

Economic Development & Tourism Subcommittee

**Tuesday, March 15, 2011
12:30 PM
12 HOB**

**Dean Cannon
Speaker**

**Doug Holder
Chair**

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

(AMENDED 3/11/2011 4:29:58PM)

Amended(1)

Economic Development & Tourism Subcommittee

Start Date and Time: Tuesday, March 15, 2011 12:30 pm

End Date and Time: Tuesday, March 15, 2011 02:30 pm

Location: 12 HOB

Duration: 2.00 hrs

Consideration of the following bill(s):

HB 287 Economic Development by Eisnaugle

HB 703 Liability of Spaceflight Entities by Goodson

HB 879 Tax Refund Program for Qualified Target Industry Businesses by Eisnaugle

HB 943 Capital Formation for Infrastructure Projects by Eisnaugle

Presentation by Tampa Bay Partnership

Pursuant to rule 7.12, the filing deadline for amendments to bills on the agenda by a member who is not a member of the committee or subcommittee considering the bill is 6 p.m., Monday, March 14, 2011.

By request of the Chair, all Subcommittee members are asked to have amendments to bills on the agenda submitted to staff by 6:00 p.m., Monday, March 14, 2011.

NOTICE FINALIZED on 03/11/2011 16:29 by Adeyemo.Martha

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 287 Economic Development
SPONSOR(S): Eisnaugle
TIED BILLS: IDEN./SIM. BILLS: CS/SB 506

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Economic Development & Tourism Subcommittee		Tecler <i>AT</i>	Kruse <i>MK</i>
2) Finance & Tax Committee			
3) Economic Affairs Committee			

SUMMARY ANALYSIS

In 1980, the Florida electorate approved a constitutional amendment that allows local governments to grant economic development ad valorem tax exemptions, following voter referendums, to new or expanding businesses. Authority to issue exemptions is valid for ten years and may be renewed through a succeeding referendum. Exemptions are issued by ordinance at the discretion of the board of county commissioners or a municipal governing authority. The bill changes business eligibility requirements for this exemption, revises the process by which local governments can issue exemptions for economic development purposes, and removes outdated limitations. The bill authorizes counties and municipalities that have already held or are in the process of holding referendums to issue exemptions under any future revision to the law without holding additional referendums.

The bill does not have an impact on state revenue, but could have a negative indeterminate impact on local government revenue if a local government chooses to provide additional ad valorem tax exemptions.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Issue Background

Property Tax Assessments

Unless an exception or exemption is provided, all real and personal property in Florida is subject to ad valorem taxes (taxes based on the value of that property). As prescribed by the Florida Constitution, counties, municipalities, and other local governmental entities have the exclusive right to assess ad valorem taxes on real estate and tangible personal property.¹

There are a number of ad valorem tax exemptions permitted under Article VII, sections 3 and 6, of the state Constitution. These include but are not limited to exemptions for charitable, religious, or literary properties, homesteads, tangible personal property, and for economic development purposes.² In addition, ch. 196, F.S., establishes other ad valorem tax exemptions not found in the state Constitution but enacted through general law.

For ad valorem tax purposes, the state Constitution requires property to be assessed at just value. Property appraisers determine a property's just valuation using certain requirements provided under s. 193.011, F.S. In addition to these requirements, the state Constitution establishes caps for millage rates³ and limits, for certain classes of property, the amount by which the assessed value may increase in a given year.⁴ After calculating the assessed value of the property, the appraiser subtracts the value of any exemptions to determine the taxable value. Tax on real and tangible personal property is levied on January 1st annually. Property owners receive their tax bills in November and payment is due by March 31st of the following year.

Ad Valorem Tax Exemptions for Economic Development

In 1980, the Florida electorate approved a state constitutional amendment that empowers local governments to grant economic development ad valorem tax exemptions (exemptions) to new or expanding businesses.⁵ The amendment was adopted during a time of economic weakness and high unemployment. The purpose of the amendment was to provide county and municipal governments with an additional tool that would encourage job growth and counteract recessionary pressures in local economies. In order to implement the constitutional amendment, statutory provisions were created to define the eligibility requirements for new or expanding businesses and to provide a process by which local governments can issue exemptions for economic development purposes.⁶

Eligibility

Eligibility is established under current law through the definitions for qualified "new business" and qualified "expansion of an existing business".

In general, an eligible new business is defined as a:

- Manufacturer that creates 10 or more jobs in Florida;
- Business that creates 25 or more jobs and has a sales factor of less than .50 (the business derives less than half of its total sales from Florida);
- Corporation newly domiciled in Florida that opens an office with at least 50 employees;
- Business that begins operations in an enterprise zone or brownfield area; and a

¹ Fla. Const. art. VII, s. 1.

² The definitions and enabling language for these exemptions are contained in ch. 196, F.S.

³ Fla. Const. art. VII, s. 9.

⁴ Fla. Const. art. VII, s. 4.

⁵ Senate Joint Resolution No. 9-E was adopted as Article VII, section 3(c) of the Florida Constitution.

⁶ Section 196.012(15-16), F.S., defines "new business" and "expansion of new business". Section 196.1995, F.S. establishes requirements for the issuance of ad valorem tax exemptions for economic development purposes.

- Business situated on property annexed into a municipality and that, at the time of annexation, is receiving an ad valorem tax exemption from the county under s.196.1995, F.S.

An eligible expansion of an existing business is generally defined as a:

- Manufacturer that creates 10 or more jobs in Florida;
- Business that creates 25 or more jobs and has a sales factor of less than .50 (the business derives less than half of its total sales from Florida) provided that the business increases net employment or output by at least 10 percent at the expanding facility; and a
- Business that expands operations in an enterprise zone or brownfield area.

Referendum Process

The state Constitution allows a county or municipality to hold a referendum to determine if such county or municipality will have the authority to issue exemptions.⁷ A referendum on the question is required if one of the following occurs:

- The board of county commissioners or municipal governing authority votes to hold the referendum; or
- The board of county commissioners or municipal governing authority receives a petition signed by 10 percent of the registered electors that calls to hold the referendum.⁸

A county or municipal referendum on this issue must use the specific ballot question that is provided in s. 196.1995 (2), F.S. However, if the board of county commissioners or municipal governing authority votes to limit the ballot question to an enterprise zone or a brownfield area,⁹ then the specific ballot question provided in s. 196.1995(3), F.S., is used. A referendum may be called only once in any 12-month period.¹⁰ Once approved, the authority to grant exemptions is valid for ten years and may be renewed through a succeeding referendum.¹¹

Issuing an Exemption

In any county or municipality that is authorized by its electors to grant exemptions for economic development purposes, the state Constitution requires the issuance of the exemption to be done by ordinance.¹² Prior to the board of county commissioners or municipal governing authority approving an exemption by ordinance, the property appraiser must provide the board or governing authority a fiscal analysis that includes the following: the total revenue from all ad valorem tax sources, the total revenue lost due to previously granted exemptions, and the fiscal impact of the proposed ordinance.¹³ In addition, the appraiser must determine that the applicant has met all eligibility requirements.¹⁴

An ordinance granting an exemption must be adopted in the same manner as any other ordinance and include the name and location of the business, the expiration date of the exemption, and the findings of the property appraiser.¹⁵

The board of county commissioners or municipal governing authority, at its discretion,¹⁶ by ordinance may exempt ad valorem taxes for new or expanding businesses. For a new business, up to 100 percent of the assessed value of the following is exempt¹⁷:

- Improvements to real property made by or for the use of the new business; and
- Tangible personal property of the new business.

⁷ Fla. Const. art. VII, s. 3(c).

⁸ Section 196.1995(1)(a)(b), F.S.

⁹ Section 196.1995(3), F.S.

¹⁰ Section 196.1995(4), F.S.

¹¹ Fla. Const. art. VII, s. 3(c) and s. 196.1995(7), F.S.

¹² Fla. Const. art. VII, s. 3(c).

¹³ Section 196.1995 (9)(a-c), F.S.

¹⁴ Section 196.1995 (9)(d), F.S.

¹⁵ Section 196.1995 (10), F.S.

¹⁶ Opinions issued by the Office of the Attorney General indicate that counties and municipalities have broad discretion in approving or not approving an applicant. See: Advisory Legal Opinions AGO 81-46 and AGO 84-89.

¹⁷ Section 196.1995(5), F.S.

For the expansion of existing business, up to 100 percent of the assessed value of the following is exempt:¹⁸

- Improvements to real property made to facilitate the expansion of an existing business; and
- Total net increase in all tangible personal property acquired to facilitate an expansion.

The exemption does not apply to taxes levied for the payment of bonds or taxes authorized by referendum.¹⁹

Application for an Exemption

An applicant must submit a written application to the board of county commissioners or municipal governing authority in the year the ad valorem tax exemption is desired to take effect. Section 196.1995(8), F.S., requires the following: the name and location of the business, a description and construction date of improvements to real property, a description and purchase date of eligible tangible personal property, proof of eligibility as defined by s. 196.012(15-16), F.S., and any other information deemed necessary by the Department of Revenue.

Exemption Use

According to the Department of Revenue, 15 counties are currently offering exemptions totaling approximately \$747.7 million. In addition, the Department indicated that 33 cities throughout the state are currently offering \$154.9 million in exemptions.

Location plays a role in the use of exemptions. According to county economic development officials in Florida’s panhandle, exemptions are more attractive in this part of the state due to the proximity to Alabama²⁰ and Georgia²¹ where similar exemptions are offered. This may, in part, account for the high concentration of use in the northern part of the state.

Economic development ad valorem tax exemptions issued by county governments in 2010:

2010	
County	Exemptions
Bay	\$232,133,541.00
Brevard	\$28,762,380.00
Calhoun	\$517,421.00
Dade	\$67,568,325.00
Escambia	\$279,392,755.00
Gulf	\$362,894.00
Hardee	\$27,542,457.00
Hendry	\$2,246,960.00
Jackson	\$49,419,465.00
Liberty	\$30,932,427.00
Madison	\$598,608.00
Palm Beach	\$7,424,114.00
St. Lucie	\$17,756,979.00
Santa Rosa	\$2,613,424.00
Washington	\$441,581.00
Statewide	\$747,713,331.00
Includes exemptions under ss.196.1995, F.S.	

¹⁸ Section 196.1995(5), F.S.

¹⁹ Fla. Const. art. VII, ss. 9(b) and 12.

²⁰ Alabama Taxes and Incentives. Economic Development Partnership of Alabama, July 2010. On file with House Economic Development and Tourism Subcommittee.

²¹ Georgia Department of Revenue. <https://etax.dor.ga.gov/> (last visited March 1, 2011). See: “freeport exemption” and “bond lease Transaction.”

Economic development ad valorem tax exemptions issued by municipal governments in 2010:

2010		
County	City	Exemptions
Bay	Lynn Haven	\$3,807,978.00
	Panama City	\$43,122,287.00
Brevard	Cocoa	\$308,770.00
	Melbourne	\$14,238,900.00
	Palm Bay	\$1,580,720.00
	Rockledge	\$1,024,310.00
	Titusville	\$227,960.00
Dade	Hialeah	\$4,694,901.00
	Miami	\$31,283,502.00
	Miami Beach	\$7,284,508.00
	Miami Gardens	\$3,609,474.00
	Miami Springs	\$1,184,696.00
	Palmetto Bay	\$146,580.00
Escambia	Pensacola	\$8,091,198.00
Hendry	Clewiston	\$503,640.00
	La Belle	\$193,900.00
Hernando	Brooksville	\$4,552,157.00
Holmes	Bonifay	\$277,180.00
Lee	Fort Myers	\$1,293,033.00
Leon	Tallahassee	\$2,221,482.00
Osceola	Kissimmee	\$333,600.00
Palm Beach	Pahokee	\$103,870.00
St. Lucie	Fort Pierce	\$820,100.00
	Port St. Lucie	\$9,432,416.00
Sarasota	Sarasota	\$252,400.00
Taylor	Perry	\$287,880.00
Volusia	Daytona Beach	\$9,279,779.00
	Deland	\$680,296.00
	Holy Hill	\$778,086.00
	Orange City	\$1,492,211.00
	Ormond Beach	\$1,525,775.00
	South Daytona	\$293,751.00
Washington	Sunny Hills	\$16,000.00
Statewide		\$154,943,340.00

Includes exemptions under ss.196.1995, F.S., and s.196.095, F.S.

Changes Made By the Bill

The bill makes several changes to the requirements for qualifying and issuing exemptions. Under the proposed changes in this bill, eligibility is expanded, potentially allowing more business types and non-profit organizations to qualify for exemptions. Second, the proposed changes will provide local governments with more discretion in selecting and approving exemptions. Third, the bill establishes several accountability measures, including authorizing local governments to establish binding contracts with approved applicants that set the terms for qualifying and maintaining an exemption.

Eligibility

The bill revises the definitions for “new business” and “expansion of existing business” by making eligibility requirements more flexible and removing outdated limitations. Eligibility requirements that

limit exemptions to manufacturing businesses or to businesses that provide a certain level of employment, sales factor, or output are eliminated. The board of county commissioners or municipal governing authority will have the option to incentivize any new or expanding business or non-profit organization that creates new full-time jobs or demonstrates a net increase in full-time jobs.

Enterprise Zones and Brownfields

The bill strikes references to business activity in an enterprise zone or brownfield area from s. 196.012(15), F.S., and s. 196.012(16), F.S. The revised definitions for "new business" and "expansion of existing business" encompass business activities in and outside of enterprise zones and brownfields. Therefore, this change will not prevent business activity in an enterprise zone or brownfield area from being eligible for an exemption. Further, this change will not preclude the board of county commissioners or municipal governing authority from restricting exemptions to an enterprise zone or a brownfield area as prescribed in s. 196.1995(3), F.S.

