

STORAGE NAME: h0297a.grr

DATE: March 18, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GOVERNMENTAL RULES AND REGULATIONS
ANALYSIS**

BILL #: HB 297

RELATING TO: Florida Empowerment Zone Act

SPONSOR(S): Representative Villalobos and others

COMPANION BILL(S): CS/SB 214 (Compare)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS YEAS 9 NAYS 0
 - (2) GOVERNMENTAL RULES AND REGULATIONS YEAS 7 NAYS 0
 - (3) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
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I. SUMMARY:

This bill creates the "Florida Empowerment Zone Act." The act establishes a 10-year economic development program entitled the "Florida Empowerment Zone Program" within the Department of Community Affairs (DCA) in conjunction with the Federal Empowerment Zone Program.

The bill appropriates \$5 million to the DCA each fiscal year, for 10 years, beginning FY 1999-2000 for the purpose of funding local government awards under the Federal Empowerment Zone designation. The bill further authorizes DCA to adopt and enforce rules necessary to administer the program.

The bill requires the expenditure of funds from the General Revenue Fund.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Empowerment Zone/Enterprise Community (EZ/EC) program is a federal initiative designed to create jobs and economic growth in distressed urban and rural communities. Empowerment Zones and Enterprise Communities receive federal grant funding to assist in the implementing of strategic plans.

In December 1994, the U.S. Department of Housing and Urban Development (HUD) named nine "empowerment zones" (six urban and three rural) and nearly 100 "enterprise communities." The selection entitled each of the six urban empowerment zones to approximately \$100 million over 10 years. Although no Florida communities were selected as empowerment zones, three Florida communities were named enterprise communities: Jackson County (Marianna), Miami-Dade County, and Tampa. Each enterprise community was entitled to receive approximately \$3 million in federal aid over 10 years.

In April 1998, (HUD) announced a second round of federal empowerment zone designations. President Clinton's administration requested \$1.7 billion for the second round of funding.

In a letter written during the 1998 application process, the late Governor Lawton Chiles pledged \$5 million for any Florida community with a successful application. While the state's pledge was not a required match and did not affect federal funding for the program, Miami-Dade County was granted a significant number of points for demonstrating such support.

On January 13, 1999, Miami-Dade County became a federal Empowerment Zone and gained the following benefits:

- Will share with 14 other community winners \$55 million in federal grants already approved this year.
- Awarded \$3 million for the first year and \$10 million for each year thereafter, totaling \$93 million over 10 years.
- Congress approved \$2.2 billion in tax-exempt bonding authority and \$20 million in grants for each rural zone over 10 years.

On the same day Miami-Dade County received its award, Collier/Hendry counties (community of Immokolee) received a "Rural Enterprise Community" award of \$250,000 a year for 10 years.

The following awards have been pledged to Miami-Dade County by public and private entities as a result of the Empowerment Zone designation:

- \$100 million of matching funds by Miami-Dade County and \$31 million of matching funds by six municipalities.
- 18 banks pledged nearly \$400 million of targeted capital investment to the Empowerment Zone in the first two years, with a projected investment of more than \$1 billion over the next 10 years.
- Key employers committed to create 5,000 jobs for zone residents over the next five years.
- Local entities committed over \$6 billion in construction projects over the next 10 years.

B. EFFECT OF PROPOSED CHANGES:

This bill creates the "Florida Empowerment Zone Act." The act establishes a 10-year economic development program entitled the "Florida Empowerment Zone Program" within the Department of Community Affairs (DCA) in conjunction with the Federal Empowerment Zone Program.

The bill appropriates \$5 million to the DCA each fiscal year, for 10 years, beginning FY 1999-2000 for the purpose of funding local governments awarded a Federal Empowerment Zone designation. The funds are used to benefit the nominated area and are contingent upon the local government receiving federal matching funds under the federal program and meeting the local match requirements imposed by the federal program regulations. The bill further authorizes DCA to adopt and enforce rules necessary to administer the program.

The bill requires the expenditure of funds from the General Revenue Fund.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

Yes. The bill provides the Department of Community Affairs with rulemaking authority for the implementation of s. 290.0501, F.S.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. The Department of Community Affairs is required to administer the program.

(3) any entitlement to a government service or benefit?

