

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.)

Prepared By: Commerce and Consumer Services Committee

BILL: CS/SB 1154

SPONSOR: Commerce and Consumer Services Committee and Senator Dockery

SUBJECT: Enterprise Florida, Inc

DATE: March 31, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Barrett</u>	<u>Cooper</u>	<u>CM</u>	<u>Fav/CS</u>
2.	<u>Halloran/Wiehle</u>	<u>Caldwell</u>	<u>CU</u>	<u>Favorable</u>
3.	_____	_____	<u>TA</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute for Senate Bill 1154 revises a number of provisions regarding the duties, management and finances of Enterprise Florida, Inc (EFI). Specifically, the committee substitute:

- Allows for the appointment of at-large board members to an executive committee and extension of their terms from one to three years;
- Revises requirements for supermajority votes and restrictions on contracts between EFI and organizations represented on EFI's board;
- Revises return-on-investment and customer satisfaction reporting requirements; and
- Removes references to solar energy industry promotion and workforce development.

This committee substitute substantially amends sections 288.041, 288.095, 288.901, 288.9015, 288.90151, 288.904, of the Florida Statutes, and repeals section 288.8155 of the Florida Statutes.

II. Present Situation:

Enterprise Florida Inc.

Enterprise Florida, Inc. (EFI) is the public-private partnership responsible for leading Florida's statewide economic development efforts. (See ss. 288.901-9415, F.S.) EFI was formed in July 1996 and is responsible for economic development, international trade, and statewide business marketing. EFI's mission is to increase economic opportunities for all Floridians through the creation and retention of quality jobs and the active support of strong and growing businesses. EFI is governed by a board of directors which appoints the President of EFI.

EFI is managed by a board of directors that includes 19 members appointed by statute and a number of at-large members appointed by resolution of the board. The Governor is a member of the board and acts as its chairperson. EFI is not a unit or entity of state government but is subject to ch. 119 (public records) and ch. 286 (public meetings and records), F.S.

States and communities compete with one another to attract, expand, and retain high-wage industries. Florida has incentive programs designed to attract and maintain such desired industries in the state. EFI annually reports on these incentive programs and makes recommendations for changes and improvements in the programs. EFI recently produced a number of recommendations to improve its service delivery. These recommendations are identified in “2004 Incentives Report: A Progress Report on Programs Funded from the Economic Development Incentives Account” and EFI’s 2004 Legislative Recommendations for Consideration by the Legislative Committee (November 2003).

III. Effect of Proposed Changes:

Section 1 deletes s. 288.041(3) and (4), F.S., to remove the requirements that Enterprise Florida, Inc.’s (EFI), assist in the expansion of the solar energy industry in this state. It has been explained that EFI officials feel this is inappropriate because it requires EFI and its board to promote one business sector over other sectors without regard to its relative market potential. However, the elimination of the specific requirement will not preclude EFI from expanding business opportunity in the solar sector.

Section 2 amends s. 288.095(3)(c), F.S., to remove the requirement that Enterprise Florida, Inc., include a discussion as to whether or not money was managed in a “fiducially sound manner” in their report on the activities funded from the Economic Development Incentives Account. The Economic Development Incentives Account is within the Economic Development Trust Fund, and is managed by the Office of Tourism, Trade, and Economic Development (OTTED). The provision is deleted so that EFI is no longer responsible for making the determination as to whether or not OTTED has properly managed the account.

Section 3 repeals s. 288.8155, F.S., which requires EFI and the Florida Seaport Transportation and Economic Development Council to establish the “International Trade Data Resource and Research Center.” According to EFI, the data center no longer exists.

Section 4 amends s. 288.901, F.S., to allow any member, as opposed to only appointive members, to be elected as vice chairperson of the board. This section clarifies that a majority of current voting members, rather than appointed members, of the board constitutes a quorum. This section allows EFI to select its own Executive Committee without restrictions and increases the term of a board member from the private sector to three years.

Section 5 deletes s. 288.9015(3), F.S., to eliminate a requirement that EFI, through its Workforce Development Board, develop a comprehensive approach to workforce development. This board was abolished with the creation of Workforce Florida, Inc., in s. 445.004, F.S. Workforce Florida, Inc., is the state’s workforce development authority.

Section 6 amends s. 288.90151, F.S., to redefine what constitutes private sector operating support for EFI. It redefines what constitutes cash given directly to EFI for operations, by excluding contributions from grantees or companies having contracts with EFI which represent more than five percent of the value of all contracts with EFI, exclusive of grants, or more than five percent of the company's revenues. It also provides that direct cash donations will not be subject to restrictions on the use of appropriated funds.

This section includes cash generated by fees charged for products or services of EFI and by sponsorship of events, missions, programs and publications in the category of private sector support.

This section also provides that EFI include in its annual report the lead economic development staff person of each "organization that is a primary partner" with EFI, which replaces "local economic development organizations that employ a full or part-time staff person." EFI reports that this change will allow them to better target its survey to a more limited and known group of organizations.

This section requires EFI to hire an economic-analysis firm, rather than a private accounting firm, to develop a methodology for establishing and reporting return-on-investment and in-kind contributions. Additionally, EFI must hire a firm experienced in survey research to develop, analyze and report on the customer satisfaction survey. It removes a requirement that the accounting firm certify whether the EFI annual report complies with the return-on-investment and customer satisfaction provisions.

This section removes a job preparation requirement to conform with the removal of the workforce development requirements.

Section 7 amends s. 288.904(1), F.S., to revise the requirement for a supermajority vote on certain contracts entered into by the EFI board of directors and organizations represented on the board. It removes the requirement of a two-thirds vote of the entire board, requiring only that it be made by the board members in attendance at a meeting where a quorum is present. It also specifies that the supermajority vote requirement applies only to contracts that exceed \$100,000.

This section excludes from the supermajority rule contracts awarded by another entity to an organization represented on the board of directors or to a contract in which EFI is the recipient of funds from an organization represented on the board of directors.

This section also removes a prohibition on an organization represented on the EFI board from entering into a contract to receive a state funded economic development incentive or similar grant without a two-thirds vote of the board and removes a dollar limit on the value of grants issued by the board to businesses associated with board members.

Section 8 provides that this committee substitute shall take effect upon becoming a law.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

This committee substitute does not require cities and counties to expend funds or limit their authority to raise revenue or receive state-shared revenues as specified by s.18, Art. VII, State Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

There is a potential cost savings for Enterprise Florida, Inc., as they are no longer required to promote the expansion of the solar energy industry or establish the International Trade Data Resource and Research Center.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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