Referendum Process

Under current law, if initiated by petition, a call for a referendum on whether a county should have the authority to issue exemptions requires the signature of 10 percent of the registered electors. The bill amends s. 196.1995(1) (b), F.S., authorizing charter counties to set the threshold for meeting the signature requirement at the percentage established in the charter. The percentage established in the county charter will be considered valid even if such percentage is less than 10 percent.

Ballot Questions

The bill revises the statutorily required ballot questions in s. 196.1995(2-3), F.S., to clarify to the voter that any exemptions issued under s. 196.1995, F.S., are expected to create new, full-time jobs, and have been evaluated as being of economic interest to the community.

Issuing an Exemption

In order to strengthen accountability, the bill modifies the application and approval process and authorizes counties and municipalities to establish binding contracts with approved applicants.

Application for Exemption

The bill amends 196.1995(8), F.S., providing that an application include the following: the expected number of jobs created, the average and median wage of such jobs, whether the jobs are full-time or part-time, and the expected time schedule for job creation. The Department of Revenue has indicated that Form DR-418 will need to be revised. This online form can be revised at no cost to the Department.

Approval Process

The bill amends s. 196.1995(10), F.S., establishing a minimum economic criteria that must be considered by the board of county commissioners or a municipal governing authority to before issuing an exemption. In general, the minimum economic criteria are the following:

- The total number of jobs created by the applicant;
- The average and median wage of the new jobs;
- Capital investment made by the applicant;
- Whether the business or operation is an industry targeted by the locality;
- The environmental impact of the proposed business or operation; and
- Extent to which the applicant intends to source supplies and materials from the local area.

Further, the bill clarifies that an exemption may not to exceed ten years and that it is the intent of the Legislature to vest counties and municipalities with as much discretion as legally permissible in determining whether to approve or not approve an exemption.

Contract Agreement

The bill creates s. 196.1995(12), F.S., which authorizes the board of county commissioners or a municipal governing authority to enter into a written tax agreement with approved applicants. The written tax agreement may contain performance criteria and an option to revoke the exemption if the applicant fails to meet expectations established s. 196.1995(8), F.S. However, the written agreement

must require the applicant to report, before the exemption expires, the number of full-time jobs created and their average and median wage.

The bill provides an effective date of July 1, 2011.

B. SECTION DIRECTORY:

Section 1. Amends 196.012, F.S., revising the definitions of "new business" and "expansion of an existing business."

Section 2. Amends 196.1995, F.S., revising the referendum process and ballot questions; providing requirements for issuing an exemption; creating an option for a written tax agreement.

Section 3. Providing an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimates that the bill will have no impact on state revenue.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference estimates that the bill could have a negative indeterminate impact on local government revenues if a local government chooses to offer exemptions.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Eligibility standards provided in this bill will allow potentially more businesses and non-profit organizations to benefit from exemptions. As a result, a previously ineligible business or non-profit organization may receive a lower tax liability. However, the exemption is administered and approved at the local level; therefore, the direct impact of this bill will vary by county and municipality.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

Article VII, section 3(c) of the state Constitution authorizes a county or municipality to hold a referendum to determine if such county or municipality will have the authority to issue ad valorem tax exemptions for an economic development purpose. Under the provisions of the bill, a county or municipality that previously held or is in the process of holding a referendum to issue exemptions under this section is not required to hold a new referendum or revise the ballot question if a future Legislature amends this section of law.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

29 whole or in part, the exemption under certain
 30 circumstances; providing an effective date.

31

32 Be It Enacted by the Legislature of the State of Florida:

33

34 Section 1. Subsections (15) and (16) of section 196.012,
 35 Florida Statutes, are amended to read:

36 196.012 Definitions.—For the purpose of this chapter, the
 37 following terms are defined as follows, except where the context
 38 clearly indicates otherwise:

39 (15) "New business" means:

40 (a)~~1.~~ A business or nonprofit organization starting
 41 operations in the state that will create new, full-time jobs
 42 that the board of county commissioners or the governing
 43 authority of a municipality has determined are jobs that the
 44 board or governing authority wishes to incentivize through ad
 45 valorem tax exemptions granted in accordance with the
 46 requirements of s. 196.1995; or establishing 10 or more jobs to
 47 employ 10 or more full-time employees in this state, which
 48 manufactures, processes, compounds, fabricates, or produces for
 49 sale items of tangible personal property at a fixed location and
 50 which comprises an industrial or manufacturing plant;

51 ~~2. A business establishing 25 or more jobs to employ 25 or~~
 52 ~~more full-time employees in this state, the sales factor of~~
 53 ~~which, as defined by s. 220.15(5), for the facility with respect~~
 54 ~~to which it requests an economic development ad valorem tax~~
 55 ~~exemption is less than 0.50 for each year the exemption is~~
 56 ~~claimed; or~~

57 ~~3. An office space in this state owned and used by a~~
 58 ~~corporation newly domiciled in this state; provided such office~~
 59 ~~space houses 50 or more full-time employees of such corporation;~~
 60 ~~provided that such business or office first begins operation on~~
 61 ~~a site clearly separate from any other commercial or industrial~~
 62 ~~operation owned by the same business.~~

63 ~~(b) Any business located in an enterprise zone or~~
 64 ~~brownfield area that first begins operation on a site clearly~~
 65 ~~separate from any other commercial or industrial operation owned~~
 66 ~~by the same business.~~

67 (b)(e) A business that is situated on property annexed
 68 into a municipality and that, at the time of the annexation, is
 69 receiving an economic development ad valorem tax exemption from
 70 the county under s. 196.1995.

71 (16) "Expansion of an existing business" means the
 72 expansion of an existing business or nonprofit organization,
 73 other than its relocation to another community, that results in
 74 a net increase of new, full-time jobs that the board or
 75 governing authority wishes to incentivize through ad valorem tax
 76 exemptions granted in accordance with the requirements of s.
 77 196.1995.

78 ~~(a)1. A business establishing 10 or more jobs to employ 10~~
 79 ~~or more full-time employees in this state, which manufactures,~~
 80 ~~processes, compounds, fabricates, or produces for sale items of~~
 81 ~~tangible personal property at a fixed location and which~~
 82 ~~comprises an industrial or manufacturing plant; or~~

83 ~~2. A business establishing 25 or more jobs to employ 25 or~~
 84 ~~more full-time employees in this state, the sales factor of~~

85 ~~which, as defined by s. 220.15(5), for the facility with respect~~
 86 ~~to which it requests an economic development ad valorem tax~~
 87 ~~exemption is less than 0.50 for each year the exemption is~~
 88 ~~claimed; provided that such business increases operations on a~~
 89 ~~site colocated with a commercial or industrial operation owned~~
 90 ~~by the same business, resulting in a net increase in employment~~
 91 ~~of not less than 10 percent or an increase in productive output~~
 92 ~~of not less than 10 percent.~~

93 ~~(b) Any business located in an enterprise zone or~~
 94 ~~brownfield area that increases operations on a site colocated~~
 95 ~~with a commercial or industrial operation owned by the same~~
 96 ~~business.~~

97 Section 2. Section 196.1995, Florida Statutes, is amended
 98 to read:

99 196.1995 Economic development ad valorem tax exemption.—

100 (1) The board of county commissioners of any county or the
 101 governing authority of any municipality shall call a referendum
 102 within its total jurisdiction to determine whether its
 103 respective jurisdiction may grant economic development ad
 104 valorem tax exemptions under s. 3, Art. VII of the State
 105 Constitution if:

106 (a) The board of county commissioners of the county or the
 107 governing authority of the municipality votes to hold such
 108 referendum; ~~or~~

109 (b) The board of county commissioners of the county or the
 110 governing authority of the municipality receives a petition
 111 signed by 10 percent of the registered electors of its
 112 respective jurisdiction, which petition calls for the holding of

113 | such referendum; or
 114 | (c) The board of county commissioners of a charter county
 115 | receives a petition or initiative signed by the required
 116 | percentage of registered electors in accordance with the
 117 | procedures established in the county's charter for the enactment
 118 | of ordinances or for approval of amendments of the charter,
 119 | including a county with a charter requiring signatures from less
 120 | than 10 percent of its registered electors, which petition or
 121 | initiative calls for the holding of such referendum.

122 | (2) The ballot question in such referendum shall be in
 123 | substantially the following form:

124 |
 125 | Shall the board of county commissioners of this county (or the
 126 | governing authority of this municipality, or both) be authorized
 127 | to grant, pursuant to s. 3, Art. VII of the State Constitution,
 128 | property tax exemptions to new businesses and expansions of
 129 | existing businesses that are expected to create new, full-time
 130 | jobs and have been evaluated as being of economic interest to
 131 | the community?

- 132 |
 133 | Yes-For authority to grant exemptions.
 134 | No-Against authority to grant exemptions.

135 |
 136 | (3) The board of county commissioners or the governing
 137 | authority of the municipality that calls a referendum within its
 138 | total jurisdiction to determine whether its respective
 139 | jurisdiction may grant economic development ad valorem tax
 140 | exemptions may vote to limit the effect of the referendum to

141 authority to grant economic development tax exemptions for new
 142 businesses and expansions of existing businesses located in an
 143 enterprise zone or a brownfield area, as defined in s.
 144 376.79(4). If an area nominated to be an enterprise zone
 145 pursuant to s. 290.0055 has not yet been designated pursuant to
 146 s. 290.0065, the board of county commissioners or the governing
 147 authority of the municipality may call such referendum prior to
 148 such designation; however, the authority to grant economic
 149 development ad valorem tax exemptions does not apply until such
 150 area is designated pursuant to s. 290.0065. The ballot question
 151 in such referendum shall be in substantially the following form
 152 and shall be used in lieu of the ballot question prescribed in
 153 subsection (2):

154
 155 Shall the board of county commissioners of this county (or the
 156 governing authority of this municipality, or both) be authorized
 157 to grant, pursuant to s. 3, Art. VII of the State Constitution,
 158 property tax exemptions for new businesses and expansions of
 159 existing businesses that ~~which~~ are located in an enterprise zone
 160 or a brownfield area, are expected to create new, full-time
 161 jobs, and have been evaluated as being of economic interest to
 162 the community?

- 163
 164 Yes—For authority to grant exemptions.
 165 No—Against authority to grant exemptions.

166
 167 (4) A referendum pursuant to this section may be called
 168 only once in any 12-month period. If a referendum is called or

169 held on or before the effective date of any amendment to this
 170 section, the board of county commissioners does not need to call
 171 or hold another referendum.

172 (5) Upon a majority vote in favor of such authority, the
 173 board of county commissioners or the governing authority of the
 174 municipality, at its discretion, by ordinance may exempt from ad
 175 valorem taxation up to 100 percent of the assessed value of all
 176 improvements to real property made by or for the use of a new
 177 business and of all tangible personal property of such new
 178 business, or up to 100 percent of the assessed value of all
 179 added improvements to real property made to facilitate the
 180 expansion of an existing business and of the net increase in all
 181 tangible personal property acquired to facilitate such expansion
 182 of an existing business, provided that the improvements to real
 183 property are made or the tangible personal property is added or
 184 increased on or after the day the ordinance is adopted. However,
 185 if the authority to grant exemptions is approved in a referendum
 186 in which the ballot question contained in subsection (3) appears
 187 on the ballot, the authority of the board of county
 188 commissioners or the governing authority of the municipality to
 189 grant exemptions is limited solely to new businesses and
 190 expansions of existing businesses that are located in an
 191 enterprise zone or brownfield area. Property acquired to replace
 192 existing property shall not be considered to facilitate a
 193 business expansion. The exemption applies only to taxes levied
 194 by the respective unit of government granting the exemption. The
 195 exemption does not apply, however, to taxes levied for the
 196 payment of bonds or to taxes authorized by a vote of the

197 electors pursuant to s. 9(b) or s. 12, Art. VII of the State
 198 Constitution. Any such exemption shall remain in effect for up
 199 to 10 years with respect to any particular facility, regardless
 200 of any change in the authority of the county or municipality to
 201 grant such exemptions. The exemption shall not be prolonged or
 202 extended by granting exemptions from additional taxes or by
 203 virtue of any reorganization or sale of the business receiving
 204 the exemption.

205 (6) With respect to a new business as defined by s.
 206 196.012(15) (b) ~~(e)~~, the municipality annexing the property on
 207 which the business is situated may grant an economic development
 208 ad valorem tax exemption under this section to that business for
 209 a period that will expire upon the expiration of the exemption
 210 granted by the county. If the county renews the exemption under
 211 subsection (7), the municipality may also extend its exemption.
 212 A municipal economic development ad valorem tax exemption
 213 granted under this subsection may not extend beyond the duration
 214 of the county exemption.

215 (7) The authority to grant exemptions under this section
 216 expires 10 years after the date such authority was approved in
 217 an election, but such authority may be renewed for subsequent
 218 10-year periods if each 10-year renewal is approved in a
 219 referendum called and held pursuant to this section.

220 (8) Any person, firm, or corporation which desires an
 221 economic development ad valorem tax exemption shall, in the year
 222 the exemption is desired to take effect, file a written
 223 application on a form prescribed by the department with the
 224 board of county commissioners or the governing authority of the

225 | municipality, or both. The application shall request the
 226 | adoption of an ordinance granting the applicant an exemption
 227 | pursuant to this section and shall include the following
 228 | information:

229 | (a) The name and location of the new business or the
 230 | expansion of an existing business;

231 | (b) A description of the improvements to real property for
 232 | which an exemption is requested and the date of commencement of
 233 | construction of such improvements;

234 | (c) A description of the tangible personal property for
 235 | which an exemption is requested and the dates when such property
 236 | was or is to be purchased;

237 | (d) Proof, to the satisfaction of the board of county
 238 | commissioners or the governing authority of the municipality,
 239 | that the applicant is a new business or an expansion of an
 240 | existing business, as defined in s. 196.012(15) or (16);

241 | (e) The number of jobs the applicant expects to create
 242 | along with the average and median wage of the jobs and whether
 243 | the jobs are full-time or part-time;

244 | (f) The expected time schedule for job creation; and

245 | ~~(g)(e)~~ Other information deemed necessary by the
 246 | department.

