

STORAGE NAME: h4441.ft

DATE: April 13, 1998

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FINANCE AND TAXATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 4441

RELATING TO: Brownfields Redevelopment

SPONSOR(S): Representative Constantine

COMPANION BILL(S): SB 1204 by Senator Latvala

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) ENVIRONMENTAL PROTECTION YEAS 9 NAYS 0
 - (2) FINANCE AND TAXATION
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

Creates the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund (Trust Fund). The trust fund will be administered by the Office of Tourism, Trade, and Economic Development (OTTED). The office will be authorized to make loans for the purchase of certain liens and claims on brownfield sites designated for redevelopment. Terms of the loans are not to exceed 5 years and the interest rate will be no greater than that paid on the last bonds sold under s. 14, Art. VII of the State Constitution. The OTTED is given the authority to adopt necessary rules.

This bill provides the act will take effect contingent upon passage of a bill relating to brownfields redevelopment (HB 4435).

II. SUBSTANTIVE RESEARCH:

A. 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 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.

B. EFFECT OF PROPOSED CHANGES:

This bill creates the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund to be administered by the OTTED. 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 OTTED 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 for pollution control and abatement under Section 14, Article

VII of the State Constitution. A loan to any single brownfield area may not exceed 25 percent of the total funds available for making loans during that fiscal year.

The OTTED is authorized to adopt rules to implement this program.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The OTTED is given the authority to adopt the necessary rules for the implementation of this trust fund.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The OTTED is given the responsibility of administering the trust fund.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

None.

E. SECTION-BY-SECTION RESEARCH:

Section 1: Creates the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund.

Section 2: Provides that the act will take effect contingent upon passage of a bill relating to brownfields redevelopment.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

See section III D. Fiscal Comments.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

These loans could facilitate the redevelopment of brownfield areas.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

This trust fund would fund the activities of the Brownfield Property Ownership Clearance Assistance Program provided in HB 4435. Provisions of HB 4435 provide a transfer from the General Revenue Fund of up to \$5 million annually to the trust fund.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities and counties have to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties and municipalities.

V. COMMENTS:

This bill requires a three-fifths vote of the membership of each house to become law. It also requires the passage of a bill relating to brownfields redevelopment.

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 6, 1998, the Committee on Environmental Protection heard HB 4441. The bill was adopted unanimously with one amendment. The amendment was a technical amendment that inserted the effective date of HB 4435 as the effective date of this bill.

VII. SIGNATURES:

COMMITTEE ON ENVIRONMENTAL PROTECTION:

Prepared by:

Legislative Research Director:

Chris Flack

Wayne Kiger

AS REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

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