



The Florida Senate

Interim Project Report 2001-029

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Committee on Commerce and Economic Opportunities

Senator George Kirkpatrick, Chairman

REVIEW AND EVALUATION OF THE ENTERPRISE ZONE PROGRAM

SUMMARY

The enterprise zone program has largely failed to achieve the primary goal of encouraging economic growth and investment in distressed areas by offering tax advantages to businesses. The failure is related to the size of the incentives that are too small to entice businesses to modify location, expansion, and employment behavior. Only a few of the 34 enterprise zones have had success in locating new businesses, and this review suggests several changes to allow the poorest performers a chance to mimic the methods of the best performers. Specifically, the state could: double the current value of the zone incentives; provide a program administration grant of up to \$25,000 per zone; and allow Qualified Target Industry (QTI) tax refunds to be used for any business willing to locate in a rural zone. Program costs can be reduced by using the enterprise zone incentives for new business locations or expansions only.

BACKGROUND

An enterprise zone[®] is a specific geographic area targeted for economic revitalization. Florida established one of the first enterprise zone programs in the country in 1980 to encourage economic growth and investment in distressed areas by offering tax advantages to businesses willing to make such an investment. In 1994, the Legislature passed significant revisions to the enterprise zone program, following comprehensive reviews by the Auditor General and substantive committees of the Legislature (ch. 94-136, L.O.F.). Then-existing zones were repealed on December 31, 1994, and parameters were established for designation of new zones in the summer of 1995. Administrative responsibilities of the program were changed and certain tax incentives under the program were revised. The Florida Enterprise Zone Act of 1994, ss. 290.001-290.016, F.S., provides the current statutory framework for the state's enterprise zone program. The law currently mandates that prior to the 2001 Regular

Session of the Legislature the appropriate substantive committees of the Senate and the House of Representatives shall review and evaluate the Florida Enterprise Zone Act of 1994, together with the state incentives available in enterprise zones (s. 290.015(3), F.S.). The act stands repealed on December 31, 2005. Florida has 34 enterprise zones that are dispersed around the state:

Florida Enterprise Zones

(Source: OTTED)



The financial incentives available to businesses located within a designated zone and the fiscal year 1998-99 incentive costs are as follows:¹

- Enterprise Zone Jobs Tax Credit (Corporate Income Tax and Sales Tax): Businesses located in a zone are allowed a credit against their corporate income and sales taxes for 10 percent of the wages paid to new employees who have been employed for at least three months and are residents of an enterprise zone. A 15 percent enhanced credit is provided to employers if 20 percent of their employees are zone

¹ Office of Tourism, Trade, and Economic Development (OTTED), Executive Office of the Governor, *Florida Enterprise Zone Program: Annual Report*, March 1, 2000.

residents (s. 212.096 and s. 220.181, F.S.); \$1,806,429.

- Enterprise Zone Property Tax Credit (Corporate Income Tax): New or expanded businesses located in a zone are allowed a credit on their Florida Corporate Income Tax equal to 96 percent of ad valorem taxes paid on the new or improved property (the assessment rate varies by county) (s. 220.182, F.S.); \$1,015,587.
- Sales Tax Refund for Building Materials Used in an Enterprise Zone: A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in a zone (s. 212.08(5)(g), F.S.); \$277,803.
- Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone: A refund is available for sales taxes paid on the purchase of certain business property, which is used exclusively in a zone for at least three years (s. 212.08(5)(h), F.S.); \$1,739,385.
- Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone: A 50 percent sales tax exemption is available to qualified businesses located in a zone on the purchase of electrical energy (s. 212.08(15), F.S.); \$331,695.
- Community Contribution Tax Credit Program: Businesses located anywhere in Florida are allowed a 50 percent credit on Florida Corporate Income Tax or Insurance Premium Tax for donations made to approved local community development projects located in an enterprise zone (or a low income housing project located anywhere) (s. 220.183 and s. 624.5105, F.S.); \$3,277,232.
- Enterprise Zone Linked Deposit Program: Financial institutions in certain enterprise zones are selected to receive matching funds to provide loans or lines of credit to individuals for small business startup, expansion, working capital or inventory financing. This part of the enterprise zone program was repealed on June 30, 2000 (s. 290.0075, F.S.).

