



Transportation & Economic Development Appropriations Subcommittee

**Tuesday, November 15, 2011
9:30 AM - 11:30 AM
Reed Hall (102 HOB)**

Meeting Packet

**Dean Cannon
Speaker**

**Mike Horner
Chair**



The Florida House of Representatives

Appropriations Committee

Transportation & Economic Development Appropriations Subcommittee

Dean Cannon
Speaker

Mike Horner
Chair

November 15, 2011

AGENDA
9:30 AM – 11:30 AM
Reed Hall

- I. Call to Order/Roll Call**
- II. HB 97 Spaceport Facilities**
Representative Workman
- III. Agency Schedule VIII-B Presentation**
Department of Economic Opportunity
Doug Darling, Executive Director
- IV. Presentation on Economic Development Incentives**
Gray Swoope, Secretary of Commerce
- V. Adjourn**

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 97 Spaceport Facilities

SPONSOR(S): Workman and others

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Highway Safety Subcommittee	13 Y, 0 N	Kiner	Kruse
2) Transportation & Economic Development Appropriations Subcommittee		Proctor <i>PP</i>	Davis <i>Goro</i>
3) Economic Affairs Committee			

SUMMARY ANALYSIS

The bill amends Florida law by defining the term 'launch support facilities' and deleting the term 'spaceport launch facilities'. "Launch support facilities," as defined by the bill, means facilities that are located at launch sites or launch ranges that are required to support launch activities, including launch vehicle assembly, launch vehicle operations and control, communications, and flight safety functions, as well as payload operations, control, and processing. This change is intended to provide an updated definition of spaceport infrastructure for state and federal purposes.

The bill has no fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida's Aerospace Economic Development Organization

Florida's aerospace industry is integral to the state's long-term success in diversifying and building a knowledge-based economy that is able to support the creation of high-value-added businesses and jobs.¹ As such, the Florida Legislature found that a strong public and private commitment was required to foster the growth and development of a sustainable and world-leading aerospace industry in the state.² Space Florida³ is one manifestation of this commitment, and among many other things, fosters economic development by:

- Enhancing the state's workforce, education and research capabilities, with an emphasis on mathematics, science, engineering and related fields;
- Focusing on the state's economic development efforts in order to capture a larger share of activity in aerospace research, technology, production and commercial operations, while maintaining the state's historical leadership in space launch activities;
- Preserving the unique national role served by the Cape Canaveral Air Force Station and the John F. Kennedy Space Center by reducing costs and improving the regulatory flexibility for commercial sector launches while pursuing the development of complementary sites for commercial horizontal launches; and
- Facilitating business financing, and when necessary, entering into memoranda of agreement with municipalities, counties, regional authorities, state and federal agencies and other organizations, as well as other interested persons or groups.⁴

As an independent special district and political subdivision of the state, Space Florida has all the powers, rights, privileges and authority as provided under Florida law.⁵ This authority allows Space Florida to act as a special purpose government and finance vehicle to carry out the legislative intent behind its creation. In doing so, Space Florida is governed by an independent board of directors and an advisory council.⁶ Securing funding for aerospace related infrastructure is one of the many duties and responsibilities of the board of directors.⁷

Florida's Strategic Intermodal System

Space Florida secures funding for aerospace related infrastructure in part from the Florida Department of Transportation's Strategic Intermodal System ("SIS"). The SIS is composed of the following three components:

- Statewide and regionally significant facilities and services (strategic);
- All forms of transportation for moving both people and goods, including linkages that provide for smooth and efficient transfers between modes and major facilities (intermodal); and

¹ s. 331.3011(1), F.S.

² s. 331.3011(2), F.S.

³ Space Florida was created by ch. 2006-60, L.O.F.; codified in ch. 331, F.S.

⁴ Id.

⁵ Id.

⁶ s. 331.3081(1), (2), F.S.

⁷ s. 331.310(1)(d), F.S.

- Integration of individual facilities, services, forms of transportation and linkages into a single, integrated transportation network (system).⁸

Because 'space' is a recognized mode of transportation, 'spaceports' are considered transportation facilities.^{9,10} This recognition makes certain spaceport infrastructure projects eligible for inclusion in the Florida Department of Transportation's (FDOT) planning and programs.¹¹ Annually, the Florida Legislature appropriates a portion of the State Transportation Trust Fund, specifically revenues collected from taxes on aviation fuel, to the State Aviation Program, which in part funds the SIS.¹² During the 2011 Regular Legislative Session, Space Florida was allocated \$16 million for infrastructure spending related to the spaceport launch complex and spaceport infrastructure projects.¹³

Inconsistent Definitions of Spaceport Infrastructure

Space Florida and FDOT work closely on SIS funding so no issues have arisen regarding the current statutory definition. However, Space Florida is interested in avoiding future issues of interpretation and to address federal definition issues.

Currently, Florida law uses the term 'spaceport launch facilities' and defines it to mean "industrial facilities . . . [including] any launch pad, launch control center, and fixed launch support equipment."¹⁴

Federally, the term 'launch support facilities' means "facilities located at launch sites or launch ranges that are required to support launch activities, including launch vehicle assembly, launch vehicle operations and control, communications, flight safety functions, payload operations, control and processing."¹⁵

Florida's current definition of 'spaceport launch facilities' uses outdated terminology and the proposed definition is intended to parallel the more broad federal definition of 'launch support facilities.'

Effect of Proposed Changes

The bill amends s. 331.303, F.S., to define the term 'launch support facilities' and to delete the term 'spaceport launch facilities.'

The new definition states:

"Launch support facilities" means facilities that are located at launch sites or launch ranges that are required to support launch activities, including launch vehicle assembly, launch vehicle operations and control, communications, and flight safety functions, as well as payload operations, control, and processing.

