By Senator Ring

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A bill to be entitled

An act relating to the tax refund program for qualified target industry businesses; amending s. 288.106, F.S.; defining and revising terms; revising eligibility of qualified target industry businesses for tax refunds; authorizing tax refunds for certain businesses that make capital investments in a project; revising application requirements and qualifications for review of applications by the Office of Tourism, Trade, and Economic Development; reenacting ss. 159.803(11), 212.098(1)(a), and 220.1896(1)(a), F.S., relating to definitions with respect to eligible projects for private activity bonds in the Florida First Business allocation pool and eligible businesses for the Rural Job Tax Credit Program and Jobs for the Unemployed Tax Credit Program, to incorporate changes made by the act in references thereto; amending s. 220.191, F.S.; conforming a cross-reference; reenacting ss. 288.107(1)(e) and (h), 288.1089(4)(c), and 380.0657(1) and (5), F.S., relating to definitions with respect to eligible businesses and projects for brownfield redevelopment bonus refunds, qualifications for review of applications for the Innovation Incentive Program, and economic development projects eligible for an expedited permitting process, to incorporate changes made by the act in references thereto; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

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Section 1. Subsection (2), paragraph (b) of subsection (3), and paragraphs (a) and (b) of subsection (4) of section 288.106, Florida Statutes, are amended to read:

288.106 Tax refund program for qualified target industry businesses.—

- (2) DEFINITIONS.—As used in this section, the term:
- (a) "Account" means the Economic Development Incentives
  Account within the Economic Development Trust Fund established
  under s. 288.095.
- (b) "Authorized local economic development agency" means a public or private entity, including an entity defined in s. 288.075, authorized by a county or municipality to promote the general business or industrial interests of that county or municipality.
- (c) "Average private sector wage in the area" means the statewide private sector average wage or the average of all private sector wages and salaries in the county or in the standard metropolitan area in which the business is located.
- (d) "Business" means an employing unit, as defined in s. 443.036, that is registered for unemployment compensation purposes with the state agency providing unemployment tax collection services under contract with the Agency for Workforce Innovation through an interagency agreement pursuant to s. 443.1316, or a subcategory or division of an employing unit that is accepted by the state agency providing unemployment tax collection services as a reporting unit.
- (e) "Capital investment" includes real or personal property.

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(f) (e) "Corporate headquarters business" means an international, national, or regional headquarters office of a multinational or multistate business enterprise or national trade association, whether separate from or connected with other facilities used by such business.

- $\underline{(g)}$  "Director" means the Director of the Office of Tourism, Trade, and Economic Development.
- $\underline{\text{(h)}}_{\text{(g)}}$  "Enterprise zone" means an area designated as an enterprise zone pursuant to s. 290.0065.
- (i) (h) "Expansion of an existing business" means the expansion of an existing Florida business by or through additions to real and personal property, resulting in a net increase in employment of not less than 10 percent at such business or a net increase of capital investment in the business of not less than 10 percent.
  - (j) (i) "Fiscal year" means the fiscal year of the state.
- (k) (j) "Jobs" means full-time equivalent positions, including, but not limited to, positions obtained from a temporary employment agency or employee leasing company or through a union agreement or coemployment under a professional employer organization agreement, that result directly from a project in this state. The term does not include temporary construction jobs involved with the construction of facilities for the project or any jobs previously included in any application for tax refunds under s. 288.1045 or this section.
- (1) (k) "Local financial support" means funding from local sources, public or private, that is paid to the Economic Development Trust Fund and that is equal to 20 percent of the annual tax refund for a qualified target industry business. A

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qualified target industry business may not provide, directly or indirectly, more than 5 percent of such funding in any fiscal year. The sources of such funding may not include, directly or indirectly, state funds appropriated from the General Revenue Fund or any state trust fund, excluding tax revenues shared with local governments pursuant to law.

- (m) (1) "Local financial support exemption option" means the option to exercise an exemption from the local financial support requirement available to any applicant whose project is located in a brownfield area, a rural city, or a rural community. Any applicant that exercises this option is not eligible for more than 80 percent of the total tax refunds allowed such applicant under this section.
- (n) "NAICS code" means the corresponding industry code of the North American Industry Classification System published by the United States Office of Management and Budget, Executive Office of the President.
- (o) (m) "New business" means a business that applies for a tax refund under this section before beginning operations in this state and that is a legal entity separate from any other commercial or industrial operations owned by the same business.
- $\underline{\text{(p)}}$  "Office" means the Office of Tourism, Trade, and Economic Development.
- $\underline{(q)}$  "Project" means the creation of a new business or expansion of an existing business.
- $\underline{\text{(r)}}$  "Qualified target industry business" means a target industry business approved by the office to be eligible for tax refunds under this section.
  - (s) (q) "Return on investment" means the gain in state

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revenues as a percentage of the state's investment. The state's investment includes state grants, tax exemptions, tax refunds, tax credits, and other state incentives.

