

STORAGE NAME: h2425.bdt

DATE: April 20, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 2425 (PCB BDIT 00-04)

RELATING TO: Economic Development

SPONSOR(S): Committee on Business Development & International Trade
and Representative Bradley

TIED BILL(S):

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 8 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

The bill eliminates the administrative responsibility of OTTED for the Florida Enterprise Zone Act, the community contribution tax credit program, the sports franchise facility program, the spring training franchises facilities program, the professional golf hall of fame facility program, the International Game Fish Association World Center facility, the Regional Rural Development Grants Program, the Certified Capital Company Act, and the Florida State Rural Development Council.

The bill changes the designation of the Office of the Film Commissioner to the Governor's Office of Film and Entertainment. It renames the Florida Film Advisory Council the Florida Film and Entertainment Advisory Council.

The bill allows the designee of the director of OTTED and the designee of the chief executive officer of the Florida Tourism Marketing Corporation to serve on the WAGES Program State Board of Directors.

It requires OTTED to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives regarding programs funded from the accounts it administers.

It revises the authority of OTTED and the Commission on Tourism to establish foreign offices.

The bill provides for EFI to administer the Regional Rural Development Grants Program and make recommendations for approval by OTTED. It allows EFI to recommend Florida First Business Projects to OTTED.

The bill removes the director of OTTED from the membership of the Miami-Dade County Lake Belt Plan Implementation Committee.

It assigns administrative responsibility for the Recycling Markets Advisory Committee to the Department of Environmental Protection.

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The bill provides that the Governor's designee may serve as the chair of the board of directors of EFI. It requires EFI to use the Community Contribution Tax Credit Program, the Urban High-Crime Area Job Tax Credit Program, the Rural Job Tax Credit Program, and the state incentives available to enterprise zones to facilitate economic development. Further, it allows EFI to administer defense grant programs and make recommendations to OTTED on the approval of grant awards. It eliminates the Retention of Military Installations Program.

It authorizes the Institute of Food and Agricultural Sciences to contract and receive money to support the Florida State Rural Development Council.

The bill revises the criteria for the use of the Quick Action Closing Fund.

It creates the Retention Enhancing Communities Initiative (RECI).

The bill creates the Florida Communities Investment Act.

The bill creates the Florida Communities Abatement Program to provide an exemption from sales and ad valorem taxation in designated tax-free zones.

It increases the community contribution tax credit to 125 percent and increasing the cap to \$500,000.

The bill revises the application of the sales tax exemption provided for machinery and equipment used in silicon technology production and research and development. Additionally, it expands the exemption to include semiconductor technology production and research and development.

The bill provides an effective date of October 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The Office of Tourism, Trade, and Economic Development and Enterprise Florida, Inc. Partnership

Created in 1992, Enterprise Florida, Inc. (EFI), is a not-for-profit government-business partnership established to guide the development of Florida's economy. Its mission is to maintain a business-friendly climate conducive to the creation and retention of jobs. While not a state agency, EFI receives funds from the Legislature and is one of several public-private partnerships that report to the Office of Tourism, Trade and Economic Development (OTTED) within the Executive Office of the Governor. The role of OTTED is to ensure that efforts of EFI and those of other related organizations improve the economic quality of life for all Floridians and consistently demonstrate a unity of purpose, the full coordination of strategies and programs, a true partnership between business and government, and a continued focus on accountability for results.

OTTED is tasked with administering the following programs:

- Florida Enterprise Zone Act - Established in 1980, the Florida Enterprise Zone program targets areas for economic revitalization and provides incentives to businesses located in designated areas found in urban and rural communities. An "enterprise zone" is a specific geographic area chosen for economic revitalization. The incentives encourage businesses located within an enterprise zone to hire employees who are residents of that zone and award them with a 20 percent enhanced incentive.
- Regional Rural Development Grants Program - Created to build the professional capacity of regional economic development organizations made up of rural counties, communities, and organizations, the program provides funds which are intended for use in staffing regional economic development organizations. Grants are authorized by OTTED on an annual basis. The maximum amount an organization may receive in any year is \$35,000 (\$100,000 in a rural area of critical economic concern) and must be matched each year by an equivalent amount of non-state resources.
- Rural Development Council - Receives a variety of donations to support rural development and bolster social services within rural areas of the state.