METHODOLOGY

This evaluation is based on qualitative research methods, using open-ended interview techniques with representatives of local enterprise zone development agencies and economic development organizations in order to determine the interviewee's opinions about the operation and effectiveness of the enterprise zone program. The same qualitative interview techniques were used with businesses located in enterprise zones, with probing questions that were based on the interviewee's answers to the previous questions. The review and

evaluation made use of quantitative data to the extent available to assess changes in economic conditions within individual zones and to make comparisons among zones. Year 2000 census data, which may be useful to help distinguish an enterprise zone's economic condition from the surrounding community, will not be available until mid-2002. Academic literature reviews were used to identify trends in public policy relating to enterprise zone programs or similar community revitalization programs. State and local program administrators were consulted to identify any obstacles to effective program implementation. Relevant statutory provisions were analyzed to identify any technical or substantive issues to be addressed by the Legislature.

Recent reviews produced by the Office of Program Policy Analysis and Government Accountability (OPPAGA)² and the Senate Committee on Ways and Means³ were used in discussions about the program with the analysts who wrote those reviews. Both reviews noted the lack of quantitative data available and the lack of a Department of Commerce assessment tool that should have been developed. This quantitative methodology problem could be solved by replication of a Tao and Feiock study outlined in this report after the availability of new census data in 2002.

FINDINGS

Overall Findings

Of the 34 enterprise zones in Florida, just three urban zones, Jacksonville, Bradenton, and Miami-Dade, accounted for 83 percent of the state and local incentives approved in FY 1998-99. Urban zones accounted for 99 percent of the state and local program incentives, with rural and net ban-affected zones accounting for less than 1 percent of total incentives approved. Net ban-affected zones are rural zones created in 1995 to aid communities suffering negative economic consequences related to restrictions on fishing nets. No net ban-affected zones accounted for any local program incentives.⁴ This data demonstrates that rural communities are unable to utilize these state funds or provide local incentives. (See "Special Problems for Rural Zones" below.)

² Office of Program Policy Analysis and Government Accountability (OPPAGA), *Program Review – Use of Enterprise Zone Incentives Has Increased, but Challenges Continue*, March 2000, Report No. 99-43.

³ Florida Senate, Committee on Ways and Means, Subcommittee E, *The Effectiveness of Enterprise Zone Tax Incentives: Florida's Enterprise Zone Program Since 1994*, October 1998, Interim Project Summary 98-63.

⁴ OTTED, pp. 12-21, and OPPAGA, pp. 7-8.

Another conclusion, based on interviews with zone businesses and coordinators, is that the state enterprise zone program in Florida does not modify business location or hiring decisions. There are exceptions in a few zones located in large urban areas in which local economic developers have combined the enterprise zone incentives with other larger state incentives such as Qualified Target Industry (QTI) tax refunds or used large amounts of local incentives. No examples of modified business location or hiring behavior were found in Florida's rural enterprise zones.

The implication of both findings is that enterprise zone tax incentives are too small to be useful as economic development tools by themselves. The rural enterprise zones that are having no development success usually have no funds for local incentives, and the types of businesses that are willing to locate in rural areas are unable to access state incentives targeted to high-wage industries. QTI funds and a larger Rural Infrastructure Fund could be used to mimic the zone successes that a packaged combination of incentives is able to achieve in the few zones in which businesses are enticed to locate. The research for this report suggests that without significant increases in the value of incentives available to enterprise zones – especially rural – the program will continue to provide little economic development benefit relative to the cost of the program.

