

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Commerce Committee

BILL: PCS/SB 930

INTRODUCER: Senator Diaz de la Portilla

SUBJECT: Economic Development

DATE: March 28, 2008

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Cooper	CM	Pre-meeting
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This Proposed Committee Substitute (PCS) recognizes the Florida Small Business Development Center Network (FSBDCN) as the principal business assistance organization for small businesses in the state.

The implication of this recognition for the state or the Florida Small Business Development Center Network is unclear. The PCS does not require, authorize or prohibit anything of either the state or the Florida Small Business Development Center Network. Additionally, it does not provide or authorize funding to the network.

This bill creates the following sections of the Florida Statutes: 288.001.

II. Present Situation:

There are a number of public agencies and private not-for-profit organizations throughout the state that provide technical and financial assistance for small businesses. Some of these entities include the U.S. Small Business Administration; regional and local economic development entities; Community Development Corporations; and technical assistance networks, such as the Florida Small Business Development Center Network.

United States' Small Business Association¹

The United States' Small Business Association (SBA) provides both technical and financial assistance to small businesses.

¹ <http://www.sba.gov>.

The Office of Entrepreneurial Development (OED) oversees the training and counseling needs of small businesses. It is the SBA's technical assistance section with resource partners located throughout the country. Programs and services within OED's network include:

- Small Business Development Centers (SBDCs) -- A broadband service delivery network of over 1100 centers;
- Service Corps for Retired Executives (SCORE) -- Provides entrepreneurs with free, confidential face-to-face and email business counseling;
- Women's Business Centers (WBCs) -- With over 90 locations, WBCs promote the growth of women-owned businesses through programs that address business training and technical assistance, and provide access to credit and capital, federal contracts, and international trade opportunities;
- Small Business Training Network (SBTN) -- An online training network that offers over 60 free training courses, workshops and electronic tools to assist entrepreneurs;
- Native American Affairs -- The Office of Native American Affairs offers help to American Indians, Native Alaskans and Native Hawaiians seeking to create, develop and expand small businesses; and
- Business Initiatives -- The Office of Business and Community Initiatives administers programs and activities designed to provide information, education, and training to prospective and existing small business owners.

The SBA also offers a number of financial programs to assist small businesses. The SBA is primarily a guarantor of loans made by private and other institutions.

In Florida, the SBA has district offices in Jacksonville and Miami to serve Florida businesses.

The Florida Small Business Development Center Network²

The Florida Small Business Development Center Network (FSBDCN) is a statewide partnership between higher education and economic development organizations to provide new and established business owners with technical assistance.

The FSBDCN is part of a national network with more than a 1,100 business development centers nationwide. In Florida, there are 35 Small Business Development Centers located throughout the state. All major urban areas are represented as well as many rural or low-populated communities.

The FSBDCN receives funding primarily from the SBA and other federal government programs, and from education institutions in the state. Last year, the FSBDCN received \$4.2 million in funding through the universities in Florida, and \$4.9 million in matching grants from the U.S. Government. The FSBDCN is a technical assistance entity and does not make loans or provide grants.

² The following information is taken from Interim Project Report 2007-104, a publication of the Florida Senate Committee on Commerce, October 2006..

The FSBDC Network³ is administered from the FSBDC Network State Director's Office in Pensacola. The Small Business Development Centers (SBDC) are hosted primarily by colleges and universities and located throughout Florida. Each SBDC provides counseling and business expertise in their area to small business owners or those who want to start a business in Florida.

In addition to the core services provided by the Florida Small Business Development Centers, the network provides specialized assistance through the following programs:

- Business Technology Commercialization (BTC) Program;
- Defense Economic Transition Assistance (DETA) Program;
- Office of International Programs;
- Procurement and Technical Assistance Center (PTAC) Program; and
- Veterans' Business Outreach Center (VBOC) Program.

The FSBDC also maintains the Florida Small Business Development Center Procurement System. Pursuant to s. 288.705, F.S., all state agencies are required to provide the system with all formal solicitations for contractual services, supplies, and commodities. The SBDC is required to coordinate with Minority Business Development Centers to compile and distribute such information to Florida small and minority businesses requesting such service. The SBDC is required to report annually on the use of the register.

Enterprise Florida, Inc.

Enterprise Florida, Inc., (EFI) is a public-private partnership responsible for leading Florida's economic development, international trade, and business marketing efforts. Pursuant to s. 288.9015(1), F.S., EFI is designated as "the principal economic development organization for the state." EFI is authorized to develop and implement specific programs or strategies that address the creation, expansion, and retention of Florida business.

Pursuant to s. 288.9015(4), F.S., EFI must incorporate the needs of small and minority businesses into the economic-development, international-trade and reverse-investment, and workforce-development responsibilities assigned to them by Part VII of ch. 288, F.S. EFI is charged to collaborate with the Florida Black Business Investment Board, Inc., and the Office of Tourism, Trade, and Economic Development (OTTED) for the delivery of services relating to small businesses.

Pursuant to s. 288.904(1)(1), F.S., EFI is required to establish an advisory committee on small business issues, the purpose of which is to guide and advise EFI on the development and implementation of policies, strategies, programs, and activities affecting small business. This committee is required to meet at least quarterly.

Pursuant to s. 288.905(3)(b)3., F.S., EFI is required to involve small business development agencies and organizations, both public and private, in developing and carrying out its policies, strategies and programs.