- Military Base Retention Grants Program - Florida is among the nation's top recipients of defense spending. The economic benefits bring a higher level of economic security to many areas than they would otherwise enjoy. However, the very size of defense spending in the state makes it more vulnerable to national cutbacks in defense spending and to pressures for base closures. OTTED is authorized to award grants from any funds available to it to support activities related to the retention of military installations which may be potentially affected by federal base closure or realignment.
- Florida First Business Bond Pool - Established in s. 159.8083, F.S., the program provides written confirmation for private activity bonds to finance Florida First Business projects certified by OTTED.
- Professional Golf Hall of Fame Facility Program - Located in St. Johns County, the professional golf hall of fame facility is the only professional golf hall of fame in the country recognized by the PGA Tour, Inc.
- International Game Fish Association World Center Facility - Located in Dania, Florida, the International Game Fish Association World Center Facility is the only fishing museum, Hall of Fame, and international administrative headquarters in the country recognized by the International Game Fish Association.
- Professional Sports Franchise/Spring Training Franchise Facility Program - To attract new professional sports franchises to Florida, OTTED provides certification for those franchises that wish to receive state funding to support their facilities.
- Urban High-Crime Area and Rural Job Tax Credit Programs - Sections 212.097 and 212.098, F.S., relate to the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program, which offer tax credits to provide meaningful employment opportunities and encourage economic expansion of new and existing businesses in urban high crime and rural areas of the state. A new business located in an eligible urban high crime or rural area may apply for credits anytime within its first year of operation, and may wait several months into its operation before applying for the credits. Currently, grocery stores, clothing stores, home furniture stores, are among the types of businesses that are not eligible for either tax credit.
- Community Contributions Tax Credit Program - To encourage the participation of private corporations in revitalization projects undertaken by public redevelopment organizations, the state provides an incentive by granting partial income tax credits. To receive this exemption, a business must receive approval from OTTED.
- Recycling Market Advisory Committee - Administratively housed in OTTED, the Recycling Market Advisory Committee serves as the mechanism for coordination among state agencies and the private sector to coordinate policy and overall strategic planning for developing new markets and expanding and enhancing existing markets for recycled materials.
- Certified Capital Compensation Act - The Certified Capital Compensation Act is designed to stimulate a substantial increase in venture capital investments in this state by providing an incentive for insurance companies to invest in certified capital companies in the state. OTTED is responsible for allocating the tax credits provided for in this act.

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- Seaport Employment Training Grant Program - The purpose of the program is to stimulate and support, through grants administered by OTTED, seaport training and employment programs which seek to match state and local training programs with identified job skills associated with employment opportunities in the port, maritime, and transportation industries.
- International Trade Data Center - Governed by a board of directors composed of members from OTTED, EFI, and the Florida Seaport Transportation and Economic Development Council, the International Trade Data Center provides trade data to various state agencies.

Florida's Sales Tax Exemption

Chapter 212, Florida Statutes, provides for a 6 percent tax on sales, use and other transactions. Section 212.05, F.S., provides that every person who engages in the business of selling tangible personal property at retail in this state, including the business of making mail order sales, or who rents or furnishes any of the things or services taxable under chapter 212, F.S., or who stores for use or consumption any item or article of tangible personal property and who leases or rents such property is exercising a taxable privilege. Section 212.05(1)(a)1.a., F.S., provides for a six percent tax rate on the retail price of each item or article of tangible personal property when sold at retail in Florida. Section 212.05(1)(b), F.S., provides for a six percent tax on the cost price of any item of tangible personal property that is not sold but used in Florida. Additionally, local governments are authorized to levy one or more of six types of Local Discretionary Sales Surtaxes, ranging 0.5 percent to 1.0 percent each.

Section 212.08(5), F.S., provides exemptions from the tax imposed by this chapter based on use. Section 212.08(5)(j), F.S., provides an exemption from the sales and use tax for machinery and equipment purchased for use in silicon technology facilities to manufacture, produce, compound, or process silicon technology products. Additionally, machinery and equipment purchased for use predominately in silicon wafer research and development activities in a certified silicon technology research and development facility are also exempt.

