



THE FLORIDA SENATE

SELECT COMMITTEE ON FLORIDA'S ECONOMY

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“Jobs for Florida” Bill Awaits Governor’s Pen

CS/SB 1752 “Jobs for Florida”

By Policy & Steering Committee on Ways and Means; Gaetz; (CO-INTRODUCERS) Ring; Fasano; Richter; Negron; Bennett; Haridopolos; Thrasher; Hill; Sobel; Lynn; Detert

In passing the “Jobs for Florida” package the Legislature has enacted the most far-reaching economic development initiative in recent history. The bill, which now awaits the Governor’s signature, invests more than \$175 million in job creation over the next three years with effects felt far beyond.

The sweeping legislation improves Florida’s competitiveness in international trade, space and defense-related industries, the film and digital media industries, marine and boating, manufacturing, real estate, and the commercialization of products and research developed by Florida companies and universities. The bill also requires transparency in the use of economic development incentives and gives preferences to businesses that hire Floridians.

“With an unemployment rate worse than 12 percent, Florida families and Florida businesses are hurting,” said Senator Don Gaetz, Chairman of the Senate Select Committee on the Economy and primary sponsor of ‘Jobs for Florida.’ “Government doesn’t create jobs. This package of incentives actually loosens government’s grip on the private sector and gives companies solid reasons to stay in Florida, expand in Florida and come to Florida.”

Gaetz praised Representatives Will Weatherford (R-Wesley Chapel) and Ellyn Bogdanoff (R-Ft. Lauderdale) for strengthening the legislation in House-Senate negotiations and shepherding the bill through the lower chamber. The bill passed the Senate unanimously. Gaetz credits the bi-partisan victory to Senator Jeremy Ring (D-Margate), Vice Chair of the Select Committee and author of many of the bill’s provisions.

The legislation is the product of the Senate Select Committee on the Economy, created by President Jeff Atwater. The committee held workshops throughout the state to gather the best ideas from Floridians for job creation and retention. The legislation also drew on a “jobs summit” conducted by Senate President Designate Mike Haridopolos and Speaker Designate Dean Cannon.

“The ‘Jobs for Florida’ bill is visionary,” said Chris Hart, director of the Governor’s office of Tourism, Trade and Economic Development (OTTED). “This legislation provides the right mix of economic development incentive tools specifically designed to meet the unique needs of Florida’s existing economy and industry base, as well as the promise that exists for Florida’s workforce and entrepreneurs in today’s global economy and emerging industries of tomorrow.”

Highlights include:

- This bill removes tax disincentives that drive aircraft purchases and maintenance out of the state, by allowing temporary visits to Florida for aircraft owners and providing participation to fractional aircraft programs.
- Florida’s tax policy now discourages production, training, repair and retrofit in the marine industry. The bill caps the sales tax on boats at \$18,000 in order to make our state competitive with Georgia and other neighbors and thereby add jobs in an industry which Florida should dominate.
- Florida law recognizes that county and municipal governments are key partners in the economic development of the State of Florida. This bill creates greater public transparency, by requiring reports on economic development incentives, at the local level, to allow citizens to see how every economic development dollar is spent.
- This bill creates a grant program to help Florida manufacturers compete with neighboring states. Seven states competing with Florida exempt all manufacturing machinery and equipment purchases from the state sales tax. ‘Jobs for Florida’ creates a 2 year program for manufacturing and equipment purchases in excess of the amounts spent during 2008. These refunds will be allocated on a first come, first serve basis. The total funding available for this particular program is \$19 million for the first year, 2010-2011, and \$24 million for 2011-2012.
- Enterprise zones are designed to promote job growth and economic development in targeted areas of our State. Senate Bill 1752 eliminates a loophole for condo construction, by deleting an enterprise zones building materials sales tax exemption for condominiums, which are in vast oversupply in the state. This is a net gain of \$13.2 million which the bill redeploys in job-creating incentives.

- In 2009, Florida ended the year with a state unemployment rate of almost 12%. In order to find ways to encourage businesses to grow and hire new employees, this bill creates the "Jobs for the Unemployed" Tax Credit. Senate Bill 1752 provides a tax credit of \$1,000 per hire to qualified businesses who hire Floridians that have been unemployed for at least 30 days. These businesses will have to keep their newly hired employee for at least 12 months in order to qualify for the credit. This program will be administered by OTTED and is funded for two years at \$5 million annually. This provision will incentivize businesses to hire 10,000 currently unemployed Floridians.
- This bill enhances the current Qualified Target Industry incentive by
 - Allowing "call centers" to access the QTI program under specific conditions
 - Creates a \$1,000-per-job tax incentive for businesses in counties that provide a 50-50 match to the state;
 - Creates a \$2,000-per-job tax incentive for what are called "high impact industries" that retain and create high-paying, full-time jobs
 - Creates a \$2,000-per-job tax incentive for businesses that increase the value or tonnage of their exports by 10% through the 14 seaports;
 - Discourages QTI applicants from purchasing equipment out-of-state;
 - Allows a local governing board to choose whether the local or statewide average wage will serve as the baseline for determining the 115% wage threshold for awarding QTI incentives.

