

Committee on Commerce and Tourism

CS/SB 406 — Economic Development

by Appropriations Committee; and Senators Gardiner and Benacquisto

Oversight of Economic Development Incentives

The bill creates a rotating, 3-year review schedule for state incentives and economic development programs to be evaluated by the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA). The bill directs that all applicants for an incentive be evaluated for “economic benefits” in the same manner, and streamlines the reports and reporting dates that must be submitted by agencies administering economic development programs. An applicant filing an economic incentives application or providing other information to the Department of Economic Opportunity (DEO) for contract compliance is required to attest that the information provided is true. Effective October 1, 2013, DEO is directed to publish on its website project-specific information about economic development incentives provided to businesses.

Brownfields

The bill limits where a project can be located in order to receive a sales tax refund for building materials and the brownfield redevelopment bonus refunds for jobs created. The project must be located on a site that has entered into a site rehabilitation agreement with the Department of Environmental Protection (DEP) (or a local government delegated by DEP) or on a parcel of property that abuts the site.

Cigarette Tax Distribution

The bill delays the sunset date of the 1 percent cigarette tax distribution to the Sanford-Burnham Medical Research Institute from June 30, 2021, to June 30, 2033. This provision is effective July 1, 2013.

Exemption for Natural Gas Used in Fuel Cells

Effective July 1, 2013, natural gas used to generate electricity in a non-combustion fuel cell is exempt from sales tax.

Rotary Wing Aircraft Sales Tax Exemption

The bill reduces the maximum takeoff weight threshold for rotary wing aircraft to qualify for an exemption from sales and use tax on the parts and labor used in repair and maintenance.

Spring Training Franchise Retention

The bill creates a new certification process to allow local governments to receive a monthly sales tax distribution after July 1, 2016, for the public purpose of constructing or renovating a Major

League Baseball spring training facility. Applicants must apply to DEO and meet certain requirements, such as having committed to provide a 50 percent minimum match to state funds and having an agreement with a spring training franchise to use the facility. An applicant may qualify for a monthly distribution of \$55,555 for a facility used by a single spring training franchise, or \$111,110 monthly for a facility used by more than one spring training franchise. Distributions cannot begin until the current agreement with a spring training franchise expires. The new process limits total payments to a local government certified by DEO to no more than \$20 million, or \$50 million if the local government hosts more than one spring training franchise. The bill provides for reporting requirements and decertification under certain circumstances. These provisions are effective July 1, 2013.

Qualified Target Industry and Qualified Defense and Space Contractor Tax Refunds

The bill removes the individual company lifetime limit for both the Qualified Target Industry and Qualified Defense and Space Contractor tax refund programs. These provisions are effective July 1, 2013.

Enterprise Zone Tax Credit

The bill provides that the cap on the enterprise zone tax credit for property taxes paid is applied at each eligible location rather than at the business entity level.

Sales Tax Holiday

The bill creates a 3-day sales tax holiday beginning August 2, 2013, exempting certain clothing and shoes valued at \$75 or less, school supplies valued at \$15 or less, and personal computers for non-commercial use valued at \$750 or less. The bill provides an appropriation of \$235,695 in nonrecurring funds to the Department of Revenue to administer the holiday.

New Markets Development Program

The bill increases the cumulative amount of tax credits that can be awarded by \$15 million, to \$178.8 million for the program. The bill also increases the amount of tax credits that can be claimed in a single state fiscal year by \$3 million, to \$36.6 million each year. These provisions are effective July 1, 2013.

If approved by the Governor, except as otherwise expressly provided in the act, these provisions take effect upon becoming law.

Vote: Senate 38-0; House 117-0