To receive the exemption, an eligible business must apply to Enterprise Florida Inc. (EFI), who is responsible for reviewing the applications and making the recommendation of approval or disapproval to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) within a specified time period. OTTED must either approve the application within 5 working days or notify the applicant of its denial and reasons why within 10 working days. Businesses must apply annually to OTTED for the exemption and provide to OTTED documents on the sales and use taxes otherwise payable, the average number of full-time equivalent employees at the facility, the average wage and benefits paid to those employees over the preceding calendar year, and the total investment made in real and tangible personal property over the preceding calendar year since the date of certification. OTTED is responsible for using this information to prepare an annual report on the exemption program and its cost and impact.

The exemption program allows certified businesses to designate one or more state universities or community colleges as recipients of up to 100 percent of the amount of the exemption for which they may qualify. To receive these funds, the institution agrees to match the funds with equivalent cash, programs, services, or other in-kind support on a one-to-one basis in the pursuit of research and development projects as requested by the certified business. Rights to patents, royalties, or real or intellectual property must be

vested in the business unless otherwise agreed to by the business and the university or community college.

Staff from OTTED explained that the exemption program provided in section 212.08(5)(j), F.S., was originally planned as a refund based program. However, the program currently operates by OTTED notifying the Department of Revenue (DOR) of the certification of a business, and, in lieu of a refund, the business does not pay the tax at the point of purchase. The certified business reports the "claim" to OTTED at the end of the year stating the amount of taxes it would have otherwise paid.

C. EFFECT OF PROPOSED CHANGES:

The bill eliminates the administrative responsibility of OTTED for the Florida Enterprise Zone Act, the community contribution tax credit program, the sports franchise facility program, the professional golf hall of fame facility program, the Regional Rural Development Grants Program, the Certified Capital Company Act, and the Florida State Rural Development Council. Further, the bill deletes the authority of OTTED to enter into contracts in connection with its duties relating to the Florida First Business Bond Pool, the Certified Capital Company Act, and foreign offices.

The bill changes the designation of the Office of the Film Commissioner to the Governor's Office of Film and Entertainment. Further, it renames the Florida Film Advisory Council the Florida Film and Entertainment Advisory Council.

It requires OTTED to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report is to include reference to all applications received and recommendations made or actions taken during the previous fiscal year under all programs funded out of the Economic Development Incentives Account or the Economic Development Transportation Trust Fund. OTTED in conjunction with EFI must include a detailed analysis of all final decisions issued; agreements or other contracts executed; and tax refunds paid or other payments made under all programs funded from the above named sources, including analyses of benefits and costs, types of projects supported, and employment and investment created. Additionally, the report must include a separate analysis of the impact of such tax refunds and other payments approved for rural cities or communities as defined in s. 288.106(2)(s), F.S., and state enterprise zones designed pursuant to s. 290.0065, F.S.

The bill allows EFI to recommend Florida First Business Projects to OTTED. It provides language allowing EFI to join in consultation with OTTED and the Division of Bond Finance of the State Board of Administration to develop rules to ensure that the allocation pool is available solely to provide written confirmations for private activity bonds to finance Florida First Business Projects.

It revises the authority of OTTED to establish foreign offices. Further, it provides for OTTED to approve the establishment and operation of these offices by EFI and the Florida Commission on Tourism. Each foreign office must submit annual operating plans and activity reports by October 1.

The bill provides for EFI to administer the Regional Rural Development Grants Program and make recommendations for approval by OTTED. It requires OTTED to approve awards up to a total of \$600,000 each fiscal year from funds appropriated to the fund.

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It provides for a specified direct-support organization to administer the professional sports franchises program, the spring training franchises facilities program, the International Game Fish Association World Center Facility, and the Professional Golf Hall of Fame. Further, it gives OTTED the final approval of all decisions regarding these programs.

The bill removes the director of OTTED from the membership of the Miami-Dade County Lake Belt Plan Implementation Committee.

It allows the designee of the director of OTTED and the designee of the chief executive officer of the Florida Tourism Marketing Corporation to serve on the WAGES Program State Board of Directors.

It assigns administrative responsibility for the Recycling Markets Advisory Committee to the Department of Environmental Protection.

The bill provides that the Governor's designee may serve as the chair of the board of directors of EFI. It required EFI to use the Community Contribution Tax Credit Program, the Urban High-Crime Area Job Tax Credit Program, the Rural Job Tax Credit Program, and the state incentives available to enterprise zones to facilitate economic development. Further, it allows EFI to administer defense grant programs and make recommendations to OTTED on the approval of grant awards. Further, it eliminates the Retention of Military Installations Program.

