

STORAGE NAME: h1027.ca

DATE: March 25, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS**

BILL #: HB 1027

RELATING TO: Enterprise Zones/Liberty County

SPONSOR(S): Representative Kilmer

COMPANION BILL(S): CS/SB 1510 (c)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 6 NAYS 0
 - (2) COMMUNITY AFFAIRS
 - (3) FINANCE & TAXATION
 - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (5)
-

I. SUMMARY:

This bill allows Liberty County to apply for one enterprise zone area within Liberty County.

The fiscal impact is indeterminate.

The bill would take effect upon becoming law.

See Amendments or Committee Substitute Changes, Section VI.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Florida established one of the first enterprise zone programs in the country in 1980 to encourage economic growth and investment in distressed areas by offering tax advantages to businesses willing to invest within specified areas. An "enterprise zone" is a specific geographic area targeted for economic revitalization. The state has 31 designated enterprise zones in Florida.

In 1994, the Florida Legislature passed significant revisions to the enterprise zone program. The original program became overwhelmed with the number of zones allowed. As a result, the existing zones were repealed on December 31, 1994, and parameters were established for the designation of new zones.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.

In 1995, 19 enterprise zones were designated in urban and rural communities throughout the state. Local governments were required to establish a community-based Enterprise Zone Development Agency (EZDA).

In 1996, 11 new enterprise zones were authorized by the Florida Legislature, 10 of which submitted acceptable plans and applications. Administrative duties were transferred to the newly created Office of Tourism, Trade and Economic Development (OTTED) upon dissolution of the Department of Commerce. In 1997, OTTED designated the City of Fort Pierce as the 30th enterprise zone. In 1998, the 31st enterprise zone was added when the Florida Legislature further amended the enterprise zone program by authorizing a new zone to be designated within a brownfield pilot project area (Clearwater).

Costs of the program have increased slowly as new areas have been added. The total cost of state and local incentives were \$11.2 million in FY 1996-97, and \$13 million in FY 1997-98.

B. EFFECT OF PROPOSED CHANGES:

The bill would allow Liberty County to apply for the designation of one enterprise zone area within Liberty County.

The bill would create section 290.0069, Florida Statutes.

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?

N/A

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

N/A

(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?

N/A

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

N/A

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

N/A

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

N/A

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

N/A

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?

N/A

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:

The bill would create s. 290.0069, F.S.

E. SECTION-BY-SECTION ANALYSIS:

See Effect of Proposed Changes Section.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

In FY 1997-98, the total cost of all 31 programs was \$4.5 million in state tax incentives approved by the Department of Revenue, and \$8.5 million in incentives provided by the local governing bodies. Some of the local incentives provided are federal pass-through funds. A rough approximation for annual cost of each new enterprise zone added would be \$145,000 for the state in lost revenue and \$276,000 in incentives provided by local government.

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:**

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. **COMMENTS:**

None.

VI. **AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

On March 17, 1999, The Committee on Business Development and International Trade adopted three amendments to HB 1027 and passed the bill out with a favorable vote. The first amendment allows Escambia County to apply for five enterprise zones within the following areas: the Warrington, Brownsville, Palafox Corridor, Englewood and Belmont DeVilliers community redevelopment areas.

The second amendment provides that a business purchased in February 1992 within an area of Tampa that received a designation as an enterprise zone effective July 1, 1995, and was eligible to receive enterprise zone tax incentives from July 1, 1995, to July 1 1998, may apply for those enterprise zone tax credits retroactively. The business must submit an application for the incentives by December 1, 1999.

The third amendment removes the restriction dealing with poverty levels for an enterprise zone in Liberty County.

Representative Richie has requested two amendments:

Amendment #1: Amendment to Business Development and International Trade amendment #1 to allow Escambia County and the City of Pensacola to apply for the Enterprise Zone.

Amendment #2: Amendment to Business Development and International Trade amendment #1 to combine the Warrington, Brownsville, Palafox Corridor and Englewood Community redevelopment areas into one enterprise zone and create one city enterprise zone in the Belmont DeVilliers community redevelopment area.

VII. **SIGNATURES:**

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

Staff Director:

Victoria A. Minetta

J. Paul Whitfield, Jr.

AS REVISED BY THE COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

L. Clayton Roberts

Joan Highsmith-Smith