An evaluation to determine if the enterprise zone program in Florida is “working” depends on the term's definition and the goals of the program. This report identifies three levels of goals describing what a successful enterprise zone means and suggests improvements relative to each. Economic development is assumed to be the highest level of success, with using state funds as the more commonly assumed middle-level measure of success, and improved community involvement as the lowest-level measure of success.

Success Defined as Economic Development – 1st Goal Level

At any measure of the highest goal level – the alleviation of poverty, increasing income levels, or providing jobs for residents of the zones – the Florida enterprise zone program is not working, based on all available information from individual zone interviews up to zone census data. This is consistent with most academic and legislative evaluations of similar programs nationally. In fact, a common academic theme has been an analysis of why zone development policies for distressed areas are continuously pursued despite their consistent economic

failure.⁵ One Florida State University researcher who recently studied Florida's enterprise zone program has suggested that “the popularity of [zone] development policies, despite their economic failure, is often linked to the political and symbolic benefits of such policies.”⁶

Existing Academic Research on Florida's Enterprise Zone Program

Tao and Feiock's extensive study of Florida's enterprise zone program used a very sophisticated longitudinal quantitative model with geographical information system (GIS) modification of the primary sources of data, which are 1980 and 1990 US census tracts. Although the census data are previous to program changes made in 1994, program administrators report that there was no significant change in the operation of the program that would significantly alter program results. Consequently, Tao and Feiock's research work is directly applicable to this review and is consistent with the findings of this review.

The result of the work leads to the conclusion that the areas targeted by Florida's enterprise zone program “experienced virtually no positive effects on income growth in the area.”⁷ The city in which the targeted zones exist did tend to show some reduction in income inequality; however, this one positive result was not statistically significant, and it had a citywide effect but not in the targeted zone. This research effort pointed out that infrastructure improvements in particular (but also tax incentives) targeted to a special development area – if successful – do have a very negative effect on many zone residents because the development efforts raise property values and drive out the original low-income residents and business renters. In other words, Florida's development programs for disadvantaged areas have not escaped the classic development paradox first identified as “gentrification.” This problem is most likely to occur in urban core areas and less likely in small rural zones. Solutions to the paradox focus on promoting property ownership by the businesses and residents of targeted areas before the development effort begins, if the desired result of a development effort is to increase income for current zone residents. Tao and Feiock's research points

⁵ Wolman, H., *Local Economic Development Policy: What Explains the Divergence Between Policy Analysis and Political Behavior*, Journal of Urban Affairs, 10, (1988), pp. 19-28.

⁶ Tao and Feiock, *Directing Benefits to Need: Evaluating the Distributive Consequences of Urban Economic Development*, Economic Development Quarterly, No. 1, February 1999, p. 57.

⁷ Tao and Feiock, p. 63.

out that the tax incentives relating to Florida's enterprise zone program are more subtle in their effect on property values in comparison to infrastructure improvements that rapidly improve property values and change an area. Infrastructure improvements to a zone "may attract growth that benefits the higher income brackets, providing higher property values that simply relocate poverty to other sectors of the city."⁸ If the state is unable to increase property ownership before a targeted development effort, it would be best to pursue tax incentives instead of infrastructure improvements since they do less harm in driving out existing zone businesses and residents through rent increases or lease terminations.

A Less Damaging Form of Infrastructure

If infrastructure improvements are being pursued because they do have powerful effects on an area's economic improvement, regardless of the gentrification paradox, the improvements should be made on or near existing property that is owned by the resident. Some of the least expensive but most successful types of infrastructure improvements have been commercial façade rehabilitation programs. One researcher found that "according to the planners interviewed, the rehabilitation of building facades has generally resulted in higher business sales volumes in the rehabilitated areas. The perception of planners in these cities is that commercial rehabilitation programs have increased municipal revenues from sales taxes and promoted economic development. The financing options have varied from city to city. Some programs are offering a full grant for façade enhancement; others offer low-interest loans to businesses that wish more extensive rehabilitation. Some cities give merchants a partial rebate for commercial rehabilitation."⁹ Combined with residential painting and neighborhood clean-up efforts, the improvement in physical appearance of a disadvantaged zone is an inexpensive way for the state to increase the marketability of a zone for new business and increase commercial transactions for existing businesses in a zone. The state has several examples of the success of this type of policy in Florida, including Gainesville's enterprise zone facade grant program and Ft. Lauderdale's enterprise zone facade improvement loan program.