It authorizes the Institute of Food and Agricultural Sciences to contract and receive money to support the Florida State Rural Development Council.

The bill revises the criteria for the use of the Quick Action Closing Fund.

It creates the Retention Enhancing Communities Initiative (RECI). To be eligible, communities must be compact, congruent, and contiguous census tracts that have the highest concentrations of residents who are current or former WAGES Program participants. The communities should coincide with federal empowerment zones, enterprise zones established under chapter 290, Neighborhood Improvement Districts established under chapter 163, community redevelopment areas established under chapter 163, and Urban High Crime Areas established under chapter 212.

The WAGES Program State Board of Directors must solicit proposals from the communities identified for participation in RECI by July 10, 2000. To assist with each proposal and its implementation, the governor can appoint a liaison from a state agency. The liaison must notify the Governor, the Office of Urban Opportunity, and the Office of Program Policy Analysis and Government Accountability and prepare proposals if a state employee is not able to provide assistance because of state law or regulation. To support an approved project in a RECI community, the bill redirects Temporary Assistance for Needy Families (TANF) funds.

Project proposals must be general in nature, no more than 20 pages long, and include: a brief plan delineating the coordination and incorporation of the 6 RECI elements into the community's redevelopment strategy; specific evidence of community support from community-based organizations and local government for participation in the program; identification and commitment of local resource from community-based organizations, local government, and others, to be leveraged by federal and state resources for each RECI element; identification of the specific entity or person responsible for the coordination of the community's participation in the program; and the identification of local administrative

entities. Upon receipt of the proposals, the board is required to select and notify up to 9 communities to participate in the program.

The bill allows program participants to compete for awards in each RECI element, which include WAGES Community Safety, WAGES Community Builders, and WAGES Community Businesses, WAGES Community Schools, WAGES Community Partnerships, WAGES Community Redevelopment. The Department of Children and Family Services may spend up to \$50 million from TANF Block Grant funds to implement the program. The Governor must notify the President of the United States and the Florida Congressional Delegation of any delays by the federal government that affect the implementation of the program.

The bill requires the WAGES Program State Board of Directors to select an independent entity to certify compliance by the 14 communities, as well as four other similar communities to serve as a control group for RECI. The entity must measure performance trends in the control group communities, the communities that applied for RECI designation but were not selected, and the communities selected to participate in RECI. It requires the four control communities to be known only to the entity until the completion of the initiative. The entity is required to develop with the assistance of the Office of Program Policy Analysis and Government Accountability and the WAGES Program State Board of Directors criteria to measure the impact of the initiative by October 1, 2000. Selection criteria must include the total revenues generated and invested in RECI communities, and the amount of revenue saved from the retention of WAGES participants. Further, the board is required to provide a final report on RECI by February 15, 2003. The report must include recommendations relating to the potential development of a RECI program for communities in mid-sized counties and must recognize the three most successful RECI communities and designate these communities Florida's "come-back communities." Beginning January 1, 2001, the board must report to the Governor and Legislature every 6 months on the progress of the program.

The Legislature has found that in many communities throughout the state there exist areas that chronically display unacceptable levels of unemployment, physical deterioration, and economic disinvestment. To remedy this, the bill creates the Florida Communities Investment Act. The program strives to provide appropriate investments, tax benefits, and regulatory relief of sufficient importance to encourage the business community to commit its financial participation.

The bill provides for a local nominating process and criteria. It requires a county or municipality, or a county and one or more municipalities together, to apply to OTTED for designation of an area as a tax-free zone after completion of the following: the county or the municipality, or both in conjunction finds that an area exhibits extreme levels of poverty, unemployment, physical deterioration, and economic disinvestment; determines that the rehabilitation of such an area is necessary in the interest of the public; determines that the revitalization of such an area can only occur if the private sector is induced to invest its own resources to bolster the economic viability of that area; states that if the tax-free zone designation is granted, persons or property within the tax-free zone are exempt from taxes levied by that county or municipality, or such county and one or more municipalities; states the duration of the tax-free status is not to exceed 5 years.

An area nominated by a county or municipality, or a county and one or more municipalities together, is eligible under this section if it meets the following criteria: the area does not exceed 2 square miles, has a contiguous boundary, or consists of not more than three noncontiguous parcels; the area does not include any portion of a central business district,

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unless the poverty rate for each census geographic block group in the district is not less than 30 percent (does not apply to any area nominated in a county that has a population which is less than 50,000); the area suffers from pervasive poverty, unemployment, and general distress pursuant to s. 290.0058, F.S.

