

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 Committee on Agriculture

BILL: SB 752

INTRODUCER: Senator Hukill

SUBJECT: Capital Investment Tax Credits

DATE: March 4, 2013

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Halley	AG	Favorable
2.			CM	
3.			AFT	
4.			AP	
5.				
6.				

I. Summary:

SB 752 defines high-impact sectors for purposes of high-impact performance grants and the capital investment tax credit to include indoor agricultural enterprises that use alternative technologies.

This bill substantially amends sections 220.191 and 288.108 of the Florida Statutes.

II. Present Situation:

Section 288.108, F.S., provides grants to businesses in high-impact sectors. The program was established in 1997 to encourage high-impact technology facilities to locate in Florida.¹ Businesses must apply and be certified as a “qualified high-impact business” by the Department of Economic Opportunity (DEO) to receive a grant.² Grant amounts range from \$500 thousand to \$12 million, depending on the size of the investment and the number of jobs created. The silicon technology sector is specifically designated in statute as a high-impact sector.³

Section 220.191, F.S., establishes the capital investment tax credit, which provides for a credit against corporate income tax and insurance premium tax for certain companies that make capital investments of specified amounts in Florida. Companies must be approved by DEO to claim the credit. Qualified companies include those that have projects within one of the high-impact

¹ Chapter 97-278, L.O.F.

² Section 288.108, F.S.

³ Section 288.108(6)(i), F.S.

sectors identified under s. 288.108, F.S. The law specifies that qualifying projects include, but are not limited to, the aviation, aerospace, automotive, and silicon technology industries.⁴

Enterprise Florida, Inc. (EFI), is required to review and submit a list of high-impact sectors to DEO for approval every three years.⁵ The process requires EFI to consult with DEO, economic development organizations, the State University System, local governments, and others to either select new sectors or recommend deactivation of current sectors. To designate a new sector, s. 288.108(6), F.S., sets forth specific requirements for EFI to conduct an in-depth study of the sector and to develop a network of sector businesses to consult with on the study for the new designation. Further, the study, including any findings and recommendations, must be discussed by a meeting of leaders in business, government, education, workforce development, and economic development called by the Governor. Upon review of the study and outcome of the Governor's meeting, EFI may recommend the new sector to DEO for approval if it finds that the sector will have large and widespread benefits to the state and its citizens, relative to any public costs; that the sector is characterized by facilities that require large investments and provide many employment opportunities to workers in high-quality, high-income jobs; and that given the competition for such businesses it may be necessary for the state to be able to offer a large inducement to attract such businesses to the state or to encourage businesses to grow in the state. The current high-impact sectors are clean energy, biomedical technology, financial services, information technology, silicon technology, transportation equipment manufacturing (aviation, aerospace, and automotive), and corporate headquarters facilities.⁶ The sectors will be up for review in 2014.

Indoor agriculture enterprises grow agricultural products inside buildings, such as warehouses, using new environmental-friendly technology like hydroponics and LED lighting.⁷ Indoor farming maximizes land use, requires less chemicals and pesticides, can operate year-round, and is self-sustaining, in part because it reuses water resources. While most hydroponic growers throughout the United States are family or small business operations, there are several large hydroponic facilities that cover as many as 60 acres or more.⁸

III. Effect of Proposed Changes:

Section 1 amends s. 220.191, F.S., to add indoor agricultural enterprises that use alternative energy technologies to a list of businesses specifically identified in the definition of “qualifying project” as used for capital investment tax credit purposes. It also makes grammatical changes.

Section 2 amends s. 288.108, F.S., to state that Enterprise Florida, Inc., finds the indoor farming technology sector to be a high-impact sector, in addition to the silicon technology sector. It also makes grammatical changes.

⁴ Section 220.191(g), F.S.

⁵ Section 288.108(6), F.S.

⁶ EFI, *2012 Annual Incentives Report*, pp. 10-11, available at http://www.floridajobs.org/about%20aw/open_government/2012_IncentivesReport.pdf (last visited 2/26/2013).

⁷ See Elsever, Jennifer, *Urban Farming 2.0: No Soil, No Sun*, December 23, 2010, CNN Money.com, available at http://money.cnn.com/2010/12/23/technology/urban_farming_high_tech/index.htm (last visited 2/26/2013).

⁸ See GREEN CENTER ACRES Hydroponics at <http://greencenteracres.com/id31.html> (last visited 2/27/2013).

Section 3 provides that this act shall take effect July 1, 2013.

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:

This bill will make an indoor agricultural enterprise that uses alternative energy technology a high-impact sector business that is eligible for high-impact sector performance grants and the capital investment tax credit. The Revenue Estimating Conference has not considered this bill yet, and accordingly, the fiscal impact due to this bill is not known at this time.

B. Private Sector Impact:

Businesses that engage in indoor agricultural food production that use alternative energy technologies will benefit in an unknown amount to the extent that business can receive a high-impact business performance grant or offset its income tax liability by utilizing available investment tax credits. The private sector would also benefit to the extent capital investments were made and additional jobs were created.

C. Government Sector Impact:

The state government will suffer a reduction in income tax revenue to the extent an eligible business can offset its income tax liability by utilizing available investment tax credits

VI. Technical Deficiencies:

None.

VII. Related Issues:

The qualified target industry tax refund program and the Innovation Incentive Program use the high-impact sector designations in s. 288.106, F.S., as a requirement for qualification. By redefining high-impact sectors to include indoor agricultural enterprises that use alternative

energy technology, these companies may also qualify for the qualified target industry tax refund program and the Innovation Incentive Program.

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.