(t) (r) "Rural city" means a city having a population of 10,000 or fewer, or a city having a population of greater than 10,000 but fewer than 20,000 that has been determined by the office to have economic characteristics such as, but not limited to, a significant percentage of residents on public assistance, a significant percentage of residents with income below the poverty level, or a significant percentage of the city's employment base in agriculture-related industries.

## (u) (s) "Rural community" means:

- 1. A county having a population of 75,000 or fewer.
- 2. A county having a population of 125,000 or fewer that is contiguous to a county having a population of 75,000 or fewer.
- 3. A municipality within a county described in subparagraph 1. or subparagraph 2.

For purposes of this paragraph, population shall be determined in accordance with the most recent official estimate pursuant to s. 186.901.

- (v) (t) "Target industry business" means a corporate headquarters business or any business that is engaged in one of the target industries identified pursuant to the following criteria developed by the office in consultation with Enterprise Florida, Inc.:
- 1. Future growth.—Industry forecasts should indicate strong expectation for future growth in both employment and output, according to the most recent available data. Special

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consideration should be given to businesses that export goods to, or provide services in, international markets, and businesses that replace domestic and international imports of goods or services, and businesses within NAICS code 31, 32, or 33.

- 2. Stability.—The industry should not be subject to periodic layoffs, whether due to seasonality or sensitivity to volatile economic variables such as weather. The industry should also be relatively resistant to recession, so that the demand for products of this industry is not typically subject to decline during an economic downturn.
- 3. High wage.—The industry should pay relatively high wages compared to statewide or area averages.
- 4. Market and resource independent.—The location of industry businesses should not be dependent on Florida markets or resources as indicated by industry analysis, except for businesses in the renewable energy industry.
- 5. Industrial base diversification and strengthening.—The industry should contribute toward expanding or diversifying the state's or area's economic base, as indicated by analysis of employment and output shares compared to national and regional trends. Special consideration should be given to industries that strengthen regional economies by adding value to basic products or building regional industrial clusters as indicated by industry analysis. Special consideration should also be given to the development of strong industrial clusters that include defense and homeland security businesses.
- 6. Economic benefits.—The industry is expected to have strong positive impacts on or benefits to the state or regional

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The term does not include any business engaged in retail industry activities; any electrical utility company; any phosphate or other solid minerals severance, mining, or processing operation; any oil or gas exploration or production operation; or any business subject to regulation by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation. Any business within NAICS code 5611 or 5614, office administrative services and business support services, respectively, may be considered a target industry business only after the local governing body and Enterprise Florida, Inc., make a determination that the community where the business may locate has conditions affecting the fiscal and economic viability of the local community or area, including but not limited to, factors such as low per capita income, high unemployment, high underemployment, and a lack of year-round stable employment opportunities, and such conditions may be improved by the location of such a business to the community. By January 1 of every 3rd year, beginning January 1, 2011, the office, in consultation with Enterprise Florida, Inc., economic development organizations, the State University System, local governments, employee and employer organizations, market analysts, and economists, shall review and, as appropriate, revise the list of such target industries and submit the list to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

 $\underline{\text{(w)}}$  "Taxable year" means taxable year as defined in s. 220.03(1)(y).

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(3) TAX REFUND; ELIGIBLE AMOUNTS.-

- (b)1. Upon approval by the office, a qualified target industry business shall be allowed tax refund payments equal to \$3,000 multiplied by the number of jobs specified in the tax refund agreement under subparagraph (5)(a)1., or equal to \$6,000 multiplied by the number of jobs if the project is located in a rural community or an enterprise zone.
- 2. A qualified target industry business shall be allowed additional tax refund payments equal to \$1,000 multiplied by the number of jobs specified in the tax refund agreement under subparagraph (5)(a)1. if such jobs pay an annual average wage of at least 150 percent of the average private sector wage in the area, or equal to \$2,000 multiplied by the number of jobs if such jobs pay an annual average wage of at least 200 percent of the average private sector wage in the area.
- 3. A qualified target industry business shall be allowed tax refund payments in addition to the other payments authorized in this paragraph equal to \$1,000 multiplied by the number of jobs specified in the tax refund agreement under subparagraph (5)(a)1. if the local financial support is equal to that of the state's incentive award under subparagraph 1.
- 4. A qualified target industry business within NAICS code 31, 32, or 33 shall be allowed tax refund payments equal to \$3,000 for every \$30,000 of capital investment made in a project, not to exceed an aggregate total of \$500,000 of such payments for the project under this subparagraph.
- $\underline{5.4.}$  In addition to the other tax refund payments authorized in this paragraph, a qualified target industry business shall be allowed a tax refund payment equal to \$2,000

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multiplied by the number of jobs specified in the tax refund agreement under subparagraph (5)(a)1. if the business:

- a. Falls within one of the high-impact sectors designated under s. 288.108; or
- b. Increases exports of its goods through a seaport or airport in the state by at least 10 percent in value or tonnage in each of the years that the business receives a tax refund under this section. For purposes of this sub-subparagraph, seaports in the state are limited to the ports of Jacksonville, Tampa, Port Everglades, Miami, Port Canaveral, Ft. Pierce, Palm Beach, Port Manatee, Port St. Joe, Panama City, St. Petersburg, Pensacola, Fernandina, and Key West.
  - (4) APPLICATION AND APPROVAL PROCESS.-
- (a) To apply for certification as a qualified target industry business under this section, the business must file an application with the office before the business decides to locate in this state or before the business decides to expand its existing operations in this state. The application must include, but need not be limited to, the following information:
- 1. The applicant's federal employer identification number and, if applicable, state sales tax registration number.
- 2. The proposed permanent location of the applicant's facility in this state at which the project is to be located.
- 3. A description of the type of business activity or product covered by the project, including a minimum of a five-digit NAICS code for all activities included in the project. As used in this paragraph, "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget,

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## Executive Office of the President, and updated periodically.

- 4. The proposed number of net new full-time equivalent Florida jobs at the qualified target industry business as of December 31 of each year included in the project and the average wage of those jobs. If more than one type of business activity or product is included in the project, the number of jobs and average wage for those jobs must be separately stated for each type of business activity or product.
- 5. The total number of full-time equivalent employees employed by the applicant in this state, if applicable.
- 6. The proposed amount of capital investment to be made each year until the project's completion.
  - 7.6. The anticipated commencement date of the project.
- 8.7. A brief statement explaining the role that the estimated tax refunds to be requested will play in the decision of the applicant to locate or expand in this state.
- 9.8. An estimate of the proportion of the sales resulting from the project that will be made outside this state.
- 10.9. An estimate of the proportion of the cost of the machinery and equipment, and any other resources necessary in the development of its product or service, to be used by the business in its Florida operations which will be purchased outside this state.
- 11.10. A resolution adopted by the governing board of the county or municipality in which the project will be located, which resolution recommends that the project be approved as a qualified target industry business and specifies that the commitments of local financial support necessary for the target industry business exist. Before the passage of such resolution,

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the office may also accept an official letter from an authorized local economic development agency that endorses the proposed target industry project and pledges that sources of local financial support for such project exist. For the purposes of making pledges of local financial support under this subparagraph, the authorized local economic development agency shall be officially designated by the passage of a one-time resolution by the local governing board.

- 12.11. Any additional information requested by the office.
- (b) To qualify for review by the office, the application of a target industry business must propose a capital investment in the project of at least \$500,000 or, at a minimum, establish the following to the satisfaction of the office:
- 1.a. The jobs proposed to be created under the application, pursuant to subparagraph (a)4., must pay an estimated annual average wage equaling at least 115 percent of the average private sector wage in the area where the business is to be located or the statewide private sector average wage. The governing board of the county where the qualified target industry business is to be located shall notify the office and Enterprise Florida, Inc., which calculation of the average private sector wage in the area must be used as the basis for the business's wage commitment. In determining the average annual wage, the office shall include only new proposed jobs, and wages for existing jobs shall be excluded from this calculation.
- b. The office may waive the average wage requirement at the request of the local governing body recommending the project and Enterprise Florida, Inc. The office may waive the wage

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requirement for a project located in a brownfield area designated under s. 376.80, in a rural city, in a rural community, in an enterprise zone, or for a manufacturing project at any location in the state if the jobs proposed to be created pay an estimated annual average wage equaling at least 100 percent of the average private sector wage in the area where the business is to be located, only if the merits of the individual project or the specific circumstances in the community in relationship to the project warrant such action. If the local governing body and Enterprise Florida, Inc., make such a recommendation, it must be transmitted in writing, and the specific justification for the waiver recommendation must be explained. If the office elects to waive the wage requirement, the waiver must be stated in writing, and the reasons for granting the waiver must be explained.