The governing body of the jurisdiction which authorized the application for a tax-free zone may apply for a change in boundary by adopting a resolution that states with particularity the reasons for the change and the extent of the boundary change as required by OTTED.

OTTED is authorized to designate tax-free zones in blighted areas of the state. It is prohibited from altering the geographic boundaries of the tax-free zones or the duration of the tax-free zone status unless the governing body of the jurisdiction which authorized the zone adopts a consenting resolution. OTTED must consider the following criteria in designating a tax-free zone: evidence of adverse economic and socioeconomic conditions within the proposed zone; the viability of the development plan; public and private commitment to and other resources available for the proposed zone; the level of demonstrated cooperation from surrounding communities; the effect of the zone on the local regulatory burden of business within that zone; public and private commitment to improving abandoned real property.

OTTED is not to designate an area as a tax-free zone unless, as a part of the application, the governing body of the jurisdiction which authorized the application for a zone provides a resolution stating that if the zone designation is granted, persons, and property within the zone are exempt from taxes levied by the county, or the county and one or more municipalities. Each tax-free zone designation must be submitted to the Legislature for approval. The Legislature will determine the zone's effective date.

The bill creates the Florida Communities Abatement Program to provide an exemption from sales and ad valorem taxation in designated tax-free zones.

The Department of Revenue must submit an annual report to OTTED detailing the usage and revenue impact by county of the state incentives listed in s. 290, F.S. This report is to supplement an annual report conducted by OTTED on the activities and accomplishments of each tax-free zone.

The Florida Communities Investment Act will expire on December 31, 2010.

The bill increases the community contribution tax credit to 125 percent and increasing the cap to \$500,000.

The bill revises the tax exemption for silicon technology production and research and development to apply to semiconductor technology production and research and development. It provides an exemption from taxation for building materials purchased for use in manufacturing or expanding clean rooms for semiconductor manufacturing facilities. It defines a "clean room" as a manufacturing facility enclosed in such a manner that meets the clean manufacturing requirements necessary for high technology semiconductor manufacturing environments.

It provides an effective date of October 1, 2000.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 Amends s. 14.2015, F.S., eliminating administrative responsibility of OTTED for the Florida Enterprise Zone Act, the community contribution tax credit program, the sports franchise facility program, the professional golf hall of fame facility program, the Regional Rural Development Grants Program, the Certified Capital Company Act, and the Florida State Rural Development Council. Also deletes the authority of OTTED to enter into contracts in connection with its duties relating to the Florida First Business Bond Pool, the Certified Capital Company Act, and foreign offices.

The section changes the designation of the Office of the Film Commissioner to the Governor's Office of Film and Entertainment. Requires OTTED to submit a report to Governor, the President of the Senate, and the Speaker of the House of Representatives by January 15 of each year. The report is to include reference to all applications received and recommendations made or actions taken during the previous fiscal year under all programs funded out of the Economic Development Incentives Account or the Economic Development Transportation Trust Fund. OTTED in conjunction with EFI are to include in the report a detailed analysis of all final decisions issued; agreements or other contracts executed; and tax refunds paid or other payments made under all programs funded from the above named sources, including analyses of benefits and costs, types of projects supported, and employment and investment created. The report must include a separate analysis of the impact of such tax refunds and other payments approved for rural cities or communities as defined in s. 288.106(2)(s), F.S., and state enterprise zones designed pursuant to s. 290.0065, F.S.

Section 2 Amends s. 159.8083, F.S., allowing EFI to recommend Florida First Business Projects to OTTED. Provides language allowing EFI to join in consultation with OTTED and the Division of Bond Finance of the State Board of Administration to develop rules to ensure that the allocation pool is available solely to provide written confirmations for private activity bonds to finance Florida First Business Projects.

Section 3 Amends s. 288.012, F.S., revising the authority of OTTED to establish foreign offices. It provides for OTTED to approve the establishment and operation of these offices by EFI. Deletes obsolete language requiring OTTED to develop a plan for the disposition of current foreign offices and the development and location of additional foreign office. Annually, each foreign office must submit operating plans and activity reports by October 1. Requires EFI to make available to each foreign office, the Florida Commission on Tourism, the Florida Seaport Transportation and Economic Development Council, the Department of State, the Department of Citrus, and the Department of Agriculture, trade industry, commodity, and opportunity information.

