

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1500

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee and Sen. Garcia

SUBJECT: Economic Development Zones

DATE: April 18, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable/CS
2.	_____	_____	FT	_____
3.	_____	_____	AGG	_____
4.	_____	_____	AP	_____
5.	_____	_____	RC	_____
6.	_____	_____	_____	_____

I. Summary:

This CS authorizes the designation of a new enterprise zone in the City of Hialeah.

This bill creates an unspecified section of Florida Law.

II. Present Situation:

Established in 1980, the 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 targeted for economic revitalization. The state has 34 enterprise zones.

By the early 1990s, the program had become overwhelmed with the number of zones allowed. To remedy the situation, the Legislature passed the Florida Enterprise Zone Act in 1994. As a result, the existing zones were repealed on December 31, 1994, and guidelines were established for the designation of new zones. The act transferred administrative duties from the Department of Community Affairs to the Department of Commerce.

In 1995, nineteen enterprise zones were designated throughout the state. Local governments were required to establish a community-based Enterprise Zone Development Agency (EZDA). Each EZDA is responsible for overseeing the implementation of its individual plan and reducing local barriers to revitalization efforts. The agencies are required to market their zones to interested parties and assist local business owners with state and local incentives.

With the dissolution of the Department of Commerce in 1996, the Legislature amended the program and transferred the administrative responsibilities to the newly created Office of

Tourism, Trade, and Economic Development (OTTED) within the Executive Office of the Governor. In addition, the revision added Work and Gain Economic Self-Sufficiency (WAGES) Program participants (residing in a zone) as eligible employees for a 15 percent jobs tax credit. The Legislature also authorized the designation of 11 additional enterprise zones.

In 1997, the Legislature authorized 12 new enterprise zones. The following year, the program was amended to include a new zone and to allow businesses located within an enterprise zone to claim job tax credits for hiring WAGES or Job Training Partnership Act (JTPA) program participants regardless of where they live.

As part of the “Florida Empowerment Zone Act,” the 1999 Legislature authorized any area designated as a federal empowerment zone (Miami-Dade County) or enterprise community (Immokalee/Hendry County) to be designated as a state enterprise zone. The 1999 Legislature also amended the “Florida Enterprise Zone Act” to allow Liberty County, Columbia County or Columbia County and Lake City, Suwannee County or Suwannee County and Live Oak, and Gadsden County to apply to OTTED for designation of specified areas as enterprise zones.

The Florida Enterprise Zone Program provides the following financial incentives to businesses to encourage private investment and increase employment opportunities for enterprise zone residents.

- Enterprise Zone Jobs Tax Credit (Sales and Use Tax)
- Enterprise Zone Jobs Tax Credit (Corporate Income Tax)
- Enterprise Zone Property Tax Credit (Corporate Income Tax)
- Sales Tax Refund for Building Materials Used in an Enterprise Zone
- Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone
- Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone
- Community Contribution Tax Credit Program
- Enterprise Zone Linked Deposit Program

In fiscal year 1996-97, local and state incentives approved under the Enterprise Zone Program totaled \$11.2 million; in FY 1997-98, local and state incentives totaled \$13 million. Following are enterprise zone statistics for FY 1998-99 and FY 1999-00 taken from OTTED’s Enterprise Zone Program Annual Report dated March 1, 2001.

CATEGORY	1999/2000	1998/1999	DIFFERENCE
New Businesses in a Zone	766	776	- 10
New Jobs Created in a Zone	5,141	5,305	- 164
State Incentives Approved	\$5,458,835	\$5,170,899	+ \$287,936
Local Incentives Provided	\$10,135,65	\$18,839,076	- \$10,255,879
Total State and Local Incentives Approved	\$15,594,492	\$24,009,975	- \$10,931,560

III. Effect of Proposed Changes:

Section 1 authorizes the designation of a new enterprise zone in the City of Hialeah. The Office of Tourism, Trade, and Economic Development must designate, upon joint application from Miami-Dade County and the City of Hialeah, an area within the City of Hialeah as an enterprise zone. The application must be submitted by June 1, 2001, and must comply with s. 290.0055, F.S. This designation of an enterprise zone is authorized notwithstanding s. 290.065, F.S., which limits the total number of enterprise zones designated and the number of zones within a given population category.

Section 2 provides that the act will take effect July 1, 2001.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The Revenue Estimating Conference considers the impact of creating a new enterprise zone to be insignificant in cost.

B. Private Sector Impact:

This bill may generate positive indeterminate effects resulting from the availability to businesses of various tax incentives provided under the enterprise zone program.

C. Government Sector Impact:

This bill may result in increased costs for OTTED in carrying out activities related to the designation of a new enterprise zone. In addition, the bill may result in increased costs for OTTED and the Department of Revenue (DOR) to review and approve tax incentives granted to businesses in a newly designated zone or satellite enterprise zone.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