Special Problems for Rural Zones

As noted earlier, rural zones have special problems in using zone funds compared to zones located in urban areas. Rural counties have few economic development workers and need state help in providing the necessary zone administration. In addition, rural zones are less likely to have local incentive funds. Local incentives for 14 urban enterprises zones were \$18.8 million in FY 1998-99, compared to \$47,278 for all 20 rural zones. Larger rural zone incentives could help offset this disparity. A disparity also exists in the use of QTI funds since only 5 percent of \$177 million in total QTI program spending (1994-2000) has been provided to rural counties. These disparities are crucial to alleviate since the enterprise zone program has proven useful in new business location and expansion decisions only when it has been coupled with other incentives. Allowing QTI incentive funds to be used for any type of business willing to locate in a rural zone is one possible solution. Higher funding for the Rural Infrastructure Fund would also help create a rural incentive package. Finally, the enterprise zone program was designed with dense urban areas in mind with zone sizes ranging from 3 to 20 square miles based on population (s. 290.0055(4)(b), F.S.). The Rural Issues Working Group has pointed out the irony of this policy for rural areas since the zones often contain open spaces, fields, and low-density communities. This condition implies that the zones need to be larger to contain enough businesses and homes to make a workable zone, yet the statutory formula usually determines that the rural zone is 3 square miles. Rural zones would operate best with a zone size of 20 square miles, including a noncontiguous area with zero population. Rural zones need to be clearly defined in statute with the ability to count all county residents for the jobs tax credit base rate. Rural Champion Communities and rural areas of critical economic concern (s. 288.0656(7), F.S.) could be allowed to apply as zones provided they can meet enterprise zone requirements.

Success Defined as Using State Funds – 2nd Goal Level

The second goal and definition of success in an enterprise zone is the most commonly used by zone administrators. It assumes that a zone that is using the state enterprise zone incentives at a high rate is a working zone. It must be noted that this sense of the word "working" (or success) is very different than the first goal, in which a few zones may have been able to modify behavior and locate new businesses in the zone, or encourage employers to alter their behavior and hire zone residents at a higher rate than would have otherwise been hired. Although the few successful zones that achieve the highest category of success (economic

⁸ Tao and Feiock, p. 63.

⁹ Loukaitou-Sideris, A., *Revisiting Inner-City Strips: A Framework for Community and Economic Development*, Economic Development Quarterly, Vol. 14, No. 2, May 2000, p. 175.

development) also use a lot of state funds, this second category of zone success produces no new business locations, nor does it appear to be persuasive in encouraging the businesses to hire more zone residents than normal. Success in this second category means to use a large amount of state tax incentives. In practice, state revenue is used as an after-the-fact reward, not as an incentive. The Legislature may wish to consider making the enterprise zone incentives available to new or expanded businesses only (creating new jobs) versus the current practice that pays for turnover hires primarily. An exception could be made to grandfather in the few businesses that, since 1994, created new jobs because of the incentives.

Nevertheless, second goal level “active” zones can be compared to many unsuccessful “non-active zones” to determine what has made one zone a success in using state funds compared to another using few state funds. That a wide disparity in the use of state funds exists can be demonstrated by the following data: Of \$3.2 million in state incentives approved in FY 1998-1999, \$2.9 million was distributed to the 14 urban zones and only \$.3 million was distributed to the 20 rural zones.¹⁰ The disparity can be further displayed within the urban zones by noting that two zones – Jacksonville and Miami-Dade County – received \$2.3 million of the \$2.9 million urban total. In using state enterprise zone funds, there clearly exist successful and unsuccessful zones.

