

STORAGE NAME: h0929.bdt

DATE: March 10, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 929

RELATING TO: Ad Valorem Tax Exemptions

SPONSOR(S): Representative Chestnut

TIED BILL(S):

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
 - (2) COMMUNITY AFFAIRS
 - (3) FINANCE & TAXATION
 - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (5)
-

I. SUMMARY:

This bill would exempt certain real property and certain tangible property used by a technology-business incubation facility from ad valorem taxation. It provides conditions and definitions.

The revenue estimating conference has not yet addressed the bill.

The bill would take effect January 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

In response to a perceived lack of high technology infrastructure in the state, efforts were made in the early 1990s to encourage the development of high technology industries. Enterprise Florida, Inc., the state's public-private economic development corporation, was granted statutory authority to implement technology development programs. Resulting from this focus on technology development was the concept of the Innovation and Commercialization Center (ICC).

ICCs are public-private initiatives for emerging and start-up technology enterprises designed to encourage the formation of new high-growth companies with headquarters in Florida. The mission of the ICCs is to bring together technology, executives, high skill employees, industry, universities, and investment capital.

There are six ICCs located in the major geographic sectors of the state operating under the oversight of Enterprise Florida, Inc.:

- * Central Florida Innovation Corporation - Orlando
- * Enterprise Development Corporation of South Florida - Palm Beach Gardens
- * Enterprise North Florida Corporation - Jacksonville
- * Florida North Shore Technology Center - Tallahassee
- * North Florida Technology Innovation Corporation - Gainesville
- * Office for Corporate Development - Tampa

C. EFFECT OF PROPOSED CHANGES:

This bill would exempt real property owned and subsidized by a local government used as a technology-business incubation facility from ad valorem taxation if that incubation facility was located within an area designated as an enterprise zone under chapter 290, Florida Statutes, when the facility was created.

The bill would exempt any tangible property owned by a local government and used in a technology-business incubation facility.

The bill would define "technology-business incubation facility" as real property that provides business assistance and leases space at or below market rates to one or more small,

fledgling, or startup businesses. The bill would further define a “small, fledgling, or startup business” to include businesses that:

- * Apply new technological advancements generated through private research or research developed in association with a university, college, or industry affiliate *or* was a target industry designated under s. 288.106, F.S., upon entering a technology-based incubation facility.
- * Shows promise of increasing the percentage of gainful employment among potential members of the workforce in the county or municipality.
- * Is expected to generate a stream of products and processes having commercial application that is of importance to industry in this state.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The revenue estimating conference has not addressed the bill.

2. Expenditures:

N/A.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The revenue estimating conference has not addressed the bill.

2. Expenditures:

The revenue estimating conference has not addressed the bill.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The revenue estimating conference has not addressed the bill.

D. FISCAL COMMENTS:

The revenue estimating conference has not yet addressed the bill.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill reduces the revenue raising authority of local governments, however the revenue estimating conference has not addressed the bill to determine whether or not the actual fiscal impact would be significant.

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

The revenue estimating conference has no yet addressed the bill.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

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