

# 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.)

BILL: CS/SB 1566

SPONSOR: Commerce and Economic Opportunities Committee and Senator Kirkpatrick

SUBJECT: Economic Development

DATE: April 7, 1999 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Joseph _____	Maclure _____	CM _____	Favorable/CS _____
2.	_____	_____	FP _____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

This committee substitute substantially reorganizes Enterprise Florida, Inc., (EFI). Specifically, through its major provisions, the committee substitute:

- Expands the employee lease program for Enterprise Florida, Inc. (EFI), to include certain employees from the Department of Labor and Employment Security and the Department of Children and Family Services. Reduces and revises the membership of the board of directors of EFI, including removing certain public officials.
- Clarifies EFI's mission with respect to rural and distressed urban communities. Specifies that EFI shall incorporate the needs of small and minority businesses into its core mission of recruitment, retention, and expansion.
- Rewrites the provisions related to private-sector contributions to EFI to emphasize return-on-investment for EFI activities. Specifies that public investment in EFI is the amount in the OTTED contract with EFI, minus grants/incentives and minus subcontracts. Requires EFI to hire a private accounting firm to develop the methodology for a customer satisfaction survey.
- Specifies that EFI's president serves at the pleasure of the board of directors, and specifies that the board must set compensation of president. Specifies that no EFI employee may be paid more than the governor, unless the excess pay is based on a performance-based contract with incentive payments.
- Clarifies that EFI programs should relate to business formation, expansion, recruitment, and retention, international development and export assistance, