

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1522

SPONSOR: Senator Constantine

SUBJECT: Enterprise Zones

DATE: March 22, 2001                      REVISED: 03/27/01                      \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill authorizes the governing body of an inland county with a state-designated enterprise zone and a population of more than 500,000 to apply to the Office of Tourism, Trade, and Economic Development (OTTED) to amend the boundaries of one noncontiguous area of an enterprise zone. The application must be received by OTTED by December 31, 2001.

The bill instructs OTTED to approve the application if the amended area does not exceed 4 square miles and meets the requirements imposed by s. 290.0055, F.S., relating to the local nominating procedure for enterprise zones.

This bill creates an unspecified section of Florida Law.

**II. Present Situation:**

Established in 1980, the Enterprise Zone Program targets areas for economic revitalization and provides incentives to businesses located in designated areas found in urban and rural communities. An “enterprise zone” is a specific geographic area targeted for economic revitalization. The state has 34 enterprise zones.

By the early 1990s, the program had become overwhelmed with the number of zones allowed. To remedy the situation, the Legislature passed the Florida Enterprise Zone Act in 1994. As a result, the existing zones were repealed on December 31, 1994, and guidelines were established for the designation of new zones. The act transferred administrative duties from the Department of Community Affairs to the Department of Commerce.

In 1995, nineteen enterprise zones were designated throughout the state. Local governments were required to establish a community-based Enterprise Zone Development Agency (EZDA). Each EZDA is responsible for overseeing the implementation of its individual plan and reducing local barriers to revitalization efforts. The agencies are required to market their zones to interested parties and assist local business owners with state and local incentives.

With the dissolution of the Department of Commerce in 1996, the Legislature amended the program and transferred the administrative responsibilities to the newly created Office of Tourism, Trade, and Economic Development within the Executive Office of the Governor. In addition, the revision added Work and Gain Economic Self-Sufficiency (WAGES) Program participants (residing in a zone) as eligible employees for a 15 percent jobs tax credit. The Legislature also authorized the designation of 11 additional enterprise zones.

In 1997, the Legislature authorized 12 new enterprise zones. The following year, the program was amended to include a new zone and to allow businesses located within an enterprise zone to claim job tax credits for hiring WAGES or Job Training Partnership Act (JTPA) program participants regardless of where they live.

As part of the "Florida Empowerment Zone Act," the 1999 Legislature authorized any area designated as a federal empowerment zone (Miami-Dade County) or enterprise community (Immokalee/Hendry County) to be designated as a state enterprise zone. The 1999 Legislature also amended the "Florida Enterprise Zone Act" to allow Liberty County, Columbia County or Columbia County and Lake City, Suwannee County or Suwannee County and Live Oak, and Gadsden County to apply to OTTED for designation of specified areas as enterprise zones.

The Florida Enterprise Zone Program provides the following financial incentives to businesses to encourage private investment and increase employment opportunities for enterprise zone residents.

- Enterprise Zone Jobs Tax Credit (Sales and Use Tax)
- Enterprise Zone Jobs Tax Credit (Corporate Income Tax)
- Enterprise Zone Property Tax Credit (Corporate Income Tax)
- Sales Tax Refund for Building Materials Used in an Enterprise Zone
- Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone
- Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone
- Community Contribution Tax Credit Program
- Enterprise Zone Linked Deposit Program

In fiscal year 1996-97, local and state incentives approved under the Enterprise Zone Program totaled \$11.2 million; in FY 1997-98, local and state incentives totaled \$13 million. Following are enterprise zone statistics for FY 1998-99 and FY 1999-00 taken from OTTED's Enterprise Zone Program Annual Report dated March 1, 2001.

CATEGORY	1999/2000	1998/1999	DIFFERENCE
New Businesses in a Zone	766	776	- 10
New Jobs Created in a Zone	5,141	5,305	- 164
State Incentives Approved	\$5,458,835	\$5,170,899	+ \$287,936
Local Incentives Provided	\$10,135,65	\$18,839,076	- \$10,255,879
Total State and Local Incentives Approved	\$15,594,492	\$24,009,975	- \$10,931,560

**III. Effect of Proposed Changes:**

**Section 1** of the bill provides Orange County (EZ-4801) an opportunity to apply to OTTED for approval of an enterprise zone boundary change. Orange County would be eligible since it is the only “inland county with a state designated enterprise zone and a population of greater than 500,000.” Orange County would be eligible to add the four square miles since the existing Orange County Enterprise Zone is only 7.02 square miles (zones in its category can be as large as 20 square miles). The boundary amendment application must be submitted to OTTED by December 31, 2001, and must meet the requirements of s. 290.0055, F.S., relating to the local nominating procedure for enterprise zones.

**Section 2** provides that the act will take effect upon becoming a law.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

OTTED advises the addition of four square miles to Orange County’s enterprise zone area will have a negligible fiscal impact on the General Revenue Fund.

B. Private Sector Impact:

Businesses located in an area added to an enterprise zone could benefit from the enterprise zone incentives. Residents of areas added to an enterprise zone could benefit from new employment opportunities. The boundary changes authorized by the bill may generate positive economic effects resulting from the availability of various tax incentives.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Comprehensive Planning, Local and Military Affairs:

Allows Sarasota County, or Sarasota County and the City of Sarasota jointly, to apply to the Office of Tourism, Trade, and Economic Development for designation of one enterprise zone. The amendment also revises the existing statute relating to satellite enterprise zones, deleting the specified date by which an eligible municipality must create a satellite enterprise zone. Deletion of the December 31, 1999 date would allow the cities of Bradenton and Ft Pierce each to create a 1.5 square mile satellite enterprise zone. The amendment provides that a satellite enterprise zone may be created retroactively to December 31, 1999. In addition, the amendment allows for businesses in a newly created satellite zone to receive a retroactive refund of certain sales taxes paid back to that date.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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