247 | (9) Before it takes action on the application, the board
 248 | of county commissioners or the governing authority of the
 249 | municipality shall deliver a copy of the application to the
 250 | property appraiser of the county. After careful consideration,
 251 | the property appraiser shall report the following information to
 252 | the board of county commissioners or the governing authority of

253 the municipality:

254 (a) The total revenue available to the county or
 255 municipality for the current fiscal year from ad valorem tax
 256 sources, or an estimate of such revenue if the actual total
 257 revenue available cannot be determined;

258 (b) Any revenue lost to the county or municipality for the
 259 current fiscal year by virtue of exemptions previously granted
 260 under this section, or an estimate of such revenue if the actual
 261 revenue lost cannot be determined;

262 (c) An estimate of the revenue which would be lost to the
 263 county or municipality during the current fiscal year if the
 264 exemption applied for were granted had the property for which
 265 the exemption is requested otherwise been subject to taxation;
 266 and

267 (d) A determination as to whether the property for which
 268 an exemption is requested is to be incorporated into a new
 269 business or the expansion of an existing business, as defined in
 270 s. 196.012(15) or (16), or into neither, which determination the
 271 property appraiser shall also affix to the face of the
 272 application. Upon the request of the property appraiser, the
 273 department shall provide to him or her such information as it
 274 may have available to assist in making such determination.

275 (10) The board of county commissioners or the governing
 276 authority of the municipality may consider any economically
 277 related characteristics or criteria deemed necessary or
 278 appropriate when exercising its discretion whether to approve or
 279 reject an application for an exemption but, at a minimum, must
 280 consider the following:

281 (a) Total number of new jobs to be created by the
 282 applicant.

283 (b) Average wage and median wage of the new jobs.

284 (c) Capital investment to be made by the applicant.

285 (d) Whether the business or operation qualifies as an
 286 industry that the board of county commissioners or the governing
 287 authority of the municipality may target.

288 (e) Environmental impact of the proposed business or
 289 operation.

290 (f) Extent to which the applicant intends to source its
 291 supplies and materials within the applicable jurisdiction.

292

293 The Legislature intends to vest counties and municipalities with
 294 as much discretion as legally permissible to determine which new
 295 jobs should be incentivized through the granting of ad valorem
 296 tax exemptions under this section.

297 ~~(11)~~~~(10)~~ An ordinance granting an exemption under this
 298 section shall be adopted in the same manner as any other
 299 ordinance of the county or municipality and shall include the
 300 following:

301 (a) The name and address of the new business or expansion
 302 of an existing business to which the exemption is granted;

303 (b) The total amount of revenue available to the county or
 304 municipality from ad valorem tax sources for the current fiscal
 305 year, the total amount of revenue lost to the county or
 306 municipality for the current fiscal year by virtue of economic
 307 development ad valorem tax exemptions currently in effect, and
 308 the estimated revenue loss to the county or municipality for the

309 current fiscal year attributable to the exemption of the
 310 business named in the ordinance;

311 (c) The period of time, not to exceed 10 years, for which
 312 the exemption will remain in effect and the expiration date of
 313 the exemption; and

314 (d) A finding that the business named in the ordinance
 315 meets the requirements of s. 196.012(15) or (16).

316 (12) Upon approval of an application for a tax exemption
 317 under this section, the board of county commissioners or the
 318 governing authority of the municipality and the applicant may
 319 enter into a written tax exemption agreement, which may include
 320 performance criteria and must be consistent with the
 321 requirements of this section or other applicable laws. The
 322 agreement must require the applicant to report at a specific
 323 time before the expiration of the exemption the actual number of
 324 new, full-time jobs created and their actual average and median
 325 wage. The agreement may provide the board of county
 326 commissioners or the governing authority of the municipality
 327 with authority to revoke, in whole or in part, the exemption if
 328 the applicant fails to meet the expectations and representations
 329 described in subsection (8).

330 Section 3. This act shall take effect July 1, 2011.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 703 Liability of Spaceflight Entities

SPONSOR(S): Goodson and others

TIED BILLS: IDEN./SIM. BILLS: SB 652

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Economic Development & Tourism Subcommittee		Tecler <i>AD</i>	Kruse <i>MK</i>
2) Civil Justice Subcommittee			
3) Economic Affairs Committee			

SUMMARY ANALYSIS

Some states offer liability protection for commercial human spaceflights as an incentive measure to attract or retain commercial spaceflight activity in their state. Florida law provides liability protection to spaceflight entities in the event of an injury to or death of a participant engaging in spaceflight activities, so long as the required warning is given to and signed by the participant. Unless reenacted by the Legislature, the law will sunset on October 2, 2018. The bill makes the law permanent by removing the sunset date of October 2, 2018, which may have the effect of encouraging private sector economic activity.

The bill does not have a fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Issue Background

In order to encourage growth in the commercial spaceflight industry, Congress enacted the Commercial Space Launch Amendments Act of 2004 (“the Act”).¹ The Act establishes informed consent requirements for commercial human spaceflight and provides certain protections to licensed entities that engage in commercial human spaceflight.

The provisions of the Act include a “fly at your own risk” clause that allows a licensed entity to carry spaceflight participants only if the licensed entity informs participants in writing about the risks of the launch and reentry, including the safety record of the launch or reentry vehicle.² After being fully informed, participants must provide written consent.³ The Act does not require spaceflight participants to waive liability for any non-governmental entity.

The Act also includes licensed entities in a temporary indemnification and insurance arrangement that requires the licensed entity to purchase insurance, but provides government indemnification up to \$1.5 billion beyond the insurance cap.⁴ This has the effect of shielding licensed entities from high insurance costs due to the risk of a catastrophic event.

In general, states offer liability protection for commercial human spaceflights as an incentive measure to attract or retain commercial spaceflight activity in their state. In addition to Florida, Virginia and New Mexico provide liability protection for entities engaging in commercial human spaceflight.⁵ Last year, the Virginia General Assembly repealed the sunset date of the Virginia law.⁶ The New Mexico law provides a sunset date of July 1, 2018.

Florida Liability Protection

Section 331.501, F.S. provides that a spaceflight entity⁷ is not liable for injury to or death of a spaceflight participant resulting from the inherent risks of spaceflight activities,⁸ so long as the required warning is given to and signed by the participant. A participant or participant’s representative may not recover damages from a spaceflight entity for the loss, damage, or death of the participant resulting exclusively from any of the inherent risks of spaceflight activities. The limitation on liability is in addition to any other limitation of legal liability that might otherwise be provided by law. Further, immunity provided under current law does not apply if the injury was proximately caused by the spaceflight entity and the spaceflight entity:⁹

- Commits negligence or willful or wanton disregard for the safety of the participant;
- Has actual knowledge or reasonably should have known of a dangerous condition; or
- Intentionally injures the participant.

To receive the immunity provided under current law, the spaceflight entity must have each participant sign a required warning statement.¹⁰ The warning must contain, at a minimum, the following statement:

¹ 49 U.S.C. ss. 70101-70305.

² 49 U.S.C. s. 70105(b)(5).

³ 49 U.S.C. s. 70105(b)(5)(C).

⁴ 49 U.S.C. ss. 70112-13. \$500 million in coverage for third party claims. \$100 million for property damage claims by the United States.

⁵ Va. Code ss. 8.01-227.8 through 8.01-227.10. NMSA 1978, ss. 41-14-1 through 41-14-4.

⁶ HB 21 repealed the sunset date of July 1, 2013.

⁷ Section 331.501(1)(c), F.S. defines “spaceflight entity” as a public or private entity holding a United States Federal Aviation Administration launch, reentry, operator, or launch site license for spaceflight activities.

⁸ As defined in s. 331.501(1)(b), F.S., the term “spaceflight activities” means launch services or reentry services as those terms are defined in 49 U.S.C. s. 70102.

⁹ Section 331.501(2)(b), F.S.

¹⁰ Section 331.501(3)(a), F.S.

WARNING: Under Florida law, there is no liability for an injury to or death of a participant in a spaceflight activity provided by a spaceflight entity if such injury or death results from the inherent risks of the spaceflight activity. Injuries caused by inherent risks of spaceflight activities may include, among others, injury to land, equipment, persons, and animals, as well as the potential for you to act in a negligent manner that may contribute to your injury or death. You are assuming the risk of participating in this spaceflight activity.¹¹

Unless reenacted by the Legislature, the provisions of this section will sunset on October 2, 2018.¹²

Changes Made By the Bill

The bill makes s. 331.501, F.S., permanent by removing the sunset date of October 2, 2018.

The bill provides an effective date of July 1, 2011.

B. SECTION DIRECTORY:

Section 1: Amends s. 331.501, F.S., removing the sunset date.

Section 2: Provides an effective date of July 1, 2011.

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:

By removing the sunset provision, the bill may have the effect of encouraging private sector economic activity.

D. FISCAL COMMENTS:

None.

¹¹ Section 331.501(3)(b), F.S.

¹² Section 331.501(4), F.S.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to the liability of spaceflight entities;
 3 amending s. 331.501, F.S.; saving a provision from future
 4 repeal which provides spaceflight entities with immunity
 5 from liability for the loss, damage, or death of a
 6 participant resulting from the inherent risks of
 7 spaceflight activities; providing an effective date.

8

9 Be It Enacted by the Legislature of the State of Florida:

10

11 Section 1. Section 331.501, Florida Statutes, is amended
 12 to read:

13 331.501 Spaceflight; informed consent.—

14 (1) For purposes of this section, the term:

15 (a) "Participant" means any spaceflight participant as
 16 that term is defined in 49 U.S.C. s. 70102.

17 (b) "Spaceflight activities" means launch services or
 18 reentry services as those terms are defined in 49 U.S.C. s.
 19 70102.

20 (c) "Spaceflight entity" means any public or private
 21 entity holding a United States Federal Aviation Administration
 22 launch, reentry, operator, or launch site license for
 23 spaceflight activities.

24 (2)(a) Except as provided in paragraph (b), a spaceflight
 25 entity is not liable for injury to or death of a participant
 26 resulting from the inherent risks of spaceflight activities so
 27 long as the warning contained in subsection (3) is distributed
 28 and signed as required. Except as provided in paragraph (b), a

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29 participant or participant's representative may not maintain an
 30 action against or recover from a spaceflight entity for the
 31 loss, damage, or death of the participant resulting exclusively
 32 from any of the inherent risks of spaceflight activities.

33 (b) Paragraph (a) does not prevent or limit the liability
 34 of a spaceflight entity if the spaceflight entity does any one
 35 or more of the following:

36 1. Commits an act or omission that constitutes gross
 37 negligence or willful or wanton disregard for the safety of the
 38 participant and that act or omission proximately causes injury,
 39 damage, or death to the participant;

40 2. Has actual knowledge or reasonably should have known of
 41 a dangerous condition on the land or in the facilities or
 42 equipment used in the spaceflight activities and the danger
 43 proximately causes injury, damage, or death to the participant;
 44 or

45 3. Intentionally injures the participant.

46 (c) Any limitation on legal liability afforded by this
 47 subsection to a spaceflight entity is in addition to any other
 48 limitation of legal liability otherwise provided by law.

49 (3)(a) Every spaceflight entity providing spaceflight
 50 activities to a participant, whether such activities occur on or
 51 off the site of a facility capable of launching a suborbital
 52 flight, shall have each participant sign the warning statement
 53 specified in paragraph (b).

54 (b) The warning statement described in paragraph (a) shall
 55 contain, at a minimum, the following statement:

56

57 "WARNING: Under Florida law, there is no liability for
 58 an injury to or death of a participant in a
 59 spaceflight activity provided by a spaceflight entity
 60 if such injury or death results from the inherent
 61 risks of the spaceflight activity. Injuries caused by
 62 the inherent risks of spaceflight activities may
 63 include, among others, injury to land, equipment,
 64 persons, and animals, as well as the potential for you
 65 to act in a negligent manner that may contribute to
 66 your injury or death. You are assuming the risk of
 67 participating in this spaceflight activity."
 68

69 (c) Failure to comply with the warning statement
 70 requirements in this section shall prevent a spaceflight entity
 71 from invoking the privileges of immunity provided by this
 72 section.

73 ~~(4) This section expires October 2, 2018, unless reviewed~~
 74 ~~and saved from repeal through reenactment by the Legislature.~~

75 Section 2. This act shall take effect July 1, 2011.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 879 Tax Refund Program for Qualified Target Industry Businesses

SPONSOR(S): Eisnaugle and others

TIED BILLS: IDEN./SIM. BILLS: SB 1318

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Economic Development & Tourism Subcommittee		Tecler <i>AT</i>	Kruse <i>MK</i>
2) Finance & Tax Committee			
3) Economic Affairs Committee			

SUMMARY ANALYSIS

One of the state's lead economic development incentives is the Qualified Target Industry Tax Refund Program or QTI. By law, QTI provides several criteria for the Governor's Office of Tourism, Trade, and Economic Development and Enterprise Florida to review when establishing the list of target industries for the incentive. The bill revises that criteria by adding enhancement of trade and requiring special consideration to be given to industries that strengthen the state's position as a global trade and logistics hub, which may have the effect of encouraging private sector economic activity in that particular industry.

The bill takes effect July 1, 2011.

The bill does not have a fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Issue background

Qualified Target Industry Tax Refund Program

The Qualified Target Industry Tax Refund Program (QTI) was created by the Florida Legislature in 1994 to attract businesses that offer high-wage jobs, particularly headquarters, to relocate in Florida. This incentive includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. Businesses that locate or expand in Florida are eligible for tax refunds of \$3,000 per new job created. The tax refund increases to \$6,000 per job for businesses that locate in an enterprise zone or rural county. In addition, a business is eligible for a \$1,000 per job bonus if it pays over 150 percent of the average wage in the area, and a \$2,000 per job bonus if it exceeds 200 percent of the average wage. To qualify, the business must secure the local government's support. A local government is required to provide at least 20 percent of the amount of the state's award.