⁸ See information on Florida Department of Transportation's Strategic Intermodal System. This information can be accessed via the following link: <http://www.dot.state.fl.us/planning/sis/> (Last viewed 10/6/2011).

⁹ s. 339.62(3), F.S.

¹⁰ More specifically, 'spaceports' are considered transportation 'hubs' in the SIS Strategic Plan. See the Florida Department of Transportation's information on the SIS Strategic Plan, which in relevant part reads "Hubs are ports and terminals that move goods or people between Florida regions or between Florida and other markets in the United States and the rest of the world. These include airports, spaceports and interregional passenger terminals." This information can be accessed by clicking the link titled 'Adopted SIS criteria and thresholds at <http://www.dot.state.fl.us/planning/sis/strategicplan/> (Last viewed 10/10/2011).

¹¹ See Florida Department of Transportation's information on 'Space Programs.' This information can be accessed via the following link: <http://www.dot.state.fl.us/aviation/space.shtm> (Last viewed 10/6/2011).

¹² s. 339.61(3), F.S.

¹³ Ch. 2011-69, Part 4, L.O.F., which states "[f]rom the funds in Specific Appropriation 1918B, \$16,000,000 from the State Transportation Trust Fund as proposed in the Transportation Work Program is provided to Space Florida for up to 100 percent of the non-federal share of the Spaceport Launch Complex and Spaceport Infrastructure Projects."

¹⁴ s. 331.303(17)

¹⁵ 51 USC § 50501 (formerly cited as 15 USC § 5802(7)).

B. SECTION DIRECTORY:

Section 1: Defines "launch support facilities;" deletes "spaceport launch facilities."

Section 2: Provides an effective date of July 1, 2012.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

The terms "launch support facilities" and "spaceport launch facilities" are not used elsewhere in Florida Statutes.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.

HB 97

2012

1 A bill to be entitled
 2 An act relating to spaceport facilities; amending s.
 3 331.303, F.S.; defining the term "launch support
 4 facilities"; deleting the term "spaceport launch
 5 facilities"; providing an effective date.

6
 7 Be It Enacted by the Legislature of the State of Florida:

8
 9 Section 1. Present subsection (17) of section 331.303,
 10 Florida Statutes, is repealed, present subsections (11) through
 11 (16) are renumbered as subsections (12) through (17),
 12 respectively, and a new subsection (11) is added to that
 13 section, to read:

14 331.303 Definitions.—

15 (11) "Launch support facilities" means facilities that are
 16 located at launch sites or launch ranges that are required to
 17 support launch activities, including launch vehicle assembly,
 18 launch vehicle operations and control, communications, and
 19 flight safety functions, as well as payload operations, control,
 20 and processing.

21 ~~(17) "Spaceport launch facilities" means industrial~~
 22 ~~facilities as described in s. 380.0651(3)(c), Florida Statutes~~
 23 ~~2010, and include any launch pad, launch control center, and~~
 24 ~~fixed launch support equipment.~~

25 Section 2. This act shall take effect July 1, 2012.



FLORIDA
DEPARTMENT of
ECONOMIC
OPPORTUNITY

House Transportation & Economic Development Appropriations Subcommittee

Presented by: Doug Darling, Executive Director

Tuesday, November 15, 2011



Schedule VIII-B Reduction Exercise

- **Based on Senate Bill 2156 from the 2011 Legislative Session, the Department officially opened for business on October 1, 2011.**
- **The Department submitted its first Legislative Budget Request on Tuesday, November 8, 2011.**
- **10% recurring reduction targets for FY 2012-13:**
 - General Revenue = \$2,504,429**
 - State Trust Funds = \$3,674,191**



General Revenue

- **Eliminates 100 percent of the General Revenue provided for Salaries & Benefits and Expenses in:**
 - **Executive Leadership – 3 FTE and \$377,144**
 - **Finance & Accounting – 4 FTE and \$33,062 (additional funds taken for these positions in Community Planning)**
 - **Information Technology - \$9,867**
- **Schedule VIII-B General Revenue administrative reduction totals:**
 - **\$420,073 cut and 7 FTE eliminated**



General Revenue

- **Community Planning staff are responsible for reviewing comprehensive plan amendments, developing regional impact statements, providing technical assistance to local governments, and determining the validity of challenges to land development regulations.**
- **Schedule VIII-B General Revenue Community Planning reduction of \$741,550 (31% of funds eligible for reduction):**
 - **\$551,774 cut and 7 FTE program staff eliminated**
 - **\$189,776 cut related to 4 vacant FTE in Finance and Administration**



General Revenue

- **The Division of Strategic Business Development:**
 - Administers economic development incentive programs
 - Supports Florida's economic development public-private partnerships
 - Engages in intergovernmental planning for economic development strategies.
 - Houses the Office of Film and Entertainment
- **Schedule VIII-B General Revenue Strategic Business Development reduction totals:**
 - \$317,806 cut and 3 FTE program staff eliminated
 - 31% of funds eligible for reduction



General Revenue

- **To meet the General Revenue reduction target, the Department proposes a 5 percent reduction to three programs funded with recurring General Revenue**
 - **Ready to Work Program - \$2,300,000 funded in base**
5% reduction = \$115,000
 - **Office of Economic Development & Engagement at UWF (Disproportionally Affected Counties) - \$10,000,000 funded in base**
5% reduction = \$500,000
 - **VISIT Florida - \$8.2 million funded in base**
5% reduction = \$410,000



State Trust Funds

Highlights of the Schedule VIII-B reductions to state trust funds include:

- **Reduce Targeted Administrative Expenses in Workforce Development and Community Planning:**
 - Reductions total \$109,237 and are taken in Salaries & Benefits, Expenses, and Operating Capital Outlay budget authority
- **Eliminate the Displaced Homemakers Program**
 - Reduces \$1,816,434 from the budget and revenues earmarked for the program could be redirected to other priorities



Federal Trust Funds

While not part of the Schedule VIII-B exercise, in recognition of the anticipated workload reduction in the unemployment compensation program, the Department proposes:

- **Eliminating 10 FTE at a projected savings of \$466,576**
- **Eliminating 200 OPS Staff at a projected savings of \$5.6 million**



Questions?