From interviews with more than 50 zone administrators, economic development professionals, and businesses as part of this report, it is possible to summarize conditions affecting the utilization of state incentive funds, as well as conditions affecting the willingness of a business to fill out the tax incentive paperwork:

Qualities of a Successful Zone

- A full-time paid zone coordinator who devotes time each week to visit businesses and encourage or help the managers to fill out the forms.
- Presence of large hotel, fast-food, and retail chains with accountants who routinely file similar paperwork.
- Presence of consultants that contact businesses in a zone and get a percentage of the tax rebate for filling out and sending in the paperwork.
- Larger businesses rather than smaller businesses.

Qualities of an Unsuccessful Zone

- No full-time or part-time paid zone coordinator.
- Primarily small, homegrown businesses in the zone that hire family, friends, and neighbors.
- Concern among local economic development organizations about using limited staff time to secure tax incentives for existing businesses that are not altering their businesses behavior in response to the incentives.

Why a Business Will Not Fill Out the Paperwork

- The tax incentive is not considered large enough to spend time retrieving.
- Asking for tax money back is seen as a form of welfare.
- Fear that asking for a tax refund might lead to legal problems later if a mistake is made.
- Too much paperwork already.

Consultants Increase Use of State Funds

The emergence of numerous consulting firms, dedicated to helping existing businesses sign up for zone benefits, needs to be recognized. The firms do not appear to be involved in enticing businesses to locate in enterprise zones but do aid in the second category of zone success in increasing access to state funds. By filling out forms for businesses, it is possible that the consulting firms help zone businesses to learn about the program, which may encourage a business to expand or hire more zone residents than it does presently. However, the firms appear to operate primarily in the larger and medium-sized cities where zone administrators or other local economic development staff could be active if they felt being active was promoting their development goals. Where consultants could be most useful in providing businesses with tax rebates are the rural zones that have few full-time zone coordinators. However, there are also fewer existing businesses to sign up, making these zones less attractive to consultants. Enterprise zone private consultants have increased the use of state funds, but the fees further reduce the size of the rebate, making it even less likely for the program to operate as a development incentive to modify business behavior. The growth of private enterprise zone consulting does not appear to be helping the state reach its highest program goal, but such growth clearly helps the secondary goal by increasing the access to and expenditure of state funds.

Success Defined as Community Involvement – 3rd Goal Level

Community involvement is part of the goal of the enterprise zone program, and community objectives are

¹⁰ OTTED, p. 13. Note: The incentives include the Jobs Tax Credit (sales tax), the Building Materials Refund, and the Business Equipment Refund. The Department of Revenue does not identify per-zone corporate tax rebates.

required of each applicant in its strategic plan. Community involvement provides a locally targeted approach to solving problems, is very cost effective in directing aid, and can prevent unintended negative consequences of growth. Many of the Governor's Front Porch Florida areas are located in or adjacent to enterprise zone borders, and this community involvement aspect of the program is similar to the goals of the Front Porch program. However, little evidence of coordination between Front Porch program administrators and local zone coordinators implies that there may be numerous missed opportunities for mutual support. The enterprise zone program has been very limited as a tool to directly increase the number of jobs available (first goal level), but by providing zone businesses with tax rebates (second goal level), it has increased the likelihood of the businesses contributing funds, goods, and services back to the community (third goal level). The enterprise zone program can be used to help create an attitude that a particular area is trying to improve and can be used to encourage the business and residential communities to work together. Employers that receive the tax rebate are more easily encouraged to contribute for local community needs if a zone coordinator or community organizer keeps in contact with the business to help it fill out tax rebate and Community Contribution Tax Credit forms, and to direct the best use of the contribution. Most rural communities do not have zone coordinators or local employees who can take up this role and have largely failed to achieve the community involvement goal. An exception is the Taylor County zone in the city of Perry, which has been successful in encouraging business contribution to community events and needs because of the availability of a county agriculture extension officer who volunteers his time. Success depends on having a designated state, county, or local employee to work for the enterprise zone.