A business' application must be reviewed and certified pursuant to the standard timeline outlined in s. 288.061, F.S. Wage requirements for QTI expansion projects are based solely on new jobs being created, rather than an average of all jobs, current and new.

Key Definitions

A "target industry business" is defined as either a corporate headquarters or any business that is engaged in one of the target industries identified by the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida (EFI) as meeting the statutory criteria in s. 288.106(2)(t), F.S. Those criteria are:

- 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.
- The industry should be stable, not be subject to periodic layoffs, whether due to seasonality or sensitivity to volatile economic variables such as weather, and relatively resistant to recession, so that the demand for its products or services is not necessarily subject to decline during an economic downturn.
- The industry should pay relatively high wages compared to statewide or area salary averages.
- The industry should be both market and resource independent. In other words, the business should not be reliant on Florida consumers to purchase its products or services in order to be profitable, nor should it rely on Florida resources.
- The industry should contribute toward diversifying, strengthening, or expanding 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, building regional industrial clusters, or developing strong industrial clusters that include defense and homeland security businesses.
- The industry should have strong positive impacts on or benefits to the state and regional economies.

The "target industry list" actually is a list of six industrial categories, with several business types listed under each. It is published in EFI's annual Incentives Report and is attached to OTTED's annual legislative budget request. Originally, the list of target industries was approved by the Legislature, but since 1996 the list has been developed by OTTED, in consultation with EFI and other stakeholders. The Legislature recently required that the list be reviewed, and if appropriate, revised every third year. The 2011 targeted industry list was recently approved by OTTED and includes the categories of: Cleantech; Life Sciences; Infotech; Aviation/Aerospace; Homeland Security/Defense' and Financial/Professional Services. EFI lists Global Logistics as an area that it looks to match with any of

those categories and increase the state's capacity, but Global Logistics is not currently considered a target industry.

Specifically excluded as "target" industries are: any business engaged in retail activities; any electrical utility company; any phosphate or other solid-minerals severance, mining, or processing operation; any oil or gas exploration or production operation; or any business subject to regulation by the state Division of Hotels and Restaurants. Implicitly excluded is agriculture.

Customer support services may be considered a target industry business only after the local governing body and Enterprise Florida, Inc. determines that the community where the business may locate has conditions affecting the fiscal and economic viability of the local community or area. Such conditions include, but are not limited to, low per capita income, high unemployment, high underemployment, and lack of year-round stable employment opportunities.

Another key definition is "average private sector wage in the area," which can mean one of the following, the statewide average annual private-sector wage, the average annual private-sector wage in the county, or standard metropolitan area (MSA) where the business is locating or expanding. The governing board of the county where the qualified target industry business is to be located has the authority to choose which average private sector wage to use and must notify OTTED and EFI of its choice.

Other Eligibility Criteria

Meeting the definition of "target industry business" is just the first step for a business interested in applying for a QTI incentive. The business also must:

- Agree to create at least 10 new jobs or, if a Florida business planning to expand its operations, agree to create a net increase in employment of at least 10 percent. OTTED may grant a waiver to the minimum 10-percent increase in new jobs by an existing business within an enterprise zone or a rural county.
- Agree to pay each new employee an annual salary that is at least 115 percent of the average private sector wage in the area. OTTED may waive the wage requirement for businesses that locate in a rural county or city, in an enterprise zone, or in a brownfield area, if requested and justified in writing by the local governmental entity and EFI. A manufacturing project at any location in the state may qualify for the waiver if the jobs proposed to be created pay an estimated annual average wage equaling at least 100 percent of the average private sector wage in the area where the business is to be located.
- Receive a commitment of a 20-percent match (cash or in-kind) from the local government where the business proposes to locate or expand. The form of the commitment must be a resolution passed by the county commission. The local match can include the amount of ad valorem tax abatement or the appraised market value of publicly owned land or structures deeded to or leased by the QTI business. If a local government provides less than its 20-percent match, OTTED reduces the state award by the same amount.

No business may receive more than \$1.5 million in QTI refunds in a single fiscal year, or more than \$5 million total over the term of its agreement with OTTED. The exception is for QTI businesses located in an enterprise zone, where the 1-year cap is \$2 million and the overall cap is \$7.5 million. Also, no business may receive more than 25 percent of the total award in a single fiscal year; consequently, QTI contracts between OTTED and a business typically are for a term of 4 years.

Taxes eligible for refund under the QTI program are:

- Corporate income taxes under ch. 220, F.S.;
- Insurance premium tax under s. 624.509, F.S.;
- Taxes on the sales, use, and other transactions under ch. 212, F.S.;
- Intangible personal property taxes under ch. 199, F.S.;
- Emergency excise taxes under ch. 221, F.S.;
- Excise taxes on documents under ch. 201, F.S.;
- Ad valorem taxes paid, as defined in s. 220.03(1), F.S.; and

- Certain state communications services taxes administered under ch. 202, F.S.

In s. 288.095(3) (a), F.S., the amount of annual state funding for the QTI and Qualified Defense Contract and Space Business (commonly referred to as QDSC) tax refunds is capped at \$35 million. Historically, the majority of the funds are paid out as QTI tax refunds because QTI is the more popular of the two incentive programs. In FY 2010-2011, the Legislature appropriated a lump sum of \$16,567,473 collectively for the QTI, QDSC, and the High Impact Business Incentive Program.

Global Logistics

Businesses that specialize in global logistics manage the flow of goods and services in the international market. Global logistics begins from the point a product leaves its manufacturer business to its transport within or out of the country. The managed supply chain, includes the following: inventory management, coordination of resources, and the transportation, warehousing, and packaging of manufactured goods. In Florida, trucking is the primary form of goods movement, providing more than 73 percent of all tonnage. Movement over water accounts for approximately 15 percent of all freight flows, followed by rail at 12 percent. Air accounts for less than 1 percent by volume, but holds a significant share of high value goods.¹

One of EFI's strategic priorities from its 2010-2015 Roadmap to Florida's Future/Strategic Plan for Economic Development is for the state to enhance its capacity as a global hub. The report makes two recommendations related to this effort: 1. Maintain and expand Florida's leadership in international trade. 2. Enhance the competitiveness of Florida's "Hard" and "Soft" infrastructure for international commerce. The report points out that "Florida's multimodal transportation system, a critical component of its success in the international marketplace, is among the most intermodal in the nation with 14 deepwater seaports, 19 commercial airports, nearly 3,000 miles of rail lines, and a highway system that connects ports of entry to interstate and intra-state markets. While impressive, Florida's transportation system is developing significant logistics bottlenecks and reaching capacity constraints."

In December 2010, the Florida Chamber Foundation produced the Florida Trade and Logistics Report. The report found that "[t]rade, logistics, and distribution industries employed 570,000 Floridians in 2008, with an average wage nearly 30 percent higher than the average for all industries in the state. Including spinoff jobs in related industries, trade and logistics support about 1.7 million jobs in Florida, nearly 22 percent of employment in the state." The report encourages the state to take advantage of the changing global trade patterns, represented in part by the future expansion of the Panama Canal, and:

- Capture a larger share of the containerized imports originating in Asia and serving Florida businesses and consumers, about half of which enter the nation through seaports in other states today;
- Expand export markets for Florida businesses by filling these import containers with Florida goods and using more efficient logistics patterns to attract advanced manufacturing and other export related industries to Florida; and
- Emerge as a global hub for trade and investment, leveraging its location on north-south and east-west trade lanes to become a critical point for processing, assembly, and shipping of goods to markets throughout the eastern United States, Canada, the Caribbean, and Latin America.

The report makes several recommendations to enhance Florida's position in global logistics and trade including: Identify global trade and logistics as a statewide targeted industry and a focus area for Enterprise Florida, Workforce Florida, the Florida Department of Transportation, and other state agencies.

Changes Made By the Bill

The bill revises the Qualified Targeted Industry Tax Refund Program statutory criteria for the definition of "target industry business" in s. 288.106, F.S., reviewed by the Governor's Office of Tourism, Trade, and Economic Development and Enterprise Florida, Inc., when determining target industries. The bill adds the following:

¹ Florida Trade and Logistics Report, p. 11. December 2010, Florida Chamber Foundation.

Enhance Trade.-The industry should facilitate the growth and development of domestic and international trade and logistics. Special consideration should be given to industries that strengthen the state's positions as a global trade and logistics hub.

This addition will likely mean the inclusion of global trade and logistics on the list of qualified target industries for the incentive.

The bill provides that it takes effect July 1, 2011.

B. SECTION DIRECTORY:

Section 1. Amends the definition of "target industry business" in 288.106(2)(t), F.S., to include enhancing trade criteria.

Section 2. Provides an effective date of July 1, 2011.

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:

Providing additional focus on global trade and logistics may increase Florida's trade capacity and global logistics industry and encourage private sector economic activity.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to the tax refund program for qualified
 3 target industry businesses; amending s. 288.106, F.S.;
 4 revising definition of the term "target industry business"
 5 to revise eligibility criteria for tax refunds under the
 6 program; providing an effective date.

7

8 Be It Enacted by the Legislature of the State of Florida:

9

10 Section 1. Paragraph (t) of subsection (2) of section
 11 288.106, Florida Statutes, is amended to read:

12 288.106 Tax refund program for qualified target industry
 13 businesses.—

14 (2) DEFINITIONS.—As used in this section:

15 (t) "Target industry business" means a corporate
 16 headquarters business or any business that is engaged in one of
 17 the target industries identified pursuant to the following
 18 criteria developed by the office in consultation with Enterprise
 19 Florida, Inc.:

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

27 2. Stability.—The industry should not be subject to
 28 periodic layoffs, whether due to seasonality or sensitivity to

29 | volatile economic variables such as weather. The industry should
 30 | also be relatively resistant to recession, so that the demand
 31 | for products of this industry is not typically subject to
 32 | decline during an economic downturn.

33 | 3. High wage.—The industry should pay relatively high
 34 | wages compared to statewide or area averages.

35 | 4. Market and resource independent.—The location of
 36 | industry businesses should not be dependent on Florida markets
 37 | or resources as indicated by industry analysis, except for
 38 | businesses in the renewable energy industry.

39 | 5. Industrial base diversification and strengthening.—The
 40 | industry should contribute toward expanding or diversifying the
 41 | state's or area's economic base, as indicated by analysis of
 42 | employment and output shares compared to national and regional
 43 | trends. Special consideration should be given to industries that
 44 | strengthen regional economies by adding value to basic products
 45 | or building regional industrial clusters as indicated by
 46 | industry analysis. Special consideration should also be given to
 47 | the development of strong industrial clusters that include
 48 | defense and homeland security businesses.

49 | 6. Economic benefits.—The industry is expected to have
 50 | strong positive impacts on or benefits to the state or regional
 51 | economies.

52 | 7. Enhance trade.—The industry should facilitate the
 53 | growth and development of domestic and international trade and
 54 | logistics. Special consideration should be given to industries
 55 | that strengthen the state's position as a global trade and
 56 | logistics hub.

57
 58 The term does not include any business engaged in retail
 59 industry activities; any electrical utility company; any
 60 phosphate or other solid minerals severance, mining, or
 61 processing operation; any oil or gas exploration or production
 62 operation; or any business subject to regulation by the Division
 63 of Hotels and Restaurants of the Department of Business and
 64 Professional Regulation. Any business within NAICS code 5611 or
 65 5614, office administrative services and business support
 66 services, respectively, may be considered a target industry
 67 business only after the local governing body and Enterprise
 68 Florida, Inc., make a determination that the community where the
 69 business may locate has conditions affecting the fiscal and
 70 economic viability of the local community or area, including but
 71 not limited to, factors such as low per capita income, high
 72 unemployment, high underemployment, and a lack of year-round
 73 stable employment opportunities, and such conditions may be
 74 improved by the location of such a business to the community. By
 75 January 1 of every 3rd year, beginning January 1, 2011, the
 76 office, in consultation with Enterprise Florida, Inc., economic
 77 development organizations, the State University System, local
 78 governments, employee and employer organizations, market
 79 analysts, and economists, shall review and, as appropriate,
 80 revise the list of such target industries and submit the list to
 81 the Governor, the President of the Senate, and the Speaker of
 82 the House of Representatives.

83 Section 2. This act shall take effect July 1, 2011.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 943 Capital Formation for Infrastructure Projects

SPONSOR(S): Eisnaugle and others

TIED BILLS: IDEN./SIM. BILLS: SB 976

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Economic Development & Tourism Subcommittee		Tecler <i>AT</i>	Kruse <i>MK</i>
2) Finance & Tax Committee			
3) Economic Affairs Committee			

SUMMARY ANALYSIS

The bill creates the Florida Infrastructure Fund Partnership ("Partnership"), a contingent tax credit program designed to leverage investment and private funding for state infrastructure projects, which may encourage private sector economic activity. The Partnership is authorized to raise \$700 million in private funds for direct investment in infrastructure projects including water or wastewater systems, communication systems, power systems, transportation systems, renewable energy systems, ancillary or support systems, or other strategic infrastructure needs. Tax credits are available for redemption no earlier than 2024 and are used only as a guarantee on an investment partner's principal investment. The Florida Opportunity Fund will serve as the general partner of the program. A separate entity, the Florida Infrastructure Investment Trust will administer the tax credit program.