Section 4 Amends s. 288.018, F.S., providing for EFI to administer the Regional Rural Development Grants Program and make recommendations for approval by OTTED. Requires OTTED to approve awards up to a total of \$600,000 each fiscal year from funds appropriated to the fund.

Section 5 Amends s. 288.1162, F.S., providing for a specified direct-support organization to administer the professional sports franchises and spring training franchises facilities programs. The section gives OTTED the final approval of all decisions regarding these programs.

Section 6 Amends s. 288.1168, F.S., deleting obsolete provisions relating to the certification of the professional golf hall of fame. Provides for a specified direct-support organization to administer the program.

Section 7 Amends s. 288.1169, F.S., providing for a specified direct-support organization to administer the certification program for the International Game Fish Association World Center Facility. The section provides that the direct-support annually verify attendance and sales tax revenue projections.

Section 8 Transfers s. 288.1185, F.S., and renumbers it as s. 403.7155, F.S. Assigns administrative responsibility for the Recycling Markets Advisory Committee to the Department of Environmental Protection.

Section 9 Amends s. 288.1251, F.S., renaming the Office of the Film Commissioner the Governor's Office of Film and Entertainment. The section renames the Film Commission as the Commissioner of Film and Entertainment.

Section 10 Amends s. 288.1252, F.S., renaming the Florida Film Advisory Council the Florida Film and Entertainment Advisory Council.

Section 11 Amends s. 288.1253, F.S., conforming terminology to changes made in Section 10. The section relates to travel and entertainment expenses of the Governor's Office of Film and Entertainment.

Section 12 Amends s. 288.901, F.S., correcting a cross-reference to the Workforce Development Board. The section provides that the Governor's designee may serve as the chair of the board of directors of EFI.

Section 13 Amends s. 288.9015, F.S., requiring EFI to use the Community Contribution Tax Credit Program, the Urban High-Crime Area Job Tax Credit Program, the Rural Job Tax Credit Program, and the state incentives available to enterprise zones to facilitate economic development.

Section 14 Amends s. 288.980, F.S., providing for EFI to administer defense grant programs and make recommendations to OTTED on the approval of grant awards. The section eliminates the Retention of Military Installations Program.

Section 15 Amends s. 288.99, F.S., assigning the responsibility for ongoing administration of the Certified Capital Company Act to the Department of Banking and Finance.

Section 16 Amends s. 373.4149, F.S., removing the director of OTTED from the membership of the Miami-Dade County Lake Belt Plan Implementation Committee.

Section 17 Authorizes the Institute of Food and Agricultural Sciences to contract and receive money to support the Florida State Rural Development Council.

Section 18 Amends 414.026(2)(a), F.S., allowing the designee of the director of OTTED and the designee of the chief executive officer of the Florida Tourism Industry Marketing Corporation to serve on the WAGES Program State Board of Directors.

Section 19 Amends s. 212.097, F.S., providing for the Department of Community Affairs to administer the Urban High-Crime Area Job Tax Program.

Section 20 Amends s. 212.098, F.S., providing for the Department of Community Affairs to administer the Rural Job Tax Credit Program.

Section 21 Amends s. 220.183, F.S., providing for the Department of Community Affairs to administer the community contribution tax credit.

Section 22 Amends s. 220.1895, F.S., providing for the Department of Community Affairs to administer the Rural Job Tax Credit and the Urban Job Tax Credit.

Section 23 Amends s. 624.5105, F.S., providing for the Department of Community Affairs to administer the community contribution tax credit.

Section 24 Amends ss. 290.0056(11) and (12), F.S., conforming a reporting requirement for enterprise zone agencies to Section 1.

Section 25 Amends s. 290.0058(5), F.S., correcting a cross-reference to EFI.

Section 26 Amends s. 290.0065, F.S., providing for EFI to administer the enterprise zone program and make recommendations to OTTED.

Section 27 Amends s. 290.0066(1), F.S., providing for EFI to make recommendations to OTTED regarding the revocation of enterprise zone designations.

Section 28 Amends s. 290.00675, F.S., providing for EFI to make recommendations to OTTED regarding the amendment of enterprise zone boundaries.