OTTED believes the QTI enhancements will add substantially to the 9,000 jobs per year now being created by a more modest effort.

- This legislation will assist in the creation of technology-based jobs in Florida, by funding university-based research through the Board of Governors. It will appropriate \$2 million for early stage, seed capital for eligible projects. Available to researchers whose projects are taking place within the State University System, this provision provide budding business owners with the resources to take an idea and bring it to the marketplace using our state's workforce.
- In addition, the bill will appropriate \$3 million in grants administered by the Institute for Commercialization of Public Research to assist small businesses seeking federal research and development funding. These state matching grants will help Florida employers compete with other states for funds available through the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Grants range from \$50,000 to \$250,000 depending on how developed and marketable a product is.
- Senate Bill 1752 creates the Entertainment Industry Financial Incentive Program, which awards transferrable tax credits, for certain expenditures associated with qualified productions. Generally, these credits are 20% of qualified expenditures, with additional

amounts available in certain circumstances. This bill allocates tax credits over the next five years for qualified productions and expenditures

- \$53.5 million for FY 2010-11
- \$74.5 million for FY 2011-12
- \$38 million per year for FY 2012-13, 2013-14, and 2014-15

State Film Commissioner Lucia Fishburne believes this incentive will induce \$1.2 billion in direct spending by entertainment production and digital media companies within Florida's economy over the next five years.

- This bill will support the space industry with financing for new and expanded space-related businesses, including re-training workers who are now engaged in the Shuttle program and provide funding flexibility for Space Florida.
- This bill extends permits and development orders for 2 years. It will provide a two year extension of permits issued by local governments, DEP, or a water management district, which expire between September 1, 2008 and January 1, 2012.
- In addition, this bill provides protection to people and local governments that took actions under Senate Bill 360 during the 2009 session to sustain and create jobs. It includes provisions relating to permit extensions, DRI exemptions, and comprehensive plan amendments relating to transportation concurrency exception areas.
- This bill provides a \$1 million appropriation and a \$1 million contingent on FMAP appropriations for economic gardening to continue the technical assistance pilot program, which was enacted in 2009.
- A key feature is a \$4.9 million appropriation to provide access to capital for the Florida Export Finance Corporation to assist Florida small businesses in completing short-term export sales transactions. Greater than 95 percent of Florida's exporters are small to medium-sized businesses, with a vast majority requiring assistance to complete their sales.
- The bill provides \$4 million to local communities to support projects associated with Florida's military installations, which provide immediate investment resulting in jobs and economic activity while ensuring Florida's bases remain open and mission ready.
- It re-enacts the admissions tax exemption for certain events sponsored by the government and non-profit entities, and an additional tax exemption on admissions to certain sporting events.

- This legislation requires all state funded contracts for construction to contain a provision requiring the contractor to give preference to the employment of Florida residents in the performance of the work on the project.
- This bill also creates local government matching grants to attain expenditures by local governments in order to attract and retain businesses in Florida. To take advantage of the matching grants, local governments must expedite permitting. The state portion of matching grants are for amounts up to \$50,000. This program receives an appropriation of \$3 million.
- The bill allows local governments to extend ad valorem tax exemptions within 10 year increments. These are subject to referendum for each 10-year period.
- This bill authorizes regional rural development matching grants to be used by economic development organizations in order to provide technical assistance to businesses creating jobs within rural communities.
- The Quick Action Closing Fund is streamlined by allowing projects proposed at \$2 million or below to be approved by the Speaker and President, in consultation with the Governor, and through the normal budget amendment process. Projects over \$2 million will continue to require approval by the Legislative Budget Commission. In addition, it authorizes OTTED to renegotiate a Quick Action Closing Fund contract, due to negative economic conditions so long as the business requests a renegotiation during the next year
- The bill also provides a \$15 million appropriation to the Quick Action Closing Fund.
- This bill resolves several technical glitches in the New Markets Development program that was passed last session. It allows a six month extension to make an investment, which conforms to federal regulations.
- This bill will improve the ability of local governments to receive delegated permitting authority in order to avoid duplicative and triplicative regulatory reviews of the same project.
- Senate Bill 1752 helps first-time home buyers, by extending the Florida Homebuyer Opportunity Program which provides \$8,000 bridge loans to persons purchasing their first homestead in Florida.
- The bill changes incentives and local tax options to make Florida more competitive in attracting major and minor sports teams.

Senator Gaetz said that as far-reaching as “Jobs for Florida’ is, the legislation represents only the beginning of what he says must be a new economic policy for the state.

“We have gone far past the time when Florida could simply wait at the welcome center with a free glass of orange juice and a real estate map,” Gaetz explained. “As we work our way out of this recession we must build a wider and deeper economy. That, in turn, will require investing in job creation and removing government barriers to useful, effective economic activity. The way we fund schools and health care and roads and public safety is by helping businesses keep and create jobs.”

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