³ The following information was adapted from the Florida Small Business Development Center website: <http://floridasbdc.org/AboutUs/.asp>.

EFI's website identifies a number of resources for small businesses.⁴

In 2008, EFI is promoting the passage of SB 1120 & HB 593, which are being considered in the 2008 Legislative Session, to create the Florida Research Commercialization Matching Grant Program to assist small or startup companies that take advantage of federal and state partnerships to accelerate their growth and market penetration.

In FY 2007/08, EFI was appropriated \$12.5 million from the state to implement its programs and services.

Additional Entities Providing Technical Assistance to Small Businesses in Florida

Initially created within the Florida Department of Commerce, the **Florida Black Business Investment Board (FBBIB)** now contracts with OTTED to promote the creation and growth of black business enterprises. Over the past 20 years, the mission of the FBBIB has evolved. Initially, the FBBIB served “as a catalyst for the development of competitive black-owned businesses in Florida.”⁵ Today, the FBBIB has expanded its “base of activities and services to include other minorities in order to connect diverse communities and grow the network of business partnerships and alliances.”⁶

Through the FBBIB's Minority Business Information Center (MBIC), the FBBIB provides technical support and monitoring of the businesses in which they invest—providing them access to contract-supplier assistance, pricing analysis, tax assistance and basic financial management services. Additionally, the center is the central resource for collecting and storing minority business information. MBIC products and services include market and demographic research, white papers, financial information services, technology training, business courses and seminars, application software and web-based services, trade shows, exhibitions, job fairs, and customized information databases.⁷

Eight regional **Black Business Investment Corporations (BBICs)** worked independently and in concert with the FBBIB to advance business development among black Floridians. The BBICs are not-for-profit subsidiaries of financial institutions or consortia of financial institutions investing in or lending to black business enterprises. BBICs provide loans, loan guarantees, and technical assistance to black business enterprises. The eight regional BBICs are located throughout the state's major urban areas.⁸

⁴ <http://www.eflorida.com/ContentSubpage.aspx?id=428> .

⁵ Page 1, 2003 Annual Report of the FBBIB.

⁶ Page 1, 2003 Annual Report of the FBBIB. In 2002, the Legislature required the FBBIB to study the feasibility of including other minority business enterprises within the programs, services, and activities of the FBBIB and the regional BBICs. Section 11, ch. 2002-180, L.O.F. Since then, the FBBIB has expanded services to other minorities through strategic partnerships with other economic development entities.

⁷ http://www.fbbib.com/about/new_fbbib.htm .

⁸ The eight regional BBICs are East Central Florida BBIC (Daytona Beach), Metro-Broward BBIC, First Coast BBIC (Jacksonville), BAC Funding Corporation (Miami), Black Business Investment Fund (Orlando), Palm Beach County BBIC, Tampa Bay BBIC, and Northwest Florida BBIC (Tallahassee).

The **Minority/Women Business Enterprise Alliance, Inc.**, is a not-for-profit business resource center located in Central Florida.⁹ The alliance provides technical, management, business development, and construction assistance along with access to capital and financial counseling.

The **Hispanic Business Initiative Fund (HBIF)** provides technical assistance and training to Hispanic entrepreneurs.¹⁰ The HBIF attempts to match Hispanic businesses with private and public programs difficult to access due to cultural and language barriers. The HBIF also helps clients find alternative funding sources for businesses that do not qualify for traditional lending. The HBIF is located in Central Florida with offices in Tampa and Orlando.

Community Development Corporations (CDCs) are not-for-profit organizations that engage in a variety of efforts to revitalize communities, to include business development training.¹¹ In 1998, OPPAGA identified 87 such organizations in Florida.¹² As of 2006, the Florida Alliance of Community Development Corporations (FACDCs) reported they have 44 member organizations.¹³ While most focus their efforts on development of affordable housing, some CDCs engage in other activities to promote economic development – through financial counseling, business-related technical assistance, and micro-enterprise development.¹⁴

III. Effect of Proposed Changes:

Section 1 creates s. 288.001, F.S., to recognize the Small Business Development Center Network as the principal business assistance organization for small businesses in the state.

The implication of this recognition for the state or the Florida Small Business Development Center Network is unclear. The PCS does not require or authorize anything of either the state or the Florida Small Business Development Center Network. Additionally, it does not provide or authorize funding to the network.

In addition, the PCS does not “attach” or link the Florida Small Business Development Center Network to any state agency, nor does it specifically create a new state agency or department.

Section 2 provides that the PCS will become effective upon becoming law.

⁹ <http://www.allianceflorida.com> .

¹⁰ <http://www.hbiforlando.org> ; <http://www.hbiftampa.org> .

¹¹ Terry Chelikowsky, Executive Director, Florida Alliance of Community Development Corporations (FACDCs) 9/3/06. See <http://www.flacdc.org/> .

¹² OPPAGA Report No. 97-45, p.2.

¹³ Terry Chelikowsky, 8/30/06.

¹⁴ *Ibid.* Also see <http://www.flacdc.org/> . Also see Florida Senate Interim Project Report 97-R-02, February 1998, p. 2. This report noted that between 1980 and 1992, the Legislature provided \$6.8 million in funding to CDCs to provide economic development loans in their community.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Generally, provisions in the Florida Statutes or Florida Law “forbids, authorizes, or requires” something of the state, its agencies, or persons in the state. This PCS does none of these things.

Resolutions are typically used to express recognitions by the Senate or House of Representatives.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