Section 29 Amends s. 290.00689, F.S., conforming a cross reference to EFI. The section revises the eligibility criteria for certain tax credits to include a review and recommendation by EFI.

Section 30 Amends ss. 290.009(1) and (2)(a), F.S., specifying that EFI shall serve as staff to the Enterprise Zone Interagency Coordinating Council.

Section 31 Amends s. 290.014, F.S., conforming a cross reference to EFI.

Section 32 Amends s. 288.017, F.S., revising the criteria for the cooperative advertising matching grants program.

Section 33 Amends s. 288.0656(2), F.S., and adds s. 288.0656(9), F.S., revising the criteria for the Rural Economic Development Initiative.

Section 34 Amends s. 290.0055(4), F.S., and adds s. 290.0055(8), F.S., revising the criteria for specified rural communities under the enterprise zone program.

Section 35 Adds s. 290.007(9), F.S., revising the criteria for specified rural communities under the enterprise zone program.

Section 36 Amends s. 288.1088, F.S., revising findings and declarations relating to the Quick Action Closing Fund. The section revises the criteria for the use of the fund.

Section 37 Creates s. 414.224, F.S., creating the Retention Enhancing Communities Initiative (RECI). Provides legislative intent. Provides requirements for the selection of communities. Communities must be compact, congruent, and contiguous census tracts that have the highest concentrations of residents who are current or former WAGES Program participants. The communities should coincide with federal empowerment zones, enterprise zones established under chapter 290, F.S., Neighborhood Improvement Districts established under chapter 163, F.S., community redevelopment areas established under chapter 163, F.S., and Urban High Crime Areas established under chapter 212, F.S.

Requires the WAGES Program State Board of Directors to solicit proposals from the communities identified for participation in RECI by July 10, 2000. Allows the governor to appoint a liaison from a state agency to assist with each proposal and its implementation. Requires a liaison to notify the Governor, the Office of Urban Opportunity, and the Office of Program Policy Analysis and Government Accountability and prepare proposals if a state employee is not able provide assistance because of state law or regulation. Provides for the redirection of Temporary Assistance for Needy Families (TANF) funds to support an approved project in a RECI community. Requires project proposals be general in nature, no more than 20 pages long, and include: a brief plan delineating the coordination and incorporation of the 6 RECI elements into the community's redevelopment strategy; specific evidence of community support from community-based organizations and local government for participation in the program; identification and commitment of local resource from community-based organizations, local government, and others, to be leveraged by federal and state resources for each RECI element; identification of the specific entity or person responsible for the coordination of the community's participation in the program; and the identification of local administrative entities. Requires the board to select and notify up to 9 communities to participate in the program.

The section allows participants to compete for awards in each RECI element, which include WAGES Community Safety, WAGES Community Builders, and WAGES Community Businesses, WAGES Community Schools, WAGES Community Partnerships, WAGES Community Redevelopment. Provides that the Department of Children and Family Services may spend up to \$50 million from TANF Block Grant funds to implement this section. Requires the Governor to notify the President of the United States and the Florida Congressional Delegation of any delays by the federal government that affect the implementation of the section.

The section requires the WAGES Program State Board of Directors to select an independent entity to certify compliance by the 14 communities, as well as four other similar communities to serve as a control group for RECI. Provides the entity must measure performance trends in the control group communities, the communities that applied for RECI designation but were not selected, and the communities selected to participate in RECI. It requires the four control communities to be known only to the entity until the completion of the initiative. Requires the entity to develop with the assistance of the Office of Program Policy Analysis and Government Accountability and the WAGES Program State Board of Directors criteria to measure the impact of the initiative by October 1, 2000. The criteria must include the total revenues generated and invested in RECI communities, and the amount of revenue saved from the retention of WAGES participants. Requires the board to provide a final report on RECI by February 15, 2003. The report must include recommendations relating to the potential development of a RECI program for communities in mid-sized counties and must recognize the three most successful RECI communities and designate these communities Florida's "come-back communities." Beginning January 1, 2001, the board must report to the Governor and Legislature every 6 months on the progress of the program.

Section 38 Creates s. 290.33, F.S., creating the Florida Communities Investment Act. Creates s. 290.331, F.S., providing legislative findings on communities within the state. Creates s. 290.332, F.S., providing policy and purpose of the Florida Communities Investment Act. Creates s. 290.333, F.S., providing definitions.

Creates s. 290.334, F.S., providing for a local nominating process and criteria. Requires a county or municipality, or a county and one or more municipalities together, to apply to OTTED for designation of an area as a tax-free zone after completion of the following: the county or the municipality, or both in conjunction finds that an area exhibits extreme levels of poverty, unemployment, physical deterioration, and economic disinvestment; determines that the rehabilitation of such an area is necessary in the interest of the public; determines that the revitalization of such an area can only occur if the private sector is induced to invest its own resources to bolster the economic viability of that area; states that if the tax-free zone designation is granted, persons or property within the tax-free zone are exempt from taxes levied by that county or municipality, or such county and one or more municipalities; states the duration of the tax-free status is not to exceed 5 years.

Provides that an area nominated by a county or municipality, or a county and one or more municipalities together, is eligible under this section if it meets the following criteria: the area does not exceed 2 square miles, has a contiguous boundary, or consists of not more than three noncontiguous parcels; the area does not include any portion of a central business district, unless the poverty rate for each census geographic block group in the district is not less than 30 percent (does not apply to any area nominated in a county that has a population which is less than 50,000); the area suffers from pervasive poverty, unemployment, and general distress pursuant to s. 290.0058, F.S.

Provides that the governing body of the jurisdiction which authorized the application for a tax-free zone may apply for a change in boundary by adopting a resolution that states with particularity the reasons for the change and the extent of the boundary change as required by OTTED.

The section creates s. 290.335, F.S., providing for the state designation of tax-free zones by OTTED. Prevents OTTED from altering the geographic boundaries of the tax-free zones or the duration of the tax-free zone status unless the governing body of the jurisdiction which authorized the zone adopts a consenting resolution. Provides that OTTED shall consider the following criteria in designating a tax-free zone: evidence of adverse economic and socioeconomic conditions within the proposed zone; the viability of the development plan; public and private commitment to and other resources available for the proposed zone; the level of demonstrated cooperation from surrounding communities; the effect of the zone on the local regulatory burden of business within that zone; public and private commitment to improving abandoned real property.

Provides that OTTED is to not designate an area as a tax-free zone unless, as a part of the application, the governing body of the jurisdiction which authorized the application for a zone provides a resolution stating that if the zone designation is granted, persons, and property within the zone are exempt from taxes levied by the county, or the county and one or more municipalities.

The section provides that each tax-free zone designated by OTTED must be submitted to the Legislature for approval. Provides that the effective date of the zone will be determined by the Legislature.

Creates s. 290.336, F.S., providing for the revocation of the tax-free zone designation.

Creates s. 290.337, F.S., creating the Florida Communities Abatement Program. Provides an exemption from sales and ad valorem taxation in designated tax-free zones. Provides criteria.

Creates s. 290.338, F.S., requiring an annual report on tax-free zones by OTTED. Requires the Department of Revenue to submit an annual report to OTTED detailing the usage and revenue impact by county of the state incentives listed in s. 290, F.S.

Creates s. 290.339, F.S., providing that the provisions of this act shall expire on December 31, 2010.

Section 39 Amends ss. 220.183(3)(a) and (3)(b), F.S., increasing the community contribution tax credit to 125 percent and increasing the cap to \$500,000.

Section 40 Amends ss. 624.5105(3)(a) and (3)(b), F.S., increasing the community contribution tax credit to 125 percent and increasing the cap to \$500,000.

Section 41 Amends s. 212.08(5)(j), F.S., revising a tax exemption for silicon technology production and research and development to apply to semiconductor technology production and research and development. Provides an exemption from taxation for building materials purchased for use in manufacturing or expanding clean rooms for semiconductor manufacturing facilities. Provides a definition of "clean room" to mean manufacturing facilities enclosed in such a manner that meets the clean manufacturing requirements necessary for high technology semiconductor manufacturing environments.

Section 42 Repeals s. 288.039, F.S., relating to the Employing and Training our Youths program. Repeals s. 288.8155, F.S., relating to the the Florida Trade Data Center. Repeals ss. 290.004(2) and (8), F.S., which define the "Department" as the Department of Commerce and the "governing body" as the council or other legislative body charged with governing the county or municipality, respectively.

Section 43 Provides an effective date of October 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

The Revenue Estimating Conference has yet to address this bill.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

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

N/A

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

James Marshall Cox

J. Paul Whitfield, Jr.