CONCLUSION

This research effort emphasized qualitative interviewing techniques as the methodology used to determine if businesses in Florida's enterprise zones were increasing investments or creating jobs in response to state incentives. In-person interviews of zone business owners and managers using open-ended questions with probe questions based on the previous response were used to determine if businesses were modifying their behavior in location and hiring decisions. Of a sample of more than 20 employers in one successful medium-size zone and phone interviews of five employers in another successful small rural zone, not one of these 25 employers felt that the incentives they were using made any difference in location or hiring decisions. In addition,

six rural zone coordinators could not provide the name of a business that they believed located the business or hired a zone resident because of the zone incentives. In each of these interviews, coordinators and business owners confirmed what national and state studies have shown – enterprise zone tax incentives alone do not alter business location and hiring behavior. Only when significantly higher amounts of local and state incentives were used to make a large incentive package, were enterprise zone incentives considered useful in business location or expansion decisions.

This evaluation concurs with an earlier Senate interim project completed in October 1998, which states: "One conclusion that can be drawn from enterprise zone studies and surveys and interviews of enterprise zone coordinators in Florida is that tax incentives do not, by themselves, bring about significant changes in economic conditions in enterprise zones. The economics literature indicates that lower taxes can have some positive effect on economic development, when all other things are equal, but it is a fairly small effect compared to other factors, and cannot be expected to outweigh the disadvantages present in enterprise zone areas. Tax incentives can be part of a comprehensive program to improve conditions in economically disadvantaged areas, but by themselves are insufficient to create better economic environment. The experience of Florida enterprise zones is consistent with this finding."¹¹

RECOMMENDATIONS

Overall Program Recommendations

Academic research on Florida's targeted area or zone development programs suggests policies need to be developed to promote home and business property ownership so that the limited growth that is occurring does not have the unintended effect of raising property values and rents that simply relocate poverty to other newly declining areas. The state could create a program to guarantee home ownership loans for residents located in enterprise zones to ensure that the enterprise zone program and other disadvantaged area programs achieve more good than harm. This could be accomplished by altering the Enterprise Zone Linked Deposit Program, which allowed financial institutions to receive state matching funds to provide loans or lines of credit to individuals in enterprise zones. The linked deposit

¹¹ Florida Senate, Committee on Ways and Means, Subcommittee E, p. 3.

program made 164 loans for a total of \$18.8 million in 1999.

In addition to the overall program recommendations, this report offers recommendations related to the three goal levels of the enterprise zone program discussed in the “Findings” section. The following recommendations would be applied to the current zones, with the intention of re-evaluating the program prior to its expiration in 2005, in order to determine if it merits continued support.

Recommendations to Achieve the 1st Goal Level – Economic Development

The enterprise zone program is failing to act as an incentive because the jobs tax credits are too small to actually modify business behavior. A combination of raising the level of state incentives, providing zone staff support for poorer counties, and modifying the QTI program for rural enterprise zones could help to achieve the goal of encouraging economic development:

- Increase the jobs tax credit for both income and sales taxes. Currently employers can receive 10 percent credit of their corporate income or sales taxes for wages paid to new employees who are residents of an enterprise zone. A 15 percent enhanced credit is provided to employers if 20 percent of their employees are zone residents. For this incentive to make a difference, it could be doubled to 20 percent base (30 percent rural, allowing for any worker living in the rural county to be counted for the base) and 30 percent enhanced (45 percent rural). To make this program improvement neutral in cost, the enterprise zone program could be altered so that the incentives are for new business location and expansion only. This change would make the program operate more like an economic incentive rather than an after-the-fact reward.
- Eliminate the jobs tax credit cap on maximum eligible wages to encourage higher paying jobs (ss. 212.096(2)(b) and 220.181(1), F.S.).
- Allow QTI incentive funds to be used for any business willing to locate in a rural enterprise zone.
- Provide a state matching grant of up to \$25,000 for a zone coordinator, with the local match level to be determined by population size.
- Increase the rural zone size to 20 square miles, including a zero population noncontiguous area.
- Increase the level of funding available in the Rural Infrastructure Fund so that the fund can be used in tandem with zone tax provisions to create a package of incentives.
- Define “rural enterprise zone,” and allow rural

Champion Communities and rural areas of critical economic concern to apply as enterprise zones.

- Provide local zone coordinators with access to state funded micro-loan programs to help create small businesses in enterprise zones. The micro-loan could be available for any business willing to locate in a designated enterprise zone.
- Create a state facade improvement matching grant program for zone businesses that own the property they operate from (to be modeled after similar programs in Gainesville and Ft. Lauderdale). The percentage of state match can be determined by county or city population to allow for varying local abilities to match.
- Improve internet marketing of the enterprise zone program. The Governor’s “MyFlorida” site, the Department of Revenue’s (DOR) site, and the Enterprise Florida, Inc., site should have detailed descriptions of the enterprise zone program, a map of zone locations, forms, and zone contacts.

Recommendations to Achieve the 2nd Goal Level – Use of State Funds

The following administrative recommendations, identified through discussions with program administrators and businesses, are designed to address impediments that reduce access to state tax rebates:

Jobs Tax Credit (Sales Tax)

- Replace “the department within 4 months” to “enterprise zone development agency within 6 months” (s. 212.096(3)(h), F.S.), to clarify the correct agency and extend the submission deadline to aid small business access.
- Remove the word “full” from “3 full calendar months” in s. 212.096(5)(b), F.S., to simplify eligibility criteria for new employees.
- Require DOR to notify the business when the sales tax credit may begin to be taken or specify the date a denial will be sent (s. 212.096(4), F.S.).

Sales Tax Refund for Building Materials

- Request that DOR create general guidelines on what types of building materials are eligible.

Sales Tax Refund for Business Property

- Clarify that the purchase date is defined as the payment of sales tax date (s. 212.08(5)(h), F.S.).
- Request that DOR suggest an updated definition of eligible business property (s. 212.08(5)(h)9., F.S.) since the current definition refers to an obsolete section in the Internal Revenue Code. In addition, DOR could help many businesses by creating general guidelines that list some characteristics of what eligible business property tends to be.

Recommendations to Achieve the 3rd Goal Level – Community Involvement

The following can enhance community involvement in disadvantaged areas:

- Require the local enterprise zone administrator and the local Front Porch Florida administrator to coordinate development efforts in areas in which they coexist.
- A combination of enterprise zone coordinators, Front Porch Florida organizers, and local governments could help increase the rate of owner occupied property in a zone. With support from the state, a coordinated effort could boost home and business property ownership, which will directly aid zone improvement and mitigate the negative impacts of increasing land values that drive out residential and

business renters. Façade improvement, residential painting, and neighborhood clean up efforts could be used as a property value inducement to areas that have a high rate of owner-occupied properties.

- Create a website for each enterprise zone that includes downloadable links to state forms and information, as well as local message boards that help the businesses and residents receive information about important topics such as property ownership, micro-loan programs, and neighborhood improvement activities. This site could become a marketing tool for new business location as well as a small and micro-business service guide.

COMMITTEE(S) INVOLVED IN REPORT (Contact first committee for more information.)

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Committee on Comprehensive Planning, Local and Military Affairs

Committee on Fiscal Resource

MEMBER OVERSIGHT

Senator Ron Klein