Doug Darling

Executive Director

Florida Department of Economic Opportunity

107 East Madison Street

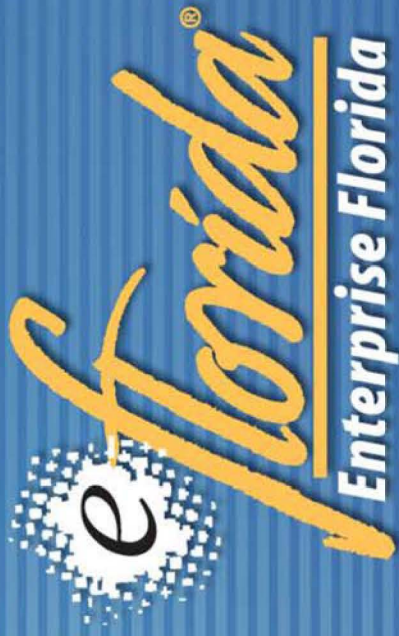
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FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY





Florida's Business Incentives and Job Creation Overview

Gray Swoope, Secretary of Commerce
President & CEO, Enterprise Florida



Where we are- Day 46

- October 1, 2011- 4 government entities combined
- Steady progress on streamlining functions, improving an outdated system, ensuring accountability measures are intact, maintaining a higher level of service
- Strong commitment to improving Florida's competitiveness while being good stewards of tax dollars

Incentives and Compliance

- EFI and DEO will continue to follow the law regarding public records and compliance
- Most of Florida's Incentives are performance-based meaning that the companies must perform or no incentives are paid
- Florida's legislature has consistently & statutorily mandated some of the strongest clawbacks and sanctions for non-performance in the United States
- Companies that aren't in compliance, and not following the laws of Florida, will be subject to appropriate action

Overview of Current Incentive Data

- Items to consider when looking at DEO data from 1995-present
 - 1,622 incentives have been approved since 1995 and state is only renegotiating 6 closing funds
 - This represents less than 2% of the total award payments
 - More than 1,000 of the approved incentives fall into the Qualified Target Industry Tax Refund, a tax refund provided to create high wage jobs in targeted high value-added industries. **No cash is paid to companies up front in this program**
 - Not every negotiated incentive award is acted upon by the company
 - Many projects are worked and brought to fruition that require no incentives

Measuring Incentive Programs in Context

- The spreadsheet provided by DEO to the media, listed 1,622 notations of incentives used by projects
- Companies often use multiple incentives, so the number of projects is actually 1,332
- You can not simply add up all of the programs and expect them to equal job numbers – the math doesn't work!
- Met with the media (10/28) to give some context on incentives available and the reasons they're used
- How are we measuring success?

ROI, Payback, Economic Benefit

- **2011 Incentives Report will provide actual ROI results based on verified company performance and State incentives paid to these businesses**
 - Data currently being compiled and analyzed
 - Report due December 30
- **Project versus program approach**
 - Looking at ROI program by program tells only part of the story
 - An incentive program with a high ROI does not mean the State should focus its limited funds to that program in lieu of others
 - SEED funding structure is an important step in the right direction
- **Revised impact analysis model in place**
 - Model reviewed by EDR (Office of Economic and Demographic Research) Implemented on July 1, 2011

Qualified Targeted Industry (QTI) Tax Refund

Objective: Spur new job creation in Florida's target industries

- Based on net-new jobs
- Performance-based – **Incentive paid after verification of jobs created, average wage, and taxes paid**
- Requires a local community match

Total QTI projects	Currently active	Choose not to proceed with project	Partial Performance	Completed	Confirmed jobs created
1047	306 (29%)	485 (46%)	163 (16%)	93 (9%)	80,870

Quick Action Closing Fund (QAC)

Objective: Spur new job creation in Florida's target industries

- Discretionary cash incentive used to create and retain Florida jobs
- Companies make specific job, wage, and investment commitments
- Every contract contains sanctions and penalties (clawbacks) for falling short of commitments
- Companies sign a contract to utilize funds within a certain time frame, if they are not used the funds become available for reallocation

Total QAC projects	Currently active	Choose not to proceed with project	Partial Performance	Complete	Jobs created
95	70 (75%)	15 (15%)	7 (7%)	3 (3%)	14,034

Innovation Incentive Fund (IIF)

Objective: Spur research and development and innovative business projects

- Negotiated multi-year award based on unique project needs (long term intent to build capacity in key sectors)
- Companies make specific job, wage, and investment commitments
- Contracts include a reinvestment requirement; business repays funds into State trust fund
- Requires a 1:1 match by local community

Total IIF projects	Active contracts	Awards paid to companies	Awards held by State
8	8	\$225m	\$194m

Economic Development Transportation Fund (“Road Fund”)

Objective: Improve transportation infrastructure to support economic development projects

- Cash grant to local governments for the construction or improvement of transportation infrastructure needed to accommodate new or existing industry
- Reimbursable grant to community, with payments made after business has begun vertical construction
- State and local government have a permanent asset
- Not measured by job creation

Completed Projects	Total State Investment
166	\$115m

High Impact Performance Incentive Grants (HIPI)

Objective: Spur new job creation and capital investment in Florida's high impact sectors

- Performance-based; company receives grant in two payments, both after job creation and capital investment have been verified

Total HIPI Projects	Currently Active	Partial Performance	Completed Projects	Confirmed Capital Investment	Confirmed Jobs Created
11	5 (45%)	3 (27%)	3 (27%)	\$1.39B	1,904

Capital Investment Tax Credit (CITC)

