

STORAGE NAME: h0297.ca

DATE: March 2, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS**

BILL #: HB 297

RELATING TO: Empowerment Zones

SPONSOR(S): Representative Villalobos

COMPANION BILL(S): SB 214 (s)

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

- (1) COMMUNITY AFFAIRS
 - (2) GOVERNMENTAL RULES AND REGULATIONS
 - (3) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

This bill creates the "Florida Empowerment Zone Act". The act establishes a 10-year economic development program entitled the "Florida Empowerment Zone Program" within the Department of Community Affairs (DCA) in conjunction with the Federal Empowerment Zone Program.

The bill appropriates \$5 million to the DCA each fiscal year, for 10 years, beginning FY 1999-2000 for the purpose of funding local government awards under the Federal Empowerment Zone designation. The bill further authorizes DCA to adopt and enforce rules necessary to administer the program.

The bill requires the expenditure of funds from the State of Florida General Revenue Fund.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Empowerment Zone/Enterprise Community (EZ/EC) program is a federal initiative designed to spur job creation and economic growth in the nations most distressed urban and rural communities. Empowerment Zones and Enterprise Communities receive federal grant funding to assist the communities in implementing strategic plans.

In December 1994, the U.S. Department of Housing and Urban Development (HUD) named nine "empowerment zones" (six urban and three rural) and nearly 100 "enterprise communities." The selection entitled each of the six urban empowerment zones to approximately \$100 million over 10 years. Although, no Florida communities were selected as empowerment zones, three Florida communities were named enterprise communities: Jackson County (Marianna), Miami-Dade County, and Tampa. Each enterprise community was entitled to receive approximately \$3 million in federal aid over 10 years.

In April 1998, (HUD) announced a second round of federal empowerment zone designations. President Clinton's Administration requested \$1.7 billion for the second round of funding.

In a letter written during the round two application process, the late Florida Governor Lawton Chiles pledged \$5 million for any Florida community with a successful application. While the state pledges are not a required match and will not affect federal funding for the program, Miami-Dade County was granted a significant number of points on their grant application for demonstrating such support.

On January 13, 1999, Miami-Dade County was awarded a federal empowerment zone by HUD and will share with 14 other community winners, \$55 million in federal grants already approved this year-- \$3 million for each urban zone and \$2 million for each rural zone. Congress has approved \$2.2 billion in tax-exempt bonding authority and \$20 million in grants for each rural zone over 10 years. On the same day Miami-Dade County received its award, Collier/Hendry counties (community of Immokolee) received a "Rural Enterprise Community" award of \$250,000 a year for 10 years.

Also included in the grant application was a commitment of \$131 million of matching funds by Miami-Dade County and six municipalities. In addition, 18 banks pledged nearly \$400 million of targeted capital investment to the empowerment zone in the first two years, with a projected investment of more than \$1 billion over the next ten years. Key employers committed to create 5,000 jobs for zone residents over the next five years. Local entities committed over \$6 billion in construction projects over the next 10 years.

B. EFFECT OF PROPOSED CHANGES:

This bill creates the "Florida Empowerment Zone Act". The act establishes a 10-year economic development program entitled the "Florida Empowerment Zone Program" within the Department of Community Affairs (DCA) in conjunction with the Federal Empowerment Zone Program.

The bill appropriates \$5 million to the DCA each fiscal year, for 10 years, beginning FY 1999-2000 for the purpose of funding local governments awarded a Federal Empowerment Zone designation. The funds are used to benefit the nominated area and are contingent upon the local government receiving federal matching funds under the federal program and meeting the local match requirements imposed by the federal program regulations. The bill further authorizes DCA to adopt and enforce rules necessary to administer the program.

The bill requires the expenditure of funds from the State of Florida General Revenue Fund.

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?

The bill entitles local governments that have applied for and been awarded the federal empowerment zone designation to grant monies of up to \$5 million. To date that only applies to Miami-Dade County.

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?

Miami-Dade County and six municipalities within the County have committed \$131 million to the empowerment zone. Furthermore, there has been significant community commitment to the project as well.

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:

Creates section 290.0501, Florida Statutes.

E. SECTION-BY-SECTION ANALYSIS:

Section 1: Creates section 290.0501 as the "Florida Empowerment Zone Act"; provides definitions; provides legislative intent; creates the Florida Empowerment Zone Program and declares that the program shall operate for 10 years and be administered by the Department of Community Affairs (DCA); provides beginning in fiscal year 1999-2000, that the legislature shall appropriate funds on an annual basis for 10 years to communities that have been granted Federal Empowerment Zone funds; authorizes rulemaking authority for DCA.

Section 2: Appropriates \$5 million from the General Revenue Fund for fiscal year 1999-2000.

Section 3: This act takes effect July 1 of the year in which enacted.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

The bill has recurring impact of \$5 million annually on the General Revenue Fund.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

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:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that local governments have to raise revenues in the aggregate.

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

The bill does not reduce the percentage of state shared revenue with local governments.

V. COMMENTS:

Language in the bill provides a local matching requirement for communities to receive the empowerment zone designation. It is unclear what the federal program regulations require as match, i.e. money, or other forms of monetary commitment. However, a letter from the late Governor Lawton Chiles pledging \$5 million from the State of Florida demonstrated support for Miami-Dade County to receive the empowerment zone designation. Whether or not the, appropriation, provided for in the bill, is necessary to the local matching requirements or as a contribution towards local match requirements is unclear.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

Amendments to the Senate Bill have been adopted. The following amendments conform the House Bill with the Senate Bill: Amendment 1 provides for a technical clarification; amendment 2 adds a definition for a "sponsoring designee"; amendment 3 re-drafts the funding provision of the bill; amendment 4 provides that DCA shall evaluate performance of the empowerment zone recipients as contained in the zone's strategic plan.

STORAGE NAME: h0297.ca

DATE: March 2, 1999

PAGE 7

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

Lisa C. Cervenka

Joan Highsmith-Smith