out the states economic development policy regarding technology development.

The efforts of the board are facilitated through various programs including:

- The *Florida Manufacturing Technology Center* (FMTC) is designed to serve as an umbrella organization for technology applications service providers in Florida. Assistance is given to manufacturing companies in areas such as technical expertise, quality assurance, plant layout, environmental issues and accessing programs for workforce development and capital. The main purpose of this program is to help manufacturers increase productivity and competitiveness.

- The *Technology Investment Fund* (TIF) is designed to invest in promising technology-related projects ranging from $25,000 to $500,00. Projects are awarded based on various merits such as market-place potential and the award’s potential for economic benefits. The board releases requests-for-proposals up to three times a year depending on available funding.

- The *Innovation and Commercialization Corporation* (ICC) provides assistance in moving technologies with commercial application into the market place. ICC’s assist companies and entrepreneurs in various ways such as: obtaining financing through investors; increasing sales; and, helping with business plans and marketing.

The Department of Community Affairs (DCA) is responsible for administering the Energy Consumption Trust Fund (formerly named the Economic Opportunity Trust Fund). The fund contains Petroleum Violation Escrow (PVE) dollars received from the United States Department of Energy (USDOE) due to the settlement of litigation cases involving gasoline overcharges. PVE funds may be used for projects that assist small Florida-based companies with the development and commercialization of energy-related technologies. Certain restrictions and qualifications apply to the use of PVE dollars, and the DCA is responsible for ensuring that compliance with federal USDOE requirements is met.

Chapter 216, Florida Statutes, addresses the state's planning and budgeting process. Section 216.301(1)(b), F.S., provides that "Any balance of any appropriation, except an appropriation of fixed capital outlay, for any given fiscal year remaining after charging against it any lawful expenditure shall revert to the fund from which appropriated and shall be available for reappropriation by the legislature." Section 216.351, F.S., provides that any subsequent inconsistent laws shall supersede this chapter only by express reference to this section.

B. EFFECT OF PROPOSED CHANGES:

The Technology Development Board of Enterprise Florida Inc., (EFI) would be charged with administering the Small Business Technology Growth Program created by this bill. The board, as directed by the bill, would establish a small business technology growth account in the Technology Research Investment Fund for the purpose of administering this program.

Awards from the program would be finalized at meetings of the board and would be subject to the policies and procedures of EFI. The board is directed to give highest priority to moderate-risk and high-risk ventures offering "the greatest opportunity for compelling economic development impact." Additionally, the board must review each award on a portfolio basis and evaluate the results of all awards by December 1, of each year. Finally, the board must prepare a report on the financial status of the program and submit a copy of it to the directors of EFI and the appropriate legislative committees by January 1, of each year.

Funds for the program would consist of appropriations, proceeds of any collateral used to secure assistance, transfers, fees assessed for providing or processing financial assistance, grants, interest earnings, and money transferred to the account by the Department of Community Affairs from the Economic Opportunity Trust Fund for use in qualifying energy projects. The board must leverage at least one dollar of matching investment for each dollar awarded.

The funds may be used for loan guarantees, letter of credit guarantees, payments of claims, equity investments and program operations. Unused funds appropriated for this program would not be subject to reversion at the end of the fiscal year pursuant to s. 216.351, F.S.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

EFI and its affiliate board for technology development would possibly need to make rules governing the newly created program.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The responsibility of administering the Small Business Technology Growth program would require EFI and its affiliate board for technology development to administer the program.

Private organizations, eligible for assistance under the program, would have to complete the application and approval process for an award.

(3) any entitlement to a government service or benefit?

N/A.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes. The bill allows for program funding to include fees for providing or processing financial assistance.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

   a. If the bill purports to provide services to families or children:

      (1) Who evaluates the family's needs?

      N/A

      (2) Who makes the decisions?

      N/A

      (3) Are private alternatives permitted?

      N/A

      (4) Are families required to participate in a program?

      N/A

      (5) Are families penalized for not participating in a program?

      N/A

   b. Does the bill directly affect the legal rights and obligations between family members?

   N/A

   c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

      (1) parents and guardians?

      N/A

      (2) service providers?

      N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Chapter 288, Florida Statutes.

E. SECTION-BY-SECTION RESEARCH:

Section 1 - Creates section 288.95155, F.S., establishing the Small Business Technology Growth Program to be administered by the Technology Development Board of Enterprise Florida, Inc.

Section 2 - Provides an effective date of becoming law.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Unknown. This bill requires a legislative appropriation in the General Appropriations Act to fund the Small Business Technology Growth Program.

2. Recurring Effects:

Subject to legislative appropriation.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

See A.1 and A.2., above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   The Technology Development Board is directed to leverage at least one dollar of matching investment for every dollar awarded.

2. Direct Private Sector Benefits:

   Qualifying business would benefit through varied types of assistance, including financial. The bill does not address dollar caps on per-award basis.

3. Effects on Competition, Private Enterprise and Employment Markets:

   Indeterminate. The program is designed to assist moderate to high-risk companies with fewer than 100 employees with high-job growth and emerging technology potential. Assisting in the creation of new technologies and making existing technologies better will have a positive effect on competition and private enterprise. Additionally, high-tech industries are more often associated with higher-paying jobs and a higher-skilled workforce.

D. FISCAL COMMENTS:

The program allows for money in the small business technology account to include moneys transferred to the account by the Department of Community Affairs (DCA) from the Economic Opportunity Trust Fund (renamed the Energy Consumption Trust Fund). Staff from the DCA explained that such funds consist of Petroleum Violation Escrow (PVE) dollars received from the United States Department of Energy (USDOE) due to settlements in litigation cases involving gasoline overcharges. The USDOE settled its last case in the last two years. Florida received approximately $190 million in PVE funds from the USDOE, and there is a remaining balance of approximately $6 million.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of municipalities and counties to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

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