Objective: Spur new capital investment in Florida's high impact sectors

- Tax credit for up to 20 years, based on the amount of capital investment
- Credits claimed after job and investment milestones have been met

Total CITC Projects	Businesses Eligible to Claim Credits	Credits Claimed	Confirmed Capital Investment	Confirmed Jobs Created
24	19	\$54.5m	\$790m	3,571

Additional Incentives

- **Brownfield Redevelopment & Bonus Tax Refund**
 - Objective: Spur new job creation and investment in blighted or environmentally contaminated areas
- **Qualified Defense & Space Contractor Tax Refund (QDSC)**
 - Objective: Spur new job creation in Florida's defense and space industries
- **Semiconductor, Defense and Space Technology Sales Tax Exemption (SDST) –**
 - Objective: Spur new capital investment in Florida's semiconductor, defense and space industries
- **Manufacturing and Spaceport Investment Incentive (MSII)**
 - Objective: Spur new capital investment in Florida's manufacturing and space industries
- **Local Government Distressed Area Matching Grant (LDAMG)**
 - Objective: Spur new job creation and capital investment in Florida's distressed areas

Six Companies in Renegotiation

- There are checks and balances
- All contracts have performance requirements
- Sometimes market or economic conditions impact whether a company is able to meet their economic and job creation goals during the anticipated timeframe
- DEO is in the process of renegotiating with these companies because there is an opportunity to lock-in a variation of the original project and still generate a positive return on the State's investment

About the Escrow Fund

- Of the six companies currently in renegotiations, funds are being held in escrow for two:
 - \$12,438,000 – Jabil
 - \$13,333,334 – Piper
- The escrow account is managed by Enterprise Florida who gives quarterly reports to DEO regarding the fund balance
- Incentive closing funds are held in the account until such time the companies have met performance measures
- Including the \$25,771,334 held in escrow for Piper and Jabil there is a total of \$42,271,034 being held for 15 different projects that are in varying stages of progress

Effective Economic Development

- Flexibility
 - Allow the state the funding flexibility to be able to compete
- This administration's economic development team looks to maximize private investment and local commitment in a project prior to any public funds being committed
- Through our combined efforts, we will create jobs for Floridians and ensure our state has the most business-friendly climate in the nation

Florida's Economic Development Incentives

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES – TARGETED INDUSTRIES

The Department of Economic Opportunity, Enterprise Florida, Inc., and Workforce Florida, Inc. facilitate the administration of a host of state level incentives. These incentives are guided by statutory directive with respect to industry and programmatic criteria. Florida Statute 288.106 (2)(t) is the driving guideline for industries for which state incentives can be utilized.

Most state incentive programs require that business operate within a target industry. A Target Industry Business means a corporate headquarters business or any business that is designated as a Target Industry by the Department of Economic Opportunity in consultation with Enterprise Florida, Inc. The following criteria are required for inclusion as a Target Industry:

1. FUTURE GROWTH

Industry forecasts should indicate strong expectation for future growth in both employment and output, according to the most recent available data. Special consideration should be given to businesses that export goods to, or provide services in, international markets and businesses that replace domestic and international imports of goods or services.

2. STABILITY

The industry should not be subject to periodic layoffs, whether due to seasonality or sensitivity to volatile economic variables such as weather. The industry should also be relatively resistant to recession, so that the demand for products of this industry is not typically subject to decline during an economic downturn.

3. HIGH WAGE

The industry should pay relatively high wages compared to statewide or area averages.

4. MARKET AND RESOURCE INDEPENDENT

The location of industry businesses should not be dependent on Florida markets or resources as indicated by industry analysis, except for businesses in the renewable energy industry.

5. INDUSTRIAL BASE DIVERSIFICATION AND STRENGTHENING

The industry should contribute toward expanding or diversifying the state's or area's economic base, as indicated by analysis of employment and output shares compared to national and regional trends. Special consideration should be given to industries that strengthen regional economies by adding value to basic products or building regional industrial clusters as indicated by industry analysis. Special consideration should also be given to the development of strong industrial clusters that include defense and homeland security businesses.

6. ECONOMIC BENEFITS

The industry is expected to have strong positive impacts on or benefits to the state or regional economies.

The qualified targeted industries for incentives list was updated and approved in January 2011. The complete report is available at http://www.efl.com/download/Target_Industry_Update.pdf

CLEANTECH	LIFE SCIENCES	INFOTECH	AVIATION / AEROSPACE	HOMELAND SECURITY / DEFENSE	FINANCIAL / PROFESSIONAL SERVICES
<ul style="list-style-type: none"> Biomass & Biofuels Processing Energy Equipment Manufacturing Energy Storage Technologies Photovoltaic Environmental Consulting 	<ul style="list-style-type: none"> Biotechnology Pharmaceuticals MEDICAL DEVICES: Laboratory and Surgical Instruments Diagnostic Testing 	<ul style="list-style-type: none"> Modeling, Simulation and Training Optics and Photonics Digital Media Software Electronics Telecommunications 	<p>MANUFACTURING CORPORATE HEADQUARTERS RESEARCH & DEVELOPMENT</p> <ul style="list-style-type: none"> AVIATION: Aircraft and Aircraft Parts Manufacturing, Maintenance Repair and Overhaul of Aircrafts, Navigation Instrument Manufacturing, Flight Simulator Training AEROSPACE: Space Vehicles and Guided Missile Manufacturing, Satellite Communications, Space Technologies, Launch Operations 	<ul style="list-style-type: none"> EQUIPMENT: Optical Instruments, Navigation Aids, Ammunition, Electronics TRANSPORTATION: Military Vehicles, Shipbuilding and Repair TECHNOLOGY: Computer Systems Design, Simulation and Training 	<ul style="list-style-type: none"> FINANCIAL SERVICES: Banking, Insurance, Securities and Investments PROFESSIONAL SERVICES: Corporate Headquarters, Engineering, Legal, Accounting, Consulting
<p>EMERGING TECHNOLOGIES</p> <ul style="list-style-type: none"> Global Logistics Marine Sciences Materials Science Nanotechnology 			<p>OTHER MANUFACTURING</p> <ul style="list-style-type: none"> Food and Beverage Automotive and Marine Plastics and Rubber Machine Tooling 		

Businesses able to locate in other states and serving multi-state and/or international markets are targeted. Call Centers and Shared Service Centers may qualify for incentives if certain economic criteria are met. Retail activities, utilities, mining and other extraction or processing businesses, and activities regulated by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation are statutorily excluded from consideration. All projects are evaluated on an individual basis and therefore operating in a target industry does not automatically indicate eligibility.

