

## SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: March 5, 1998 Revised: \_\_\_\_\_

Subject: Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Branning</u>	<u>Voigt</u>	<u>NR</u>	<u>Favorable/CS</u>
2.	<u>                    </u>	<u>                    </u>	<u>CA</u>	<u>                    </u>
3.	<u>                    </u>	<u>                    </u>	<u>WM</u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

### I. Summary:

Creates the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund. Provides purposes and uses of the trust fund. Provides an effective date contingent upon the passage of another bill and requires a three-fifths vote of each house of the Legislature.

### II. Present Situation:

In 1997, the Legislature passed the Brownfields Redevelopment Act to provide incentives for the private sector to redevelop abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by real or perceived environmental contamination.

The stated intent of the act was that the reduction of public health and environmental hazards on existing commercial and industrial sites is vital to use and reuse and that there should be incentives to encourage voluntary cleanup. Further, minority and low-income communities are disproportionately impacted by targeted environmentally hazardous sites and that environmental justice considerations should be inherent in meaningful public participation elements of a brownfields program. Cooperation among federal, state, and local agencies, local redevelopment organization, current owners, and prospective purchasers of brownfield sites is required to accomplish timely cleanup activities and the redevelopment and reuse of brownfield sites.

A significant feature of the act was the emphasis on redevelopment and economic incentives to encourage the private sector to redevelop these often blighted urban properties. State and local governments were encouraged to offer redevelopment incentives which may include financial, regulatory, and technical assistance. In addition, the act provided for brownfield redevelopment bonus refunds. Any qualified target industry business could be eligible for a \$2,500 bonus refund

for each new Florida job created in a brownfield which is claimed on the qualified target business's annual refund claim authorized in s. 288.106(6), F.S., and which is approved by the director of the Office of Tourism, Trade, and Economic Development.

During the interim, meetings were held with representatives of local governments, developers, and other persons interested in redeveloping potential brownfield areas in an effort to determine what additional economic and financial incentives were needed to encourage the use of the Brownfields Redevelopment Act and remove impediments to its use. A major impediment to the redevelopment of these areas is the fact that many of these properties have outstanding liens and tax certificates or are properties abandoned because of bankruptcies. In an effort to level the playing field, there had to be a way of clearing these liens at a cost that would make redevelopment viable. Currently, it is cheaper and more desirable to develop greenspace than to redevelop abandoned urban brownfield areas. As a result, the suggestion has been made that a revolving loan fund to provide low-interest loans to purchase the liabilities presented by these liens at a discounted cost could provide the needed incentive to make these properties productive and place these urban properties back on the tax rolls of the local governments.

### **III. Effect of Proposed Changes:**

This bill creates the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund to be administered by the Governor's Office of Tourism, Trade, and Economic Development. The purpose of the trust fund is to provide low-interest loans for the purchase of outstanding, unresolved contractor liens, tax certificates, or other liens or claims on brownfield sites designated by a local government under s. 376.80, F.S. The loans may be used for a negotiated settlement of legally recognized liens or claims at a value less than their face value taking into account the overall feasibility of redevelopment of the brownfield area.

The trust fund may be used for the deposit of all moneys appropriated by the Legislature to fund this revolving loan program. All moneys in the fund that are not needed on an immediate basis for loans must be invested under s.215.49, F.S. The principal and interest of all loans repaid and investment earnings must be deposited into the fund.

The Governor's Office of Tourism, Trade, and Economic Development may make loans to local governments, community redevelopment agencies created under s. 163.356, F.S., or s. 163.357, F.S., or persons or nonprofit corporations responsible for brownfield site rehabilitation designated under s. 376.80, F.S. The terms of loans may not exceed 5 years. The interest rate on loans may be no greater than that paid on the last bonds sold under Section 14, Article VII of the State Constitution. A loan to any brownfield area may not be more than 25 percent of the total funds available for making loans during that fiscal year.

The Office of Tourism, Trade, and Economic Development is authorized to adopt rules to implement this program.

This bill takes effect on the effective date of SB 1202, which is July 1, 1998, but it shall not be effective unless it is enacted by a three-fifths vote of the membership of each house of the Legislature and unless SB 1202 becomes a law.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

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:

This bill establishes the trust fund from which loans to local governments, community redevelopment agencies, or persons or nonprofit corporations responsible for brownfield site rehabilitation may be made. These loans could facilitate the redevelopment of brownfield areas by purchasing the liens and claims that are currently impediments to the redevelopment efforts.

C. Government Sector Impact:

This trust fund would fund the activities of the Brownfield Property Ownership Clearance Assistance Program as provided for in SB 1202. As required by s. 19(f), Art, III, of the State Constitution, trust funds must be created by a separate bill and must pass by a three-fifths vote of each house of the Legislature. Currently, there is no appropriation for this trust fund.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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

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