2. The target industry business's project must result in the creation of at least 10 jobs at the project and, in the case of an expansion of an existing business, must result in a net increase in employment of at least 10 percent at the business. At the request of the local governing body recommending the project and Enterprise Florida, Inc., the office may waive this requirement for a business in a rural community or enterprise zone if the merits of the individual project or the specific circumstances in the community in relationship to the project warrant such action. If the local governing body and Enterprise Florida, Inc., make such a request, the request must be transmitted in writing, and the specific justification for the request must be explained. If the office elects to grant the request, the grant must be stated in writing, and the reason for

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granting the request must be explained.

3. The business activity or product for the applicant's project must be within an industry identified by the office as a target industry business that contributes to the economic growth of the state and the area in which the business is located, that produces a higher standard of living for residents of this state in the new global economy, or that can be shown to make an equivalent contribution to the area's and state's economic progress.

Section 2. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in a reference thereto, subsection (11) of section 159.803, Florida Statutes, is reenacted to read:

159.803 Definitions.—As used in this part, the term:

(11) "Florida First Business project" means any project which is certified by the Office of Tourism, Trade, and Economic Development as eligible to receive an allocation from the Florida First Business allocation pool established pursuant to s. 159.8083. The Office of Tourism, Trade, and Economic Development may certify those projects meeting the criteria set forth in s. 288.106(4)(b) or any project providing a substantial economic benefit to this state.

Section 3. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in a reference thereto, paragraph (a) of subsection (1) of section 212.098, Florida Statutes, is reenacted to read:

212.098 Rural Job Tax Credit Program.-

- (1) As used in this section, the term:
- (a) "Eliqible business" means any sole proprietorship,

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firm, partnership, or corporation that is located in a qualified county and is predominantly engaged in, or is headquarters for a business predominantly engaged in, activities usually provided for consideration by firms classified within the following standard industrial classifications: SIC 01-SIC 09 (agriculture, forestry, and fishing); SIC 20-SIC 39 (manufacturing); SIC 422 (public warehousing and storage); SIC 70 (hotels and other lodging places); SIC 7391 (research and development); SIC 781 (motion picture production and allied services); SIC 7992 (public golf courses); SIC 7996 (amusement parks); and a targeted industry eligible for the qualified target industry business tax refund under s. 288.106. A call center or similar customer service operation that services a multistate market or an international market is also an eligible business. In addition, the Office of Tourism, Trade, and Economic Development may, as part of its final budget request submitted pursuant to s. 216.023, recommend additions to or deletions from the list of standard industrial classifications used to determine an eligible business, and the Legislature may implement such recommendations. Excluded from eligible receipts are receipts from retail sales, except such receipts for hotels and other lodging places classified in SIC 70, public golf courses in SIC 7992, and amusement parks in SIC 7996. For purposes of this paragraph, the term "predominantly" means that more than 50 percent of the business's gross receipts from all sources is generated by those activities usually provided for consideration by firms in the specified standard industrial classification. The determination of whether the business is located in a qualified county and the tier ranking of that county must be

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based on the date of application for the credit under this section. Commonly owned and controlled entities are to be considered a single business entity.

Section 4. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in a reference thereto, paragraph (a) of subsection (1) of section 220.1896, Florida Statutes, is reenacted to read:

220.1896 Jobs for the Unemployed Tax Credit Program.-

- (1) As used in this section, the term:
- (a) "Eligible business" means any target industry business as defined in s. 288.106(2) which is subject to the tax imposed by this chapter. The eligible business does not have to be certified to receive the Qualified Target Industry Tax Refund Incentive under s. 288.106 in order to receive the tax credit available under this section.