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES – DESCRIPTIONS

CASH & GRANTS

QUICK ACTION CLOSING FUND (QACF)

The Quick Action Closing Fund (Closing Fund) is a discretionary grant incentive that can be accessed by Florida's Governor, after consultation with the President of the Senate and the Speaker of the House of Representatives, to respond to unique requirements of wealth-creating projects. When Florida is vying for intensely competitive projects, Closing Funds may be utilized to overcome a distinct, quantifiable disadvantage after other available resources have been exhausted. The Closing Fund award is paid out based on specific project criteria outlined in a performance-based contract between the company and the State of Florida. Sanctions are applied to companies who fail to meet or maintain performance goals.

Statutory Reference: Section 288.1088, Florida Statutes

HIGH IMPACT PERFORMANCE INCENTIVE (HIPI)

The High Impact Performance Incentive (HIPI) is a negotiated performance grant used to attract and grow major, high impact facilities in Florida. Once approved the high impact business is awarded 50 percent of the eligible grant upon commencement of operations and the balance of the awarded grant once full operations have commenced and the full investment and employment goals have been met and verified.

Statutory Reference: Section 288.108, Florida Statutes

LOCAL GOVERNMENT DISTRESSED AREA MATCHING GRANT PROGRAM (LDMG)

The Local Government Distressed Area Matching Grant Program stimulates investment in Florida's economy by assisting Local Governments in attracting and retaining targeted businesses. Applications are accepted from local governments/municipalities that plan on offering qualified business assistance that are not derived from State or Federal funds to a specific business in the area. These targeted businesses are required to create at least 15 full-time jobs and the project must either be a new to Florida business; expanding operations in Florida; or leaving Florida unless it receives local and state government assistance. The amount awarded by the State of Florida will equal \$50,000 or 50% of the local government's qualified business assistance amount (not derived from State or Federal funds), whichever is less, and be provided following the commitment and payment of that assistance.

Statutory Reference: Section 288.0659, Florida Statutes

ECONOMIC DEVELOPMENT TRANSPORTATION FUND (ROAD FUND)

The Economic Development Transportation Fund (EDTF or Road Fund) may be used to alleviate transportation impediments that adversely impact a company's location or expansion decision. Eligible transportation projects may include improvements such as access roads, turn lanes, and signalization. The funds may be used for design and engineering costs and construction costs of the transportation project. The award amount depends on the improvements needed and the number of jobs created. The maximum grant amount is the eligible transportation improvement project cost, up to \$3 million.

Statutory Reference: Section 288.063, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

TAX CREDITS & REFUNDS

CAPITAL INVESTMENT TAX CREDIT

The Capital Investment Tax Credit is used to attract and grow capital-intensive industries in Florida. It is an annual credit against Florida state corporate income tax liability for a period of 20 years from the commencement of operations. The amount of the annual credit is equal to 5 percent of the eligible capital costs generated by a qualifying project. Eligible capital costs include all expenses incurred in the acquisition, construction, installation and equipping of a project from the beginning of construction to the commencement of operations. The ultimate value of credit will depend on the project's Florida corporate income tax liability for the 20 years following commencement of operations. Florida's Corporate Income Tax Rate is 5.5% of apportioned taxable income.

Statutory Reference: Section 220.191, Florida Statutes

QUALIFIED TARGET INDUSTRY (QTI) TAX REFUND

The Qualified Target Industry (QTI) Tax Refund is a tax refund program available to new to Florida companies and existing Florida companies looking to expand by 10 percent. The program is used to encourage quality job growth in targeted, high value-added industries. Pre-approved applicants creating jobs in Florida receive refunds on the taxes they pay including corporate income, sales, ad valorem, insurance and certain other taxes. Refund amounts are dependent upon location, wages paid, and industry of projected jobs.

The program is performance-based and requires the local community to pay 20% of the award for this program.

Statutory Reference: Section 288.106, Florida Statutes

QUALIFIED DEFENSE AND SPACE CONTRACTOR

The Qualified Defense and Space Contractor Tax Refund is a tool to preserve and grow Florida's high technology, defense related employment base – giving Florida a competitive edge as defense, homeland security, or space business contractors consolidate defense contracts, acquire new contracts, or convert to commercial production. Companies are eligible for awards up to \$8,000 per job depending on location and wages paid. For defense consolidation projects companies must expand by at least 25 percent or create at least 80 new jobs. This program is performance-based and requires the local community to pay 20% of the award for this program.

Statutory Reference: Section 288.1045, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

BROWNFIELD REDEVELOPMENT BONUS

The Brownfield Redevelopment Bonus is available to encourage redevelopment and job creation within designated brownfield areas. Florida brownfield areas are designated by units of local governments and encompass one or more abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by real or perceived environmental contamination.

Pre-approved applicants receive tax refunds of up to 20 percent of the average annual wage of the new jobs created, up to \$2,500 per new job in a designated brownfield area. Refunds are based upon taxes paid by the applicant, including corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. The Brownfield Development Bonus may be awarded in addition to the Qualified Target Industry (QTI) Tax Refund.