The Revenue Estimating Conference estimates that the bill will have an annualized negative indeterminate impact on state revenue. The bill exposes the state to contingent tax credits ranging from \$0 to \$700 million beginning in 2024 at the earliest. No more than \$150 million in credits may be used in any one state fiscal year.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Issue Background

The Florida Opportunity Fund

The Florida Opportunity Fund, Inc. ("Fund") was created by the Florida Legislature in 2007 to mobilize and increase venture capital available to Florida businesses. Sections 288.9621 - 288.9625 F.S., collectively referred to as the Florida Capital Formation Act, provided for the authorization of the entity. Initially, the Fund was set up as a "fund-of-funds" program that emphasized investment in seed capital and early stage venture capital funds. However in 2009, the Florida Legislature expanded the Fund's mandate under the Florida Capital Formation Act to create direct investment programs that invest in individual businesses and infrastructure projects. The fund may not use its original appropriation of \$29.5 million to make direct investments but may raise private capital or utilize other public funding sources. In 2010, the Fund launched a direct investment program with the Florida Energy and Climate Commission, a state entity within the Executive Office of the Governor. The progress of direct investments must be included in the fund's annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The Fund is organized as a private, not-for-profit corporation under ch. 617, F.S., and administered by Enterprise Florida. Enterprise Florida selects a five-person appointment committee which selects a board of directors for the Fund. The board then selects a Florida Opportunity Fund investment manager. Currently, the Fund is managed by Florida First Partners, a joint venture between the Credit Suisse Customized Fund Investment Group ("CFG") and Florida-based MILCOM Venture Partners ("MVP"). CFG serves various client types including the states of Indiana and Oregon, endowments, family offices, and high net worth individuals. MVP is a venture capital firm focused on the intersection of the commercial and defense markets. MVP manages two venture capital funds: MILCOM Technologies, a seed-stage investment fund, and OnPointTechnologies, an early-stage venture capital fund.

Infrastructure Funding in Florida

Infrastructure may be defined as the physical structures or facilities a society uses to facilitate the operation of its economy. Permanent assets, such as infrastructure, are a precondition to modern transportation, communication, and commerce. Infrastructure encompasses a wide range of assets, such as port facilities, water and wastewater systems, transportation systems and communication systems.

For nearly six decades, Florida has been one of the fastest growing states in the nation, with population expanding from 3 million in 1950 to nearly 19 million in 2010.¹ Demand for energy, transportation, and communication systems expanded rapidly over the past several decades. Current projections suggest Florida may add an additional 5 million new residents by the year 2030.² Employment, tourism, gross state product, and income will expand as well, contributing to growth in demand for strategic infrastructure. In order to meet future capacity over the next 20-25 years, it is estimated that Florida will need:

- \$47.0 billion for highway and rail infrastructure;³
- \$29.9 billion for water and wastewater facilities and infrastructure;⁴
- \$3.5 billion for aviation facilities and infrastructure;⁵

¹ 2010 Census, Apportionment Population and Number of Representatives by State. United States Census Bureau. <http://2010.census.gov/news/press-kits/apportionment/apport.html> (last visited 03/07/2011).

² Florida Census Day Population: 1970-2030, Office of Economic and Demographic Research, August 2010. <http://edr.state.fl.us/Content/population-demographics/data/index.cfm> (last visited 03/07/2011).

³ Strategic Intermodal System Unfunded Needs Plan, Florida Department of Transportation, May 2006. <http://www.dot.state.fl.us/planning/systems/mspi/sisnplan.shtml> (last visited 03/07/2011).

⁴ Clean Watersheds Needs Survey 2008 Report to Congress, United States Environmental Protection Agency. <http://water.epa.gov/scitech/datait/databases/cwns/2008reportdata.cfm> (last visited 03/07/2011).

- \$2.8 billion for seaport facilities and infrastructure;⁶ and
- \$2.5 billion for storm water management.⁷

Due to the large size and cost, and often monopolistic characteristics of these assets, infrastructure projects have historically been financed, built, owned and operated by state and local governments. Today, public entities solicit grants, borrow capital or issue bonds to pay for public infrastructure projects. However, projected infrastructure funding from all public sources – federal, state, and local – is not sufficient to pay for all needed improvements.

Contingent Tax Programs

Contingent tax credits help to raise money for state-affiliated venture capital initiatives without immediately affecting state revenues. Contingent tax credit programs are statutory state guarantees established to incentivize venture capital investment into state target industries. Seven states, Arkansas, Iowa, Michigan, Ohio, Oklahoma, South Carolina and Utah, have adopted programs authorizing the issuance of contingent tax credits to investors in state-sponsored fund of funds. However, no state has created an infrastructure funding program similar to the one proposed in this bill.

Changes Made By the Bill

Florida Infrastructure Fund Partnership

The bill creates s. 288.9627, F.S., which authorizes the Florida Opportunity Fund (“Fund”) to facilitate the creation of the Florida Infrastructure Fund Partnership (“Partnership”). The bill provides that the Partnership is organized and operated under ch. 620, F.S., as a private, for-profit, limited partnership or limited liability partnership and is not an instrumentality of the state.

The Fund is authorized to loan no more than \$750,000 to the Partnership for use in paying initial expenses incurred in the organization of the partnership and the solicitation of investment partners (or “partners”). Further, the Fund, as general partner, is responsible for managing the business affairs of the Partnership, including, but not limited to:

- The engagement of its investment manager(s) to assist with the management of the Partnership;⁸
- Soliciting and negotiating the terms, contracting, and receiving of investment capital; and
- Receiving investment returns, paying investment partners and approving investments

Infrastructure Investments

The bill authorizes the Partnership to make direct investments in Florida-based infrastructure projects that foster economic development and meet an important infrastructure need of the state. Infrastructure projects eligible for investment include systems and facilities related to water and wastewater, power, transportation, communications, and renewable energy.⁹ Capital for such investments must be raised by the Partnership through “commitment agreements” with investment partners approved by the Fund’s board.¹⁰ The bill provides for the issuance of certificates for future contingent tax credits to guarantee the return of investment capital from the Partnership to the Partnership’s investment partners.¹¹ Contingent tax credits would only be used to guarantee the principal investment to the partners, but not any profit. The bill also requires that the total principal investment payable to the Partnership and the total amount of contingent tax credits to be issued by the Department of Revenue may not exceed \$700 million. However, if the Partnership fails to obtain investment commitments totaling at least \$100 million by December 1, 2012, then the Partnership must

⁵ Strategic Intermodal System Unfunded Needs Plan, May 2006.

⁶ Strategic Intermodal System Unfunded Needs Plan, May 2006.

⁷ Clean Watersheds Needs Survey 2008 Report to Congress.

⁸ The Fund may only solicit investment managers that have maintained an office in Florida for at least two years.

⁹ The bill defines “Infrastructure project” to mean a capital project in the state for a facility or other infrastructure need in the state with respect to any of the following: water or wastewater systems, communication system, power system, transportation system, renewable energy system, ancillary or support system for any of these types of projects, or other strategic infrastructure located within the state.

¹⁰ The bill defines “commitment agreement” to mean a contract between the partnership and an investment partner under which the partner commits to providing a specified amount of investment capital in exchange for an ownership interest in the partnership.

¹¹ The certificates are issued by the Florida Infrastructure Investment Trust, described later in this analysis.

cancel all agreements and return investment amounts back to the investment partners. The Partnership must make investments in infrastructure projects based on an evaluation of the following factors:

- The written business plan for the project, including all expected revenue sources;
- The likelihood of the project in attracting operating capital from investors, grants, or other lenders;
- The management team for the proposed project;
- The project's job creation potential in this state;
- The financial resources of the entity proposing the project;
- The presence of reasonable safeguards to ensure the project provides a continuing benefit for residents of the state; and
- Other factors deemed by the partnership to be relevant to the likelihood of the success of the project.

Limits on Investments

The Partnership may only invest in infrastructure projects:

- That fulfill an infrastructure need in the state;
- That raise equity or debt capital from other sources. The total amount invested in such infrastructure projects must be at least twice the amount invested by the Partnership; and
- Where measures or restrictions are legally in place to ensure that no infrastructure project will be fraudulently closed.

The Partnership may not invest more than 20 percent of its total funds available for investment in any single infrastructure project. The Partnership is also prohibited from investing in any infrastructure project authorized under the Florida Rail Enterprise Act.¹²

In addition, the bill prohibits the Partnership and the Florida Opportunity Fund from pledging the credit or taxing power of the state or any political subdivision of the state. Obligations of the Partnership and the Fund are not obligations of the state or any political subdivision of the state. Further, the bill forbids the Partnership or the Fund from making its debts payable out of any resources except those of the Partnership or the Fund.

The bill also provides that the Partnership may not accept any investment from or make any investment in any infrastructure project with a financial institution or company identified in s. 215.472, F.S., regarding terrorist nations or any scrutinized company as that term is defined in s. 215.473, F.S., relating to Iran and Sudan.

Florida Infrastructure Investment Trust

The bill also creates s. 288.9628, F.S., to establish the Florida Infrastructure Investment Trust ("Trust"), a state beneficiary public trust, to be governed by an independent board of trustees ("board"). The board is comprised of the Chief Financial Officer, the Executive Director of the Office of Trade, Tourism, and Economic Development, and the Vice Chair of Enterprise Florida, Inc., or their respective designees. The bill allows an administrative officer to act on behalf of the Trust under the direction of the board. The bill prohibits board members and the administrative officer from receiving compensation and having a financial interest in any investment partner.¹³

The bill authorizes the Trust to engage consultants and retain professional services, issue certificates, sell tax credits, expend funds and invest funds, and contract, bond or insure against loss. Additionally, the Trust and the Fund may seek reimbursements for expenses by charging a fee¹⁴ for the issuance of certificates to investment partners.

The bill authorizes the Trust to issue certificates for redeemable tax credits to partners that make equity investments in the Partnership. A certificate issued to a partner guarantees the availability of tax

¹² Sections 341.8201 – 341.842, F.S.

¹³ Members of the board of trustees and the administrative officer are entitled to reimbursement of their expenses.

¹⁴ The fee may be no more than .25 percent of the aggregate investment capital committed to the Partnership.

credits equal to that partner's commitment agreement. Certificates issued by the Trust and related tax credits may not exceed a total aggregate of \$700 million of tax credits. Further, a certificate issued by the trust must have a specific calendar year maturity date designated by the trust of not less than twelve years after the date of issuance. A partner's certificate and related tax credits can be transferred to a new owner in whole or in part.

Notification and Election of Tax Credits

On the maturity date of the certificate, the bill provides that if a partner has a "net capital loss,"¹⁵ the Partnership must provide written notification of this circumstance to the partner. The notification must include:

- An estimate of the fair market value of the Partnership's assets;
- The total capital investment of all partners;
- The total amount of distributions received by the partners; and
- The amount of the tax credit for which the partner is entitled to be issued.

Upon receipt of notice from the Partnership, the bill provides each partner a one-time election to:

- Have the tax credits issued;
- Authorize the Trust to sell the tax credits on behalf of the partner with the proceeds of the sale to be paid by the Trust to the partner; or
- Maintain the investment in the Partnership.

The bill requires the partner to provide written notification to the Partnership and the Trust of its election within 30 days after the partner's receipt of notification from the Partnership. Failing to provide a timely notice will result in the investment partner being deemed to have elected to maintain investment in the Partnership.

Issuance of Tax Credits

In the event that a partner becomes eligible and elects to claim tax credits under the program, the bill provides that the Trust will, on behalf of the partner, apply to the Department of Revenue for the issuance of tax credits. Tax credits certified by the Department may not exceed the partner's net capital loss. The bill requires the partner to agree in writing to transfer its interest in the Partnership to the Fund before receiving the tax credit.

Sale of Tax Credits

The bill allows the Trust to sell tax credits on behalf of a partner. The bill authorizes the Trust to sell tax credits in an amount no more than the lesser of the maximum amount of tax credits available under the terms of the certificate issued to the partner or the amount necessary to repay a partner's net capital loss. Before receiving the proceeds from the Trust's sale of tax credits, the bill requires the partner to agree in writing to transfer its interest in the Partnership to the Fund.

Application

Within 30 days following receipt of a partner's election or the Trust's sale of the tax credits, the Trust must notify the Partnership and apply to the Department of Revenue for the issuance of tax credits in the name of the partner or purchaser. The application must include the following: the Partnership's certification of the amount of credits to be issued, the applicable taxpayer, and the tax against which the credits can be applied. Within 30 days of the receipt of an application, the bill requires the Department to issue tax credits to the partner or purchaser such credits in amount as designated by the trust in the application. Further, if the trust is unable to sell the partner's tax credits within 90 days, the bill provides the partner with the option to modify the election choice.

Tax Offset

As provided in the bill, the amount of tax credits that may be claimed or applied against state taxes may not exceed \$150 million in one state fiscal year. The bill provides that tax credits issued by the Department of Revenue can be used by their owner as an offset against any state taxes owed to the

¹⁵ The bill defines "net capital loss" to mean an amount equal to the difference between the total investment capital actually advanced by the investment partner to the partnership and the amount of the aggregate actual distributions received by the investment partner.

state under chapter 212, F.S, chapter 220, F.S., or chapter 624, F.S., i.e., sales, corporate, and premium insurance taxes, respectively. The owner must apply the credits as an offset against eligible taxes within seven years after the credits are issued. However, the owner of the tax credit may elect to claim the tax credit as a refund of taxes paid rather than applied as an offset against eligible taxes. Such election must occur within seven years of the date of issuance.

Securities Regulation

The bill provides that ch. 517, F.S., dealing with regulation of securities, does not apply to the certificates and credits transferred or sold pursuant to the provisions of the bill.

Reporting Requirements

The bill requires an annual report to be issued by the Partnership concerning the Partnership's activities to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The annual report, at a minimum, must include:

- An accounting of the amount of investment capital raised and disbursed by the Partnership and the progress of the Partnership, including the progress of infrastructure projects that have been provided direct investment by the Partnership.
- A description of the costs and benefits to the state resulting from the Partnership's investments, including a list of infrastructure projects and the costs and benefits of those projects to the state, the number of businesses and associated industries affected; the number, types, and average annual wage of jobs created or retained, and the impact of the program on the state's economy.
- Independently audited financial statements, including statements that show receipts and expenditures during the preceding fiscal year for the operational costs of the Partnership.

The bill requires the Department of Revenue to provide the Trust with a written assurance that the certificates issued by the Trust will be honored by the Department. Further, the bill allows the Department to provide information relative to tax credits to the Partnership and the Trust.

The bill provides for an effective date of July 1, 2011.

B. SECTION DIRECTORY:

- Section 1:** Amends s. 288.9621, F.S., revising the short title.
- Section 2:** Amends s. 288.9622, F.S., relating to the findings and intent of the Legislature.
- Section 3:** Amends s. 288.9623, F.S., to provide certain definitions.
- Section 4:** Creates s. 288.9627, F.S., authorizing the creation of the Florida Infrastructure Fund Partnership and providing duties and limitations of the Partnership.
- Section 5:** Creates s. 288.9628, F.S., authorizing the creation of the Florida Infrastructure Investment Trust, establishing duties for the Trust, issuance of certificates, and applications for tax credits.
- Section 6:** Amends s. 213.053, F.S., to create paragraph (dd) relating to confidentiality and information sharing by the Department of Revenue.
- Section 7:** Provides for an effective date of July 1, 2011.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimates that the bill will have an annualized negative indeterminate impact on state revenue. The bill exposes the state to contingent tax credits ranging from \$0 to \$700 million, beginning in 2024 at the earliest.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not affect local tax revenue sources; however, an infrastructure project built in a county or municipality may provide an indeterminate but positive fiscal impact.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the Partnership targets and funds projects with a high potential for success, the economic impact on the private sector may be positive.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
2 An act relating to capital formation for infrastructure
3 projects; amending ss. 288.9621, 288.9622, and 288.9623,
4 F.S.; conforming a short title, revising legislative
5 findings and intent, and providing definitions for the
6 Florida Capital Formation Act; conforming cross-
7 references; creating s. 288.9627, F.S.; providing for
8 creation of the Florida Infrastructure Fund Partnership;
9 providing the partnership's purpose and duties; providing
10 for management of the partnership by the Florida
11 Opportunity Fund; authorizing the fund to lend moneys to
12 the partnership; requiring the partnership to raise funds
13 from investment partners; providing for commitment
14 agreements with and issuance of certificates to investment
15 partners; authorizing the partnership to invest in certain
16 infrastructure projects; requiring the partnership to
17 submit an annual report to the Governor and Legislature;
18 prohibiting the partnership from pledging the credit or
19 taxing power of the state or its political subdivisions;
20 prohibiting the partnership from investing in projects
21 with or accepting investments from certain companies;
22 creating s. 288.9628, F.S.; creating the Florida
23 Infrastructure Investment Trust; providing for powers and
24 duties, a board of trustees, and an administrative officer
25 of the trust; providing for the trust's issuance of
26 certificates to investment partners; specifying that the
27 certificates guarantee the availability of tax credits
28 under certain conditions; authorizing the trust and the

29 fund to charge fees; limiting the amount of tax credits
 30 that may be claimed or applied against state taxes in any
 31 year; providing for the redemption of certificates or sale
 32 of tax credits; providing for the issuance of the tax
 33 credits by the Department of Revenue; specifying the taxes
 34 against which the credits may be applied; limiting the
 35 period within which tax credits may be used; providing for
 36 the state's obligation for use of the tax credits;
 37 limiting the liability of the fund; providing for the
 38 transferability of certificates and tax credits; requiring
 39 the department to provide a certain written assurance to
 40 the trust under certain circumstances; specifying that
 41 certain provisions regulating securities transactions do
 42 not apply to certificates and tax credits transferred or
 43 sold under the act; amending s. 213.053, F.S.; authorizing
 44 the department to disclose certain information to the
 45 partnership and the trust relative to certain tax credits;
 46 providing an effective date.

47

48 Be It Enacted by the Legislature of the State of Florida:

49

50 Section 1. Section 288.9621, Florida Statutes, is amended
 51 to read:

52 288.9621 Short title.—This part ~~Sections 288.9621–288.9625~~
 53 may be cited as the "Florida Capital Formation Act."

54 Section 2. Subsections (1) and (2) of section 288.9622,
 55 Florida Statutes, are amended to read:

56 288.9622 Findings and intent.—

57 (1) The Legislature finds and declares that there is a
 58 need to increase the availability of seed capital and early
 59 stage venture equity capital for emerging companies in the
 60 state, including, without limitation, enterprises in life
 61 sciences, information technology, advanced manufacturing
 62 processes, aviation and aerospace, and homeland security and
 63 defense, as well as other strategic technologies and
 64 infrastructure funding.

65 (2) It is the intent of the Legislature that this part ~~ss.~~
 66 ~~288.9621-288.9625~~ serve to mobilize private investment in a
 67 broad variety of venture capital partnerships in diversified
 68 industries and geographies; retain private sector investment
 69 criteria focused on rate of return; use the services of highly
 70 qualified managers in the venture capital industry regardless of
 71 location; facilitate the organization of the Florida Opportunity
 72 Fund as an investor in seed and early stage businesses,
 73 infrastructure projects, venture capital funds, infrastructure
 74 funds, and angel funds; and precipitate capital investment and
 75 extensions of credit to and in the Florida Opportunity Fund.

76 Section 3. Section 288.9623, Florida Statutes, is amended
 77 to read:

78 288.9623 Definitions.—As used in this part, the term ~~ss.~~
 79 ~~288.9621-288.9625~~:

80 (1) "Board" means the board of directors of the Florida
 81 Opportunity Fund.

82 (2) "Certificate" means a contract between the trust and
 83 an investment partner that guarantees the availability of tax
 84 credits for use by the partner, or for transfer or sale under s.

85 288.9628, in order to guarantee the partner's investment capital
 86 in the partnership.

87 (3) "Commitment agreement" means a contract between the
 88 partnership and an investment partner under which the partner
 89 commits to providing a specified amount of investment capital in
 90 exchange for an ownership interest in the partnership.

91 (4)~~(2)~~ "Fund" means the Florida Opportunity Fund.

92 (5) "Infrastructure project" means a capital project in
 93 the state for a facility or other infrastructure need in the
 94 state with respect to any of the following: water or wastewater
 95 system, communication system, power system, transportation
 96 system, renewable energy system, ancillary or support system for
 97 any of these types of projects, or other strategic
 98 infrastructure located within the state.

99 (6) "Investment capital" means the total capital committed
 100 by the investment partner for an equity interest in the
 101 partnership pursuant to a commitment agreement.

102 (7) "Investment partner" or "partner" means a person,
 103 other than the partnership, the fund, or the trust, who
 104 purchases an ownership interest in the partnership or a
 105 transferee of such interest.

106 (8) "Net capital loss" means an amount equal to the
 107 difference between the total investment capital actually
 108 advanced by the investment partner to the partnership and the
 109 amount of the aggregate actual distributions received by the
 110 investment partner.

111 (9) "Partnership" means the Florida Infrastructure Fund
 112 Partnership.

113 (10) "Tax credits" means credits issued against the taxes
 114 specified in s. 288.9628(7)(c).

115 (11) "Trust" means the Florida Infrastructure Investment
 116 Trust.

117 Section 4. Section 288.9627, Florida Statutes, is created
 118 to read:

119 288.9627 Florida Infrastructure Fund Partnership;
 120 creation; duties.-

121 (1) The Florida Opportunity Fund shall facilitate the
 122 creation of the Florida Infrastructure Fund Partnership, which
 123 shall be organized and operated under chapter 620 as a private,
 124 for-profit limited partnership or limited liability partnership
 125 with the fund as a general partner. The partnership shall manage
 126 its business affairs and conduct business consistent with its
 127 organizing documents and the purposes described in this section.
 128 However, the partnership is not an instrumentality of the state.

129 (2) The primary purpose of the partnership is to raise
 130 investment capital and invest the capital in infrastructure
 131 projects in the state that promote economic development.

132 (3)(a) The fund, as the general partner of the
 133 partnership, shall manage the partnership's business affairs,
 134 including, but not limited to:

135 1. Hiring one or more investment managers to assist with
 136 management of the partnership through a solicitation for
 137 qualified investment managers for the raising and investing of
 138 capital by the partnership. Any such investment manager must
 139 have maintained an office in the state for at least 2 years
 140 before such solicitation with a full-time investment

141 | professional. The evaluation of an investment manager candidate
 142 | must address the investment manager's level of experience,
 143 | quality of management, investment philosophy and process,
 144 | demonstrable success in fundraising, and prior investment
 145 | results.

146 | 2. Soliciting and negotiating the terms of, contracting
 147 | for, and receiving investment capital with the assistance of the
 148 | investment managers or other service providers.

149 | 3. Receiving investment returns.

150 | 4. Disbursing returns to investment partners.

151 | 5. Approving investments.

152 | 6. Engaging in other activities necessary to operate the
 153 | partnership.

154 | (b) The fund may lend up to \$750,000 to the partnership to
 155 | pay the initial expenses of organizing the partnership and
 156 | soliciting investment partners.

157 | (4) (a) The partnership shall raise funds from investment
 158 | partners for investment in infrastructure projects in the state
 159 | by entering into commitment agreements with such partners on
 160 | terms approved by the fund's board.

161 | (b) The Florida Infrastructure Investment Trust shall,
 162 | pursuant to s. 288.9628, concurrently with the execution of a
 163 | commitment agreement with an investment partner, issue a
 164 | certificate.

165 | (c) The partnership shall provide a copy of each
 166 | commitment agreement to the trust upon execution of the
 167 | agreement by all parties.

168 | (d) The partnership may enter into commitment agreements

169 with investment partners beginning July 1, 2011. The total
 170 principal investment capital payable to the partnership under
 171 all commitment agreements may not exceed the total aggregate
 172 amount of \$700 million. However, if the partnership does not
 173 obtain commitment agreements totaling at least \$100 million by
 174 December 1, 2012, the partnership must cancel any executed
 175 agreement and return the investment capital of each investment
 176 partner who executed an agreement.

177 (5) (a) The partnership may only invest in an
 178 infrastructure project:

179 1. That fulfills an important infrastructure need in the
 180 state.

181 2. That raises funding from other sources so that the
 182 total amount invested in the project is at least twice the
 183 amount invested by the partnership, inclusive of the
 184 partnership's investment.

185 3. For which legal measures exist, appropriate to the
 186 individual project, to ensure that the project is not
 187 fraudulently closed to the detriment of the residents of the
 188 state.

189 (b) The partnership may not invest more than 20 percent of
 190 its total available investment capital in any single
 191 infrastructure project.

192 (c) The partnership may not invest in any infrastructure
 193 project that involves any phase of a project authorized under
 194 the Florida Rail Enterprise Act, ss. 341.8201-341.842.

195 (6) The partnership may only invest in an infrastructure
 196 project based on an evaluation of the following:

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197 (a) A written business plan for the project, including all
 198 expected revenue sources.

199 (b) The likelihood of the project's attracting operating
 200 capital from investment partners, grants, or other lenders.

201 (c) The management team for the proposed project.

202 (d) The project's potential for job creation in the state.

203 (e) The financial resources of the entity proposing the
 204 project.

205 (f) The partnership's assessment that the project
 206 reasonably provides a continuing benefit for residents of the
 207 state.

208 (g) Other factors not inconsistent with this section that
 209 are deemed by the partnership as relevant to the likelihood of
 210 the project's success.

211 (7) By December 1 of each year beginning in 2011, the
 212 partnership shall submit an annual report of its activities to
 213 the Governor, the President of the Senate, and the Speaker of
 214 the House of Representatives. The annual report must include, at
 215 a minimum:

216 (a) An accounting of the amounts of investment capital
 217 raised and disbursed by the partnership and the progress of the
 218 partnership, including the progress of each infrastructure
 219 project in which the partnership has invested.

220 (b) A description of the costs and benefits to the state
 221 that result from the partnership's investments, including a list
 222 of infrastructure projects; the costs and benefits of those
 223 projects to the state and, if applicable, the county or
 224 municipality; the number of businesses and associated industries

225 affected; the number, types, and average annual wages of the
 226 jobs created or retained; and the impact on the state's economy.

227 (c) Independently audited financial statements, including
 228 statements that show receipts and expenditures during the
 229 preceding fiscal year for the operational costs of the
 230 partnership.

231 (8) The partnership may not pledge the credit or taxing
 232 power of the state or any political subdivision thereof and may
 233 not make its debts payable from any moneys or resources except
 234 those of the partnership. An obligation of the partnership is
 235 not an obligation of the state or any political subdivision
 236 thereof but is an obligation of the partnership, payable
 237 exclusively from the partnership's resources.

238 (9) The partnership may not invest in an infrastructure
 239 project with, or accept investment capital from, a company
 240 described in s. 215.472 or a scrutinized company as defined in
 241 s. 215.473, and the entity owning an infrastructure project in
 242 which the partnership has invested must provide reasonable
 243 assurances to the partnership that the entity will not provide
 244 such a company or scrutinized company with an ownership interest
 245 in the infrastructure project.

246 Section 5. Section 288.9628, Florida Statutes, is created
 247 to read:

248 288.9628 Florida Infrastructure Investment Trust;
 249 creation; duties; issuance of certificates; applications for tax
 250 credits.—

251 (1) (a) There is created the Florida Infrastructure
 252 Investment Trust, which shall be organized as a state

253 beneficiary public trust to be administered by a board of
 254 trustees. The powers and duties of the board of trustees under
 255 this section are deemed to be performed for essential public
 256 purposes.

257 (b) The board of trustees shall consist of the Chief
 258 Financial Officer, the director of the Office of Tourism, Trade,
 259 and Economic Development, and the vice chair of Enterprise
 260 Florida, Inc., or their designees. The board of trustees shall
 261 appoint an administrative officer who may act on behalf of the
 262 trust under the direction of the board of trustees.

263 (c) Members of the board of trustees and the board's
 264 administrative officer shall serve without compensation but are
 265 entitled to reimbursement of their expenses. Each member of the
 266 board of trustees has a duty of care to the trust in his or her
 267 capacity as a trustee. Neither a member nor the administrative
 268 officer may have a financial interest in any investment partner.