The bill entitles local governments that have applied for and been awarded the federal empowerment zone designation to grant monies of up to \$5 million. To date that only applies to Miami-Dade County.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Miami-Dade County and six municipalities within the county have committed \$131 million to the empowerment zone. Furthermore, there has been significant community commitment to the project as well.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Creates s. 290.0501, F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1: Creates s. 290.0501, F.S., as the "Florida Empowerment Zone Act"; provides definitions; provides legislative intent; creates the Florida Empowerment Zone Program and declares that the program shall operate for 10 years and be administered by the Department of Community Affairs (DCA); provides beginning in fiscal year 1999-2000, that the legislature shall appropriate funds on an annual basis for 10 years to communities that have been granted Federal Empowerment Zone funds; authorizes rulemaking authority for DCA.

Section 2: Appropriates \$5 million from the General Revenue Fund for fiscal year 1999-2000.

Section 3: This act takes effect July 1 of the year in which enacted.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

The following is the fiscal impact on the Department of Community Affairs:

1. Non-recurring Effects:

OCO:	FY 1999-2000	FY 2000-20001	FY 20001-2002
Class PG			
Planning Manager	\$3,302	0	0
Adm. Assistant II	\$3,302	0	0
Expenses:			
Planning Manager	\$1,899	0	0
Adm. Assistant	\$1,899	0	0

2. Recurring Effects:

Salaries:			
Planning Manager	\$52,319	\$52,319	\$52,319
Adm. Assistant II	\$38,335	\$38,335	\$38,335

Expenses:			
Planning Manager	\$10,097	\$10,097	\$10,097
Adm. Assistant II	\$ 6,712	\$ 6,712	\$ 6,712

Also, the bill has a recurring impact of \$5 million annually on the General Revenue Fund.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Total:	\$117,865	\$107,463	\$107,463
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Also, the bill has a recurring impact of \$5 million annually on the General Revenue Fund.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

This program should have a long term positive impact on the respective local governments due to improvements in distressed areas. As a result, an anticipated growth in jobs, refurbishing of housing stock, creation of new businesses and strengthening of existing businesses, and an increase in the local tax base. Indirectly, the program is expected to aid in the reduction of crime and attendant costs to local governments. Also, the overall program would include affordable housing initiatives. The program, if planned and implemented effectively, is expected to enhance the quality of life in the area.

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. **APPLICABILITY OF THE MANDATES PROVISION:**

The bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

The bill does not reduce the authority that local governments have to raise revenues in the aggregate.

C. **REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

The bill does not reduce the percentage of state shared revenue with local governments.

V. **COMMENTS:**

The following are comments by the Community Affairs Committee:

Language in the bill provides a local matching requirement for communities to receive the empowerment zone designation. It is unclear what the federal program regulations require as match, i.e. money, or other forms of monetary commitment. However, a letter from the late Governor Lawton Chiles pledging \$5 million from the State of Florida demonstrated support for Miami-Dade County to receive the empowerment zone designation. Whether or not the, appropriation, provided for in the bill, is necessary to the local matching requirements or as a contribution towards local match requirements is unclear.

The following are comments by the Committee on Governmental Rules and Regulations:

Amendment 4 to HB 297 (adopted by the Committee on Community Affairs) increases the yearly General Revenue appropriation to \$5,250,000 to the Department of Community Affairs in order to cover the DCA's expenditures relating to the implementation of this program. The DCA may retain up to 2 percent of the annual appropriation to cover administrative costs.

VI. **AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

The Committee on Community Affairs approved the bill on March 8, 1999 unanimously with the following four amendments to conform the House Bill with the Senate Bill:

- Amendment 1. Provides for a technical clarification.
- Amendment 2. Adds a definition for a "sponsoring designee."
- Amendment 3. Provides that DCA shall evaluate performance of the empowerment zone recipients as contained in the zone's strategic plan.
- Amendment 4. Re-drafts the funding provision of the bill.

The Committee on Governmental Rules and Regulations approved the bill on March 17, 1999, unanimously with the following three amendments:

- Amendment 1. Technical amendment. Removes a typographical error.
- Amendment 2. Removes general rulemaking authority specific to the program.
- Amendment 3. Extends the definition of "qualified high-crime area," extends the definition of "qualified county," specifies conditions for designation as a state enterprise zone, and provides for the creation of a satellite enterprise zone.

The Office of Tourism, Trade and Economic Development (OTTED) is generally in favor of Amendment 3, but is neutral toward the provisions of the amendment relating to the creation of a satellite enterprise zone.

STORAGE NAME: h0297a.grr

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PAGE 8

VII. SIGNATURES:

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