To qualify, an applicant must locate within a brownfield area and be eligible for the Qualified Target Industry (QTI) program; or demonstrate a fixed capital investment of at least \$500,000 in mixed-use business activities in a brownfield area (\$2 million if the site requires clean-up), including multiunit housing, commercial, retail, and industrial; create at least 10 new Florida full-time jobs with benefits, excluding construction and site cleanup jobs; and provide a resolution from the city or county commission recommending the applicant for the incentive and, at the option of the city or county, committing the community to provide a local match equaling 20 percent of the tax refund.

Statutory Reference: Section 288.107, Florida Statutes

JOBS FOR THE UNEMPLOYED TAX CREDIT

The 2010 Florida Legislature created a new state corporate income tax credit incentive designed to encourage the hiring of unemployed Florida residents, known as “qualified employees.” A qualified employee is a person who was unemployed at least 30 days immediately prior to being hired by the company (hire date after July 1, 2010) and who is a full time employee (working a minimum of an average 36 hours per week) for at least 12 months before the tax credit can be applied for. Additionally, the qualified employee cannot have worked for the applicant, its subsidiaries, or a parent or affiliated company.

The value of the tax credit is \$1,000 per “qualified employee” hired and retained. Tax credits are available on a first come, first served basis. In order to participate, the company must apply to the Department of Economic Opportunity after the qualified employees have been in place for at least 12 months.

Statutory Reference: Section 220.1896, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

RESEARCH AND DEVELOPMENT TAX CREDIT

A tax credit for qualified research and development expenses, allowed under U.S. Code Title 26 §41. The Florida credit is equal to 10 percent of the excess qualified research expenses over the company's base amount. The base amount is equal to the qualified research expenses for the four prior taxable years. The credits may not exceed 50 percent of the business's Florida Corporate Income Tax liability.

A \$9 million program cap exists, therefore the credits will be granted based on the order in which completed applications are received. Applications may be filed with the Florida Department of Revenue on or after March 20 for qualified research expenses incurred within the preceding calendar year.

Statutory Reference: Section. 220.196, Florida Statutes

MANUFACTURING AND SPACEPORT INVESTMENT INCENTIVE PROGRAM (MSII)

The Manufacturing and Spaceport Investment Incentive Program encourages capital investment and job creation in manufacturing and spaceport activities in Florida. Applications will be accepted by eligible businesses from July 1, 2010 to June 30, 2012. A tax refund up to \$50,000 will be given on the State Sales and Use Tax paid for eligible equipment purchases. Purchase cost must exceed a business' total expenditures on eligible equipment purchased and placed into service in this state during the 2008 tax year.

Statutory Reference: Section. 288.1083, Florida Statutes

TAX EXEMPTIONS

MANUFACTURING MACHINERY AND EQUIPMENT SALES TAX EXEMPTION

The Manufacturing Machinery and Equipment Sales Tax Exemption is a 100 percent exemption of the sales and use tax on manufacturing machinery and equipment. In order to qualify for the new business exemption, the machinery and equipment must have been purchased, or a purchase agreement made, prior to the date the business first begins to produce a product for inventory or immediate sale. If a purchase agreement was made prior to the beginning of production, such machinery and equipment must be received within twelve months of the date that production began.

Industrial machinery and equipment is exempt from tax when purchased by an expanding business for the purpose of increasing "productive output" by not less than ten percent.

Statutory Reference: Section 212.08, Florida Statutes

POLLUTION CONTROL EQUIPMENT EXEMPTION

The sales tax levied on pollution control equipment shall be exempted for any facility, device, fixture, equipment, machinery, specialty chemical, or bioaugmentation product used primarily for the control or abatement of pollution or contaminants in manufacturing, processing, compounding, or producing for sale items of tangible personal property at a fixed location, or any structure, machinery, or equipment installed in the reconstruction or replacement of such facility, device, fixture, equipment, or machinery.

Statutory Reference: Section 212.051, Florida Statutes

ELECTRICITY TAX EXEMPTION

The Electricity Tax Exemption is applied to 100 percent of the electricity purchased if 75 percent or more is used to operate machinery and equipment at a fixed location to manufacture, process, compound, produce, or prepare for shipment items of tangible personal property for sale, or to operate pollution control equipment, recycling equipment, maintenance equipment, or monitoring or control equipment used in such operations. The exemption is applied to 50 percent of the electricity or steam purchased if 50 to 75 percent is used in manufacturing. No separate metering is required.

Statutory Reference: Section 212.08, Florida Statutes

BOILER FUELS TAX EXEMPTION

When purchased for use as a combustible fuel, purchases of natural gas, residual oil, recycled oil, waste oil, solid waste material, coal, sulfur, wood, wood residues or wood bark used in an industrial manufacturing, processing, compounding, or production process at a fixed location in this state are exempt from the taxes imposed by this chapter; however, such exemption shall not be allowed unless the purchaser signs a certificate stating that the fuel to be exempted is for the exclusive use designated herein. This exemption does not apply to use of boiler fuels that are not used in manufacturing, processing, compounding, or producing items of tangible personal property for sale, or to the use of boiler fuels used by any firm subject to regulation by the Division of Hotels and Restaurants or the Department of Business and Professional Regulation. Propane is not a tax exempt boiler fuel..

Statutory Reference: Section 212.08, Florida Statutes

REPAIR AND LABOR CHARGES TAX EXEMPTION

The Repair and Labor Charges Tax Exemption fully exempts sales tax on labor charges for the repair of, and parts and materials used in the repair of and incorporated into, industrial machinery and equipment which is used for the manufacture, processing, compounding, production, or preparation for shipping of items of tangible personal property at a fixed location within Florida.