269 (2) The trust may hire consultants, retain professional
 270 services, issue certificates, sell tax credits in accordance
 271 with paragraph (5) (b), expend funds, invest funds, contract,
 272 bond or insure against loss, or perform any other act necessary
 273 to administer this section.

274 (3) (a) The trust shall, pursuant to s. 288.9627 and this
 275 section, issue certificates to investment partners in the
 276 Florida Infrastructure Fund Partnership, or their assignees,
 277 guaranteeing the availability of tax credits of a maximum amount
 278 equal to the investment capital committed by such investment
 279 partners to the partnership.

280 (b) The trust and the fund may each seek reimbursement of
 281 their respective reasonable costs and expenses from the
 282 partnership by charging a fee for the issuance of certificates
 283 to investment partners of up to 0.25 percent of the aggregate
 284 investment capital committed to the partnership by the
 285 investment partners who are issued certificates.

286 (c) The total aggregate amount of all tax credits made
 287 available under the terms of certificates issued by the trust
 288 may not exceed \$700 million, and each certificate must include
 289 the maximum amount of the tax credits that may be issued under
 290 such certificate, which shall be the total amount of investment
 291 capital committed to the partnership by the investment partner.

292 (d) A certificate shall be issued concurrently with a
 293 commitment agreement between the investment partner and the
 294 partnership. A certificate issued by the trust must include a
 295 specific calendar year maturity date designated by the trust of
 296 at least 12 years after issuance. Contingent tax credits may not
 297 be claimed or redeemed except by an investment partner or
 298 purchaser in accordance with this section and the terms of a
 299 certificate issued by the trust.

300 (e) Once investment capital is committed to the
 301 partnership by an investment partner pursuant to his or her
 302 commitment agreement, the certificate is binding, and the
 303 partnership, the trust, and the Department of Revenue may not
 304 modify, terminate, or rescind the certificate, except for
 305 administrative items, including the assignment or sale of tax
 306 credits guaranteed to be available under the terms of a
 307 certificate.

308 (4) (a) The partnership shall provide written notice to
 309 each investment partner if, on the maturity date of his or her
 310 certificate, the partner has a net capital loss. The notice must
 311 include, at a minimum:

312 1. A good faith estimate of the fair market value of the
 313 partnership's assets as of the date of the notice.

314 2. The total investment capital of all investment partners
 315 as of the date of the notice.

316 3. The total amount of distributions received by the
 317 investment partners.

318 4. The amount of the tax credits the investment partner is
 319 entitled to be issued by the Department of Revenue.

320 (b) The partnership shall concurrently provide a copy of
 321 each investment partner's notice to the trust.

322 (c) Upon receipt of the notice from the partnership, each
 323 affected investment partner may make a one-time election to:

324 1. Have tax credits issued to the investment partner;

325 2. Have the trust sell, on the partner's behalf, the tax
 326 credits guaranteed to be available under the terms of the
 327 partner's certificate with the proceeds of the sale to be paid
 328 to the partner by the trust; or

329 3. Maintain the investment partner's investment in the
 330 partnership.

331 (d) Except as provided in paragraph (6) (c), the election
 332 made by an investment partner under paragraph (c) is final and
 333 may not be revoked or modified.

334 (e) An investment partner must provide written notice to
 335 the partnership and the trust of his or her election within 30

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336 days after his or her receipt of the notice from the
 337 partnership. If an investment partner fails to provide notice
 338 within 30 days, the investment partner is deemed to have elected
 339 to maintain his or her investment in the partnership under
 340 subparagraph (c)3.

341 (5) (a) If an investment partner makes the election under
 342 subparagraph (4) (c)1. to have tax credits issued to him or her,
 343 the trust shall apply to the Department of Revenue on the
 344 partner's behalf for issuance of the tax credits in his or her
 345 name in an amount equal to such partner's net capital loss. In
 346 order to receive the tax credits, the investment partner must
 347 agree in writing to transfer his or her ownership interest in
 348 the partnership to the fund.

349 (b) If an investment partner makes the election under
 350 subparagraph (4) (c)2., the trust shall exercise its best efforts
 351 to sell the tax credits. In order to receive the proceeds from
 352 the trust's sale of the tax credits, the investment partner must
 353 agree in writing to transfer his or her ownership interest in
 354 the partnership to the fund. A purchaser's payment for tax
 355 credits must be made to the trust on behalf of the investment
 356 partner or, upon the partner's request, directly to the
 357 investment partner. The trust may sell tax credits in an amount
 358 not to exceed the lesser of:

359 1. The maximum amount of the tax credits available under
 360 the terms of certificate issued to the investment partner; or

361 2. The amount of tax credits necessary to yield net
 362 proceeds to the investment partner equal to his or her net
 363 capital loss as of the date of the partnership's notice.

364 (6) (a) Within 30 days after receipt of an investment
 365 partner's election to be issued tax credits under paragraph
 366 (5) (a), or within 30 days after the sale of tax credits under
 367 paragraph (5) (b), the trust shall apply to the Department of
 368 Revenue for issuance of the tax credits on behalf of the partner
 369 or on behalf of the purchaser of the tax credits, as applicable.
 370 However, the trust's failure to timely submit an application to
 371 the Department of Revenue does not affect the investment
 372 partner's or purchaser's eligibility for the tax credits.

373 (b) The trust's application for tax credits must include
 374 the partnership's certification of the amount of tax credits to
 375 be issued, the identity of the taxpayer to whom the tax credits
 376 are to be issued, and the tax against which the credits shall be
 377 applied. The Department of Revenue shall issue the tax credits
 378 within 30 days after receipt of a timely and complete
 379 application.

380 (c) The trust shall provide the investment partner with
 381 written notice if, within 90 days after the partner's election,
 382 the trust is unable to sell enough tax credits to yield net
 383 proceeds to the investment partner equal to his or her net
 384 capital loss as of the date of the partnership's notice and tax
 385 credits available under the terms of the partner's certificate
 386 remain unsold. Within 30 days after receipt of such notice, the
 387 investment partner may:

- 388 1. Revoke his or her prior election and make a new
 389 election under paragraph (4) (c); or
 390 2. Modify the election and:

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391 a. Have unsold tax credits issued to him or her, to the
 392 extent that unsold tax credits are available, in an amount equal
 393 to the partner's net capital loss, less the proceeds of any sold
 394 credits; or

395 b. Have the trust continue to sell tax credits until the
 396 partner's net capital loss is satisfied or the maximum amount of
 397 tax credits available under the partner's certificate is
 398 reached, whichever occurs first.

399
 400 Within 30 days after such modified election, the trust shall
 401 apply to the Department of Revenue in accordance with paragraph
 402 (a) for issuance of tax credits on behalf of the investment
 403 partner and on behalf of the purchasers in the amount of their
 404 purchased credits.

405 (7) (a) The Department of Revenue may not issue more than
 406 \$700 million in tax credits. The trust may not approve tax
 407 credits in excess of the total capital committed through
 408 commitment agreements.

409 (b) The amount of tax credits that may be claimed by the
 410 owner of the credits, or applied against state taxes, in any one
 411 state fiscal year may not exceed an amount equal to \$150 million
 412 multiplied by a fraction the numerator of which is the amount of
 413 credits that the Department of Revenue issued to such owner and
 414 the denominator of which is the amount of all credits that the
 415 Department of Revenue issued to all tax credit owners.

416 (c) Tax credits issued by the Department of Revenue under
 417 this section may be used by the owner of the credits as an
 418 offset against any state taxes owed to the state under chapter

419 212, chapter 220, or ss. 624.509 and 624.5091. The offset may be
 420 applied by the owner on any return for an eligible tax due on or
 421 after the date that the credits are issued by the Department of
 422 Revenue but within 7 years after the credits are issued. The
 423 owner of the tax credits may elect to have the amount authorized
 424 in the credits, or any portion thereof, claimed as a refund of
 425 taxes paid rather than applied as an offset against eligible
 426 taxes if such election is made within 7 years after the credits
 427 are issued.

428 (d) To the extent that tax credits issued under this
 429 section are used by their owner either as credits against taxes
 430 due or to obtain payment from the state, the amount of such
 431 credits becomes an obligation to the state by the partnership,
 432 secured exclusively by the ownership interest transferred to the
 433 fund by the investment partner whose investment generated the
 434 tax credits. In such case, the state's recovery is limited to
 435 such forfeited ownership interest. The Department of Revenue
 436 shall account for tax credits used under this section and make
 437 such information available to the partnership. The fund, as
 438 general partner, is not liable to the state for repayment of the
 439 used tax credits.

440 (e) Any certificate and related tax credits issued under
 441 this section are transferable in whole or in part by their
 442 owner. An owner of a certificate or tax credits must notify the
 443 trust and the Department of Revenue of any such transfer.

444 (8) The Department of Revenue, upon the request of the
 445 trust, shall provide the trust with a written assurance that the

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446 certificates issued by the trust will be honored by the
 447 Department of Revenue as provided in this section.

448 (9) Chapter 517 does not apply to the certificates and tax
 449 credits transferred or sold under this section.

450 Section 6. Paragraph (dd) is added to subsection (8) of
 451 section 213.053, Florida Statutes, as amended by chapter 2010-
 452 280, Laws of Florida, to read:

453 213.053 Confidentiality and information sharing.—

454 (8) Notwithstanding any other provision of this section,
 455 the department may provide:

456 (dd) Information relative to tax credits under ss.
 457 288.9627 and 288.9628 to the Florida Infrastructure Fund
 458 Partnership and the Florida Infrastructure Investment Trust.

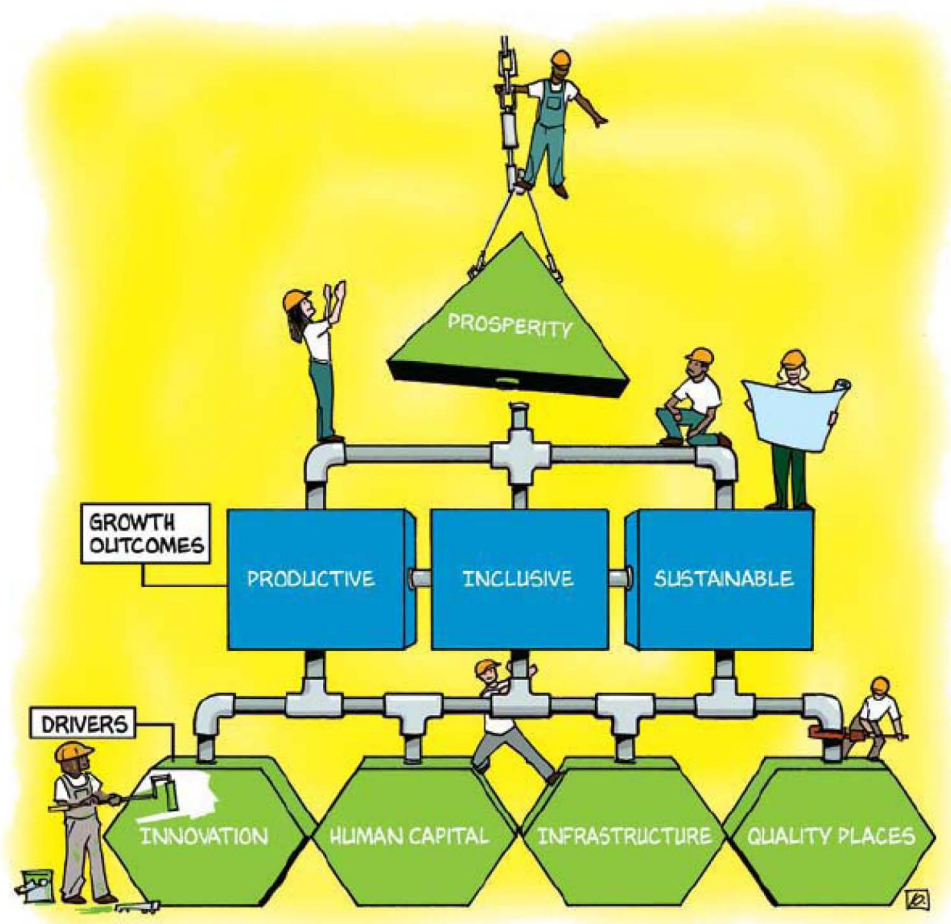
459
 460 Disclosure of information under this subsection shall be
 461 pursuant to a written agreement between the executive director
 462 and the agency. Such agencies, governmental or nongovernmental,
 463 shall be bound by the same requirements of confidentiality as
 464 the Department of Revenue. Breach of confidentiality is a
 465 misdemeanor of the first degree, punishable as provided by s.
 466 775.082 or s. 775.083.