Section 5. Paragraph (h) of subsection (1) of section 220.191, Florida Statutes, is amended to read:

220.191 Capital investment tax credit.-

- (1) DEFINITIONS.—For purposes of this section:
- (h) "Qualifying project" means:
- 1. A new or expanding facility in this state which creates at least 100 new jobs in this state and is in one of the high-impact sectors identified by Enterprise Florida, Inc., and certified by the office pursuant to s. 288.108(6), including, but not limited to, aviation, aerospace, automotive, and silicon technology industries;
- 2. A new or expanded facility in this state which is engaged in a target industry designated pursuant to the procedure specified in s. 288.106(2) (v) (t) and which is induced

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by this credit to create or retain at least 1,000 jobs in this state, provided that at least 100 of those jobs are new, pay an annual average wage of at least 130 percent of the average private sector wage in the area as defined in s. 288.106(2), and make a cumulative capital investment of at least \$100 million after July 1, 2005. Jobs may be considered retained only if there is significant evidence that the loss of jobs is imminent. Notwithstanding subsection (2), annual credits against the tax imposed by this chapter shall not exceed 50 percent of the increased annual corporate income tax liability or the premium tax liability generated by or arising out of a project qualifying under this subparagraph. A facility that qualifies under this subparagraph for an annual credit against the tax imposed by this chapter may take the tax credit for a period not to exceed 5 years; or

3. A new or expanded headquarters facility in this state which locates in an enterprise zone and brownfield area and is induced by this credit to create at least 1,500 jobs which on average pay at least 200 percent of the statewide average annual private sector wage, as published by the Agency for Workforce Innovation or its successor, and which new or expanded headquarters facility makes a cumulative capital investment in this state of at least \$250 million.

Section 6. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in references thereto, paragraphs (e) and (h) of subsection (1) of section 288.107, Florida Statutes, are reenacted to read:

288.107 Brownfield redevelopment bonus refunds.-

(1) DEFINITIONS.—As used in this section:

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(e) "Eligible business" means:

- 1. A qualified target industry business as defined in s. 288.106(2); or
- 2. A business that can demonstrate a fixed capital investment of at least \$2 million in mixed-use business activities, including multiunit housing, commercial, retail, and industrial in brownfield areas, or at least \$500,000 in brownfield areas that do not require site cleanup, and that provides benefits to its employees.
- (h) "Project" means the creation of a new business or the expansion of an existing business as defined in s. 288.106.

Section 7. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in a reference thereto, paragraph (c) of subsection (4) of section 288.1089, Florida Statutes, is reenacted to read:

288.1089 Innovation Incentive Program. -

- (4) To qualify for review by the office, the applicant must, at a minimum, establish the following to the satisfaction of Enterprise Florida, Inc., and the office:
- (c) An innovation business project in this state, other than a research and development project, must:
- 1.a. Result in the creation of at least 1,000 direct, new jobs at the business; or
- b. Result in the creation of at least 500 direct, new jobs if the project is located in a rural area, a brownfield area, or an enterprise zone.
- 2. Have an activity or product that is within an industry that is designated as a target industry business under s. 288.106 or a designated sector under s. 288.108.

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3.a. Have a cumulative investment of at least \$500 million within a 5-year period; or

- b. Have a cumulative investment that exceeds \$250 million within a 10-year period if the project is located in a rural area, brownfield area, or an enterprise zone.
- 4. Be provided with a one-to-one match from the local community. The match requirement may be reduced or waived in rural areas of critical economic concern or reduced in rural areas, brownfield areas, and enterprise zones.

Section 8. For the purpose of incorporating the amendment made by this act to section 288.106, Florida Statutes, in references thereto, subsections (1) and (5) of section 380.0657, Florida Statutes, are reenacted to read:

380.0657 Expedited permitting process for economic development projects.—

- (1) The Department of Environmental Protection and, as appropriate, the water management districts created under chapter 373 shall adopt programs to expedite the processing of wetland resource and environmental resource permits for economic development projects that have been identified by a municipality or county as meeting the definition of target industry businesses under s. 288.106, with the exception of those projects requiring approval by the Board of Trustees of the Internal Improvement Trust Fund.
- (5) Notwithstanding the provisions of this section, permit applications for projects to be located in a charter county that has a population of 1.2 million or more and has entered into a delegation agreement with the Department of Environmental Protection or the applicable water management district to

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process environmental resource permits, wetland resource management permits, or surface water management permits pursuant to chapter 373 are eligible for expedited permitting under this section only upon designation by resolution of the charter county's governing board. Before the governing board decides that a project is eligible for expedited permitting, it may require the county's economic development agency, or such other agency that provides advice to the governing board on economic matters, to review and recommend whether the project meets the definition of a target industry business as defined in s. 288.106 and to identify the tangible benefits and impacts of the project. The governing board's decision shall be made without consideration of the project's geographic location within the charter county. If the governing board designates the project as a target industry business, the permit application for the project shall be approved or denied within the timeframe provided in subsection (4).

Section 9. This act shall take effect July 1, 2011.