Statutory Reference: Section 212.08, Florida Statutes

MACHINERY AND EQUIPMENT USED FOR RESEARCH AND DEVELOPMENT

Machinery and equipment, including but not limited to molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing and measuring equipment, test beds, computers and software, whether purchased or self-fabricated, includes materials and labor for design, fabrication and assembly, used predominantly for research and development and used to meet a qualifying research and development goal are exempt from sales and use tax.

Statutory Reference: Section 212.08, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

SEMICONDUCTOR, DEFENSE, OR SPACE TECHNOLOGY SALES TAX EXEMPTION

Semiconductor, Defense, or Space Technology Sales Tax Exemption applies to the purchase of machinery and equipment used in semiconductor technology facilities to manufacture, process, compound, or produce semiconductor technology products for sale or for use by these facilities (100% sales tax exemption). Eligible machinery and equipment includes molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing equipment, test beds, computers, and software, whether purchased or self-fabricated, and, if self-fabricated, includes materials and labor for design, fabrication, and assembly. Machinery and equipment are exempt from sales and use tax if used predominately in semiconductor wafer research and development activities in a semiconductor technology research and development facility, under a separate R&D sales tax exemption.

Defense or Space Technology Sales Tax Exemption applies to industrial machinery and equipment used in defense or space technology facilities to manufacture, process, compound, or produce defense technology products or space technology products for sale or for use by these facilities are exempt from 100 percent of the sales and use tax. Machinery and equipment used predominately in defense or space research and development activities in a defense or space technology research and development facility are also exempt from the sales and use tax, under a separate R&D sales tax exemption.

Statutory Reference: Section 212.08, Florida Statutes

AIRCRAFT REPAIR AND MAINTENANCE LABOR SALES TAX EXEMPTION

All labor charges for the repair and maintenance of qualified aircraft are exempt from sales and use tax. Qualified aircraft is that of more than 15,000 pounds maximum certified takeoff weight and rotary wing aircraft of more than 10,000 pounds maximum certified takeoff weight.

Statutory Reference: Section 212.08, Florida Statutes

EQUIPMENT USED IN AIRCRAFT REPAIR OR MAINTENANCE SALES TAX EXEMPTION

Replacement engines, parts, and equipment are exempt from sales and use tax when used in the repair or maintenance of aircraft of more than 15,000 pounds maximum certified takeoff weight and rotary wing aircraft of more than 10,300 pounds maximum certified takeoff weight, when such parts or equipment are installed on such aircraft that is being repaired or maintained in this state.

Statutory Reference: Section 212.08, Florida Statutes

FIXED WING AIRCRAFT SALES OR LEASES

Fixed Wing Aircraft Sales or Leases having a maximum certified takeoff weight of more than 15,000 pounds; and, used by a "common carrier," as defined in Federal Aviation Administration regulations (Title 14, chapter I, part 128 or 129, Code of Federal Regulations).

Statutory Reference: Section 212.08, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

RENEWABLE ENERGY PRODUCTION TAX CREDIT

The Renewable Energy Production Tax Credit is available to encourage the development and expansion of facilities that produce renewable energy in Florida. An annual credit will be awarded, based on the taxpayer's production and sale of electricity from a new or expanded Florida renewable energy facility.

The credit is equal to \$0.01 for each kilowatt-hour of electricity produced and sold by the taxpayer to an unrelated party during a given tax year.

It is capped at \$5 million per state fiscal year per applicant.

It is applicable to solar thermal electric, photovoltaics, wind, biomass, hydroelectric, geothermal electric, CHP/cogeneration, hydrogen, tidal energy, wave energy, and ocean thermal.

Statutory Reference: Section 220.193, Florida Statutes

WORKFORCE INCENTIVES

QUICK RESPONSE TRAINING (QRT)

Quick Response Training (QRT) is an employer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. This program is customized, flexible, and responsive to individual company needs. The company may use in-house training, outside vendor training programs or the local educational entity to provide training. Reimbursable training expenses include: instructors' wages, curriculum development, and textbooks.

Statutory Reference: Section 288.047, Florida Statutes

INCUMBENT WORKER TRAINING (IWT)

Incumbent Worker Training (IWT) provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require skills upgrade training for existing employees. Priority is given to businesses in targeted industries, Enterprise Zones, HUB Zones, Inner City Distressed areas, Rural Counties and areas, and Brownfield areas.

*IWT is a federally funded program.

Statutory Reference: Section 445.003, Florida Statutes

EXPEDITED PERMITTING

Florida fully understands the importance of timely and responsive action and assistance on all regulatory issues, and is committed to meeting the needs and timeframe of companies. Expedited Permitting law, among other benefits, ensures final agency action on permit applications within 90 days from the receipt of complete application(s).

Statutory Reference: Section 403.973, Florida Statutes

ENTERPRISE ZONE, URBAN, AND RURAL OPPORTUNITIES

URBAN JOB TAX CREDIT

The Urban Job Tax Credit Program encourages the creation of jobs in urban areas of Florida. The program provides tax credits to eligible businesses that hire a specific number of employees and are located within the 13 Urban Areas designated by the Department of Economic Opportunity. The credit ranges from \$500 to \$2,000 per qualified job and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax. A total of \$5 million of tax credits may be approved under the Urban Job Tax Credit Program each calendar year. One million dollars of tax credits will be exclusively reserved for businesses located within Tier One designated areas.

Statutory Reference: *Section 212.097, Florida Statutes (sales and use tax) and*

Statutory Reference: *Section 212.1895, Florida Statutes (corporate income tax)*

ENTERPRISE ZONE JOBS TAX CREDIT

Enterprise Zone Jobs Tax Credit allows a credit against Corporate Income taxes or Sales and Use taxes collected and remitted to the State by businesses located in an Enterprise Zone and who create new full-time jobs. The amount of the credit is based the amount of wages and the number of employees who are residents of the Enterprise Zone.