467 Section 7. This act shall take effect July 1, 2011.



The Blueprint: a Regional Business Plan for Tampa Bay



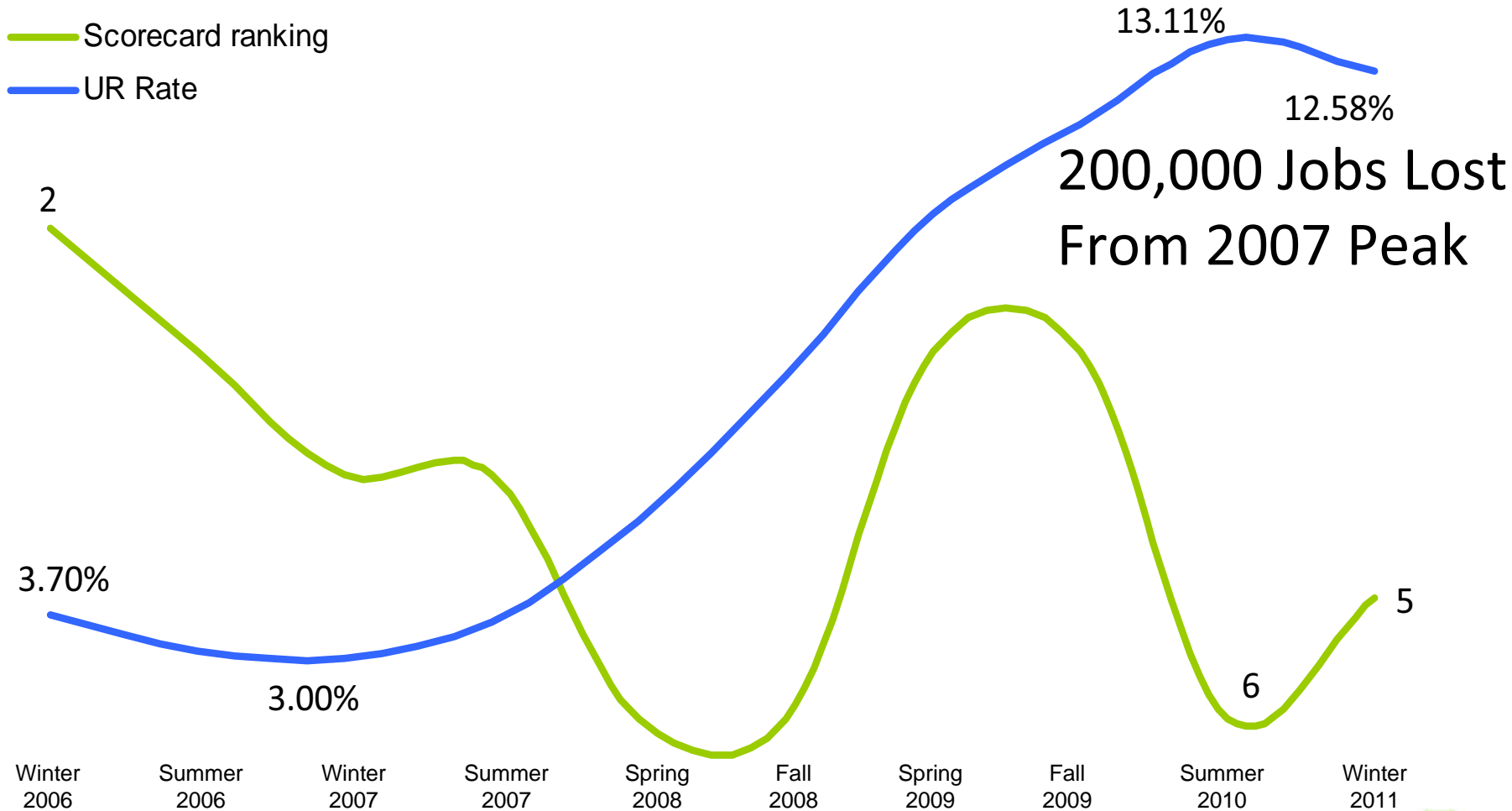


Tampa Bay Regional Economic Scorecard



- Unbiased assessment of “How We’re Doing”
- Tenth Edition
Released 3.8.11
- Tampa Bay ranks 5th among comparison metros

Regional Economic Scorecard: 2006-2011





What Problems Are We Solving?

- Where will the jobs of tomorrow come from, and what will they look like?
- What do we do now to grow jobs in our region?
- How do we engage the community in the effort?



What's A Cluster?

*“Regional industry clusters -synergistic regional concentrations of industry and related activity in a particular field- represent a **powerful source of growth, new-firm starts, and quality jobs** at a moment of economic uncertainty.”*

BROOKINGS



Why Regional Cluster Analysis?

- Utilizes principles of business planning
- Defines and builds upon existing strengths
- Sparks powerful economic synergies
- Low cost means to boost job creation
- Incites wider business and community support and addresses regional challenges collectively



Where We've Been

TBP leadership declares need for “research-based blueprint for regional economic development”

**Bigger.
Bolder.
Better.**

Grant application submitted to EDA; Matching funds secured

EDA

EDA grant approval; RFP process/SRI selected; Industry cluster and workforce skills research begins



2008

2009

2010





Target Sectors

**Applied
Medicine &
Human
Performance**

**High-Tech
Electronics &
Instruments**

**Grow & Diversify
the Tampa Bay
Regional Economy**

**Business, Financial, &
Data Services**

**Marine &
Environmental
Activities**



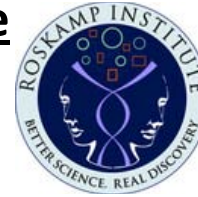
High-Potential Target Sectors

- **Applied Medicine & Human Performance**
Senior Health & Wellness, Human Performance, Clinical Trials & Destination Medicine, *Medical Instruments & Devices, Health IT & Bioinformatics*
- **High-Tech Electronics & Instruments**
Avionics/Aviation Electronics, Marine Instruments/Sensors/Remote Monitors/Optics, Medical Instruments & Devices
- **Business, Financial, & Data Services**
Business Process Outsourcing (BPO) & Shared Services, Financial Transactions Processing, Data Centers/Disaster Recovery/Data Management, *Health IT & Bioinformatics*
- **Marine & Environmental Activities**
Aquaculture, Biofuels/Algae, Energy Efficiency & Conservation, *Marine Instruments/Sensors/Remote Monitors/Optics*



Representative Target Sector Employers

- Applied Medicine & Human Performance



- High-Tech Electronics & Instruments



- Business, Financial, & Data Services



- Marine & Environmental Activities





Foundational Recommendations

**Develop & promote a renewed
identity as an innovative,
integrated regional economy**

**Foundational
Initiatives**

**Build an innovation
& entrepreneurial
ecosystem**

**Strengthen business
retention & expansion
regionally**



Example: Sector Goal and Initiatives for Applied Medicine & Human Performance

Applied Medicine & Human Performance *Goal*

Become a recognized center of excellence for targeted areas of applied biomedical research

Build capacity & reputation for clinical trials

Establish human performance & senior health research network & forum

Example: Component Activities for Clinical Trials Initiative



1. **Conduct an inventory** of the Tampa Bay region's clinical trials experience. Identify gaps. Identify key areas of specialty (current and target).
2. **Streamline** the region's clinical trials timeline. Examine bottlenecks in the clinical trials process.
3. **Increase participation** of the region's resident physicians in clinical trials.
4. **Attract and recruit researchers** with expertise in conducting high-quality clinical trials. **Develop and fund** incentive package.
5. **Market the region's clinical trials capabilities** to pharmaceutical companies and contract research organizations around the country.

Where We Are



TBP leadership declares need for “research-based blueprint for regional economic development”

**Bigger.
Bolder.
Better.**

Grant application submitted to EDA; Matching funds secured



EDA grant approval; RFP process/SRI selected; Industry cluster and workforce skills research begins



Research near completion; Strategies and implementation structure finalized



2008

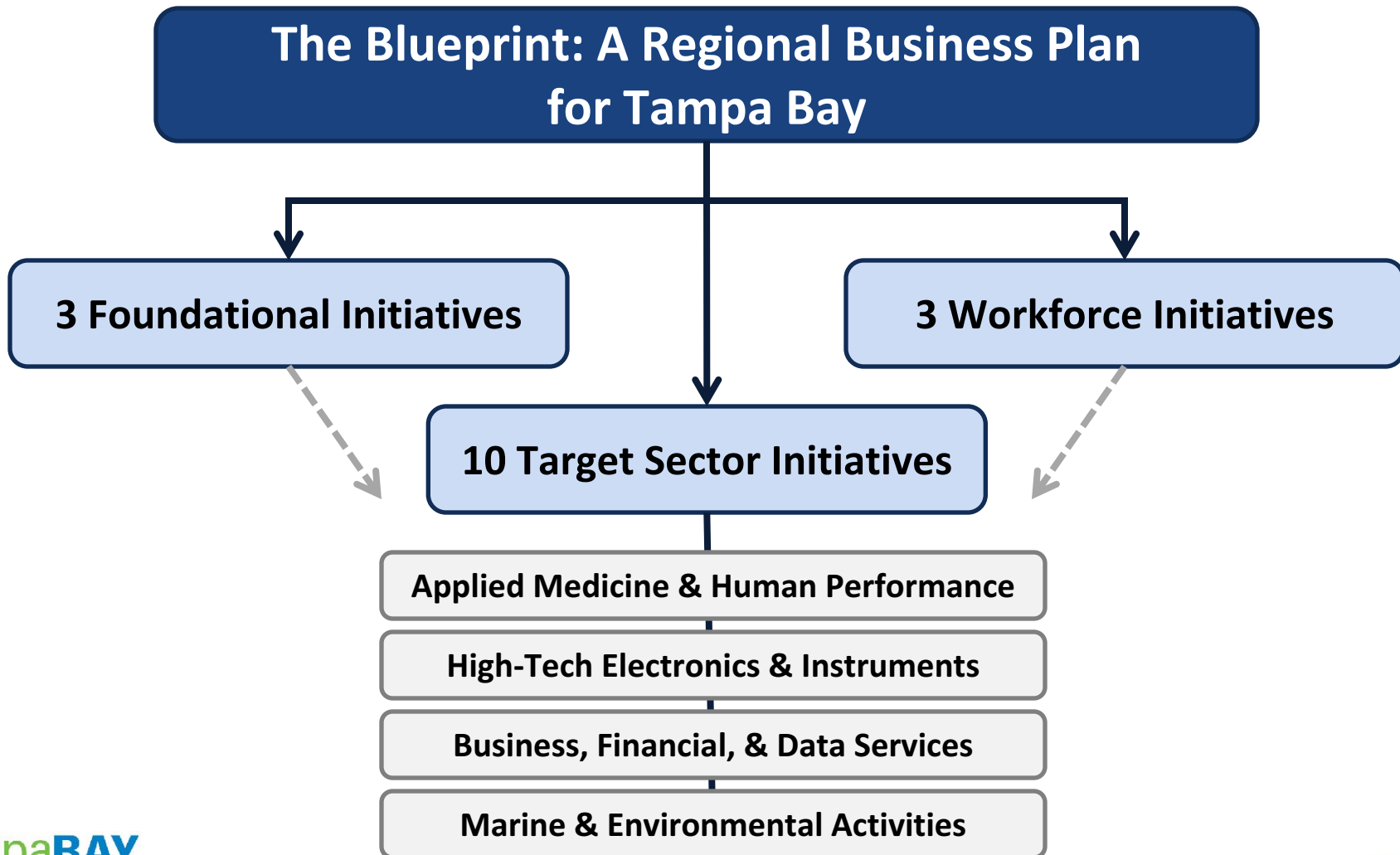
2009

2010

2011



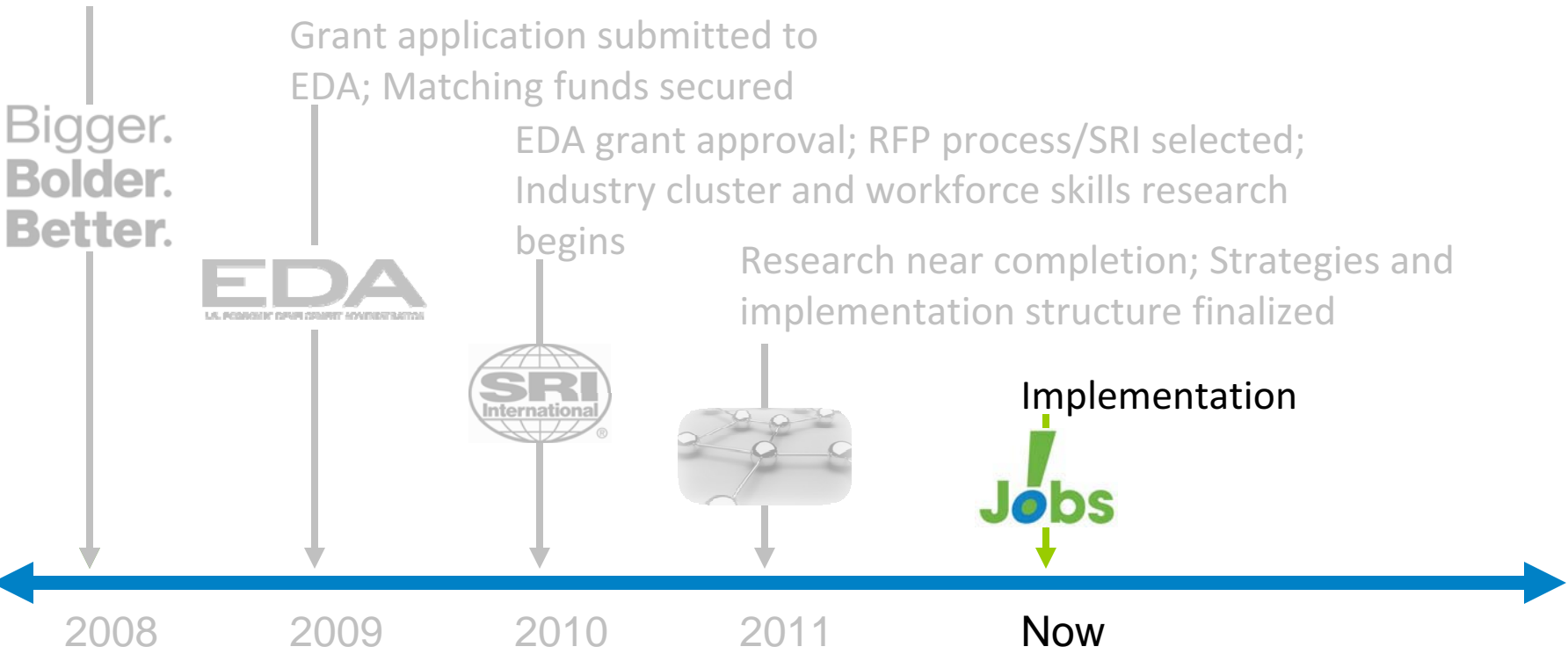
Implementation Structure



Where We're Headed



TBP leadership declares need for “research-based blueprint for regional economic development”





How Can You Help?

- Support policies that promote regional business planning
- Invest in programs that encourage cluster development

www.tampabay.org/blueprint