If 20 percent or less of the business' employees are residents of the Enterprise Zone, the business is eligible to receive a credit of 20 percent of wages paid to new eligible employees. If 20 percent or more of the permanent, full-time employees are residents of the Enterprise Zone, then the business is eligible to receive a credit of 30 percent of wages. The credit is limited to 24 months if the employee remains employed for 24 months.

Statutory Reference: *Section 220.181, Florida Statutes (corporate income tax) and*

Statutory Reference: *Section 212.096, Florida Statutes (sale tax)*

RURAL ENTERPRISE ZONE JOBS TAX CREDIT

The Rural Enterprise Zone Jobs Tax Credit allows a credit against taxes for businesses located in a rural Florida Enterprise Zone, who remit corporate income tax or collect and pay Florida Sales and Use Tax. The credit is based on wages paid to new employees in a new full-time job who have been employed by the business for at least 3 months and are residents of a rural county.

Businesses located within a rural Enterprise Zone will receive a credit of 30 percent of wages paid to new eligible employees who are residents of a rural county. If 20 percent or more of the permanent, full-time employees are residents of a Florida rural enterprise zone, the credit is 45 percent.

Statutory Reference: *Section 212.096, Florida Statutes (sale tax) and*

Statutory Reference: *Section 220.181, Florida Statutes (corporate income tax)*

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

ENTERPRISE ZONE PROPERTY TAX CREDIT

Enterprise Zone Property Tax Credit is a tax credit on corporate income tax equal to 96 percent of ad valorem taxes paid on the new or improved property. Any unused portion of the credit may be carried forward for five years. The credit can be claimed for five years, up to a maximum of \$50,000 annually, if 20 percent or more employees are enterprise zone residents. Otherwise the credit is limited to \$25,000 annually. Firms must earn more than \$5,000 to take advantage of the credit. The Federal tax burden may increase, since state tax liability is reduced. The amount of the credit must also be added back to Florida taxable income.

Statutory Reference: Section 220.182, Florida Statutes

BUSINESS MACHINERY AND EQUIPMENT SALES TAX EXEMPTION

The Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone is available for sales taxes paid on the purchase of certain business property, (e.g., tangible personal property such as office equipment, warehouse equipment and some industrial machinery and equipment), which is used exclusively in an enterprise zone for at least three years. Business equipment must have a sales price of at least \$5,000 per unit.

The maximum refund per application will be no more than \$5,000 or 97 percent of the tax paid. If 20 percent or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone, the refund will be no more than the lesser of \$10,000 or 97 percent of the tax paid. Multiple applications may be submitted.

Statutory Reference: Section 212.0805b, Florida Statutes

BUILDING MATERIALS TAX EXEMPTION

The Sales Tax Refund for Building Materials Used in an Enterprise Zone is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an enterprise zone.

The total amount of the sales tax refund must be at least \$500, but may be up to \$5,000 of the tax paid per parcel of property. If 20 percent or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone the refund will be no more than \$10,000 per parcel.

Statutory Reference: Section 212.0805g, Florida Statutes

ELECTRICITY TAX EXEMPTION

The Enterprise Zone Sales Tax Exemption for Electrical Energy is a 50% sales tax exemption available to qualified businesses located in an enterprise zone on the purchase of electrical energy. If 20 percent or more of the permanent, full-time employees are residents of a Florida enterprise zone, the exemption is 100 percent of sales tax. This exemption is only available if the municipality in which the business is located has passed an ordinance to exempt enterprise zone businesses from 50 percent of the municipal utility tax.

Statutory Reference: Section 212.0815, Florida Statutes

FLORIDA'S ECONOMIC DEVELOPMENT INCENTIVES

RURAL JOB TAX CREDIT

The Rural Jobs Tax Credit is an incentive for eligible businesses located in one of Florida's 33 rural counties to create new jobs. These tax credits are provided to encourage meaningful employment opportunities that will improve the quality of life of those employed and to encourage economic expansion of new and existing businesses in rural areas of Florida.

The tax credit provides for \$1,000 per qualified job and can only be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax (remitted). Five million dollars of tax credits may be approved in a calendar year.

Statutory Reference: Section 212.098, Florida Statutes (sales tax) and

Statutory Reference: Section 220.1895, Florida Statutes (corporate income tax)

RURAL INFRASTRUCTURE FUND

The Rural Infrastructure Fund is a resource available to rural communities to facilitate infrastructure projects in Florida. Eligible projects must result in job creation, capital investment, and the strengthening and diversification of rural economies by promoting tourism, trade and economic development. The grant award is up to 30 percent of the total infrastructure project cost up to a maximum of \$675,000. The project must be related to specific job-creating opportunities and may be awarded to applicants who have applied for the maximum available under other state or federal infrastructure funding programs.

Statutory Reference: Section 288.065, Florida Statutes

FILM AND ENTERTAINMENT PRODUCTION INCENTIVES

ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE PROGRAM

The Entertainment Industry Financial Incentive Program is a transferable tax credit that can be taken against corporate income or sales and use tax collected and remitted in Florida. The program is used to encourage the use of Florida as a site for filming, for the digital production of films, and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production. The tax credits are calculated as a percentage of each pre-certified project's qualified Florida expenditures. The tax credit is awarded to the pre-certified production projects once they have completed their projects and after the Office of Film and Entertainment reviews their CPA audited receipts and final reports.

Statutory Reference: Section 288.1254, Florida Statutes

ENTERTAINMENT INDUSTRY SALES TAX EXEMPTION PROGRAM

Any production company engaged in this state in the production of motion pictures, made-for-TV motion pictures, television series, commercial advertising, music videos, or sound recordings may submit an application to the Department of Revenue to be approved by the Office of Film and Entertainment as a qualified production company for the purpose of receiving a sales and use tax certificate of exemption from the Department of Revenue.

Statutory Reference: Section 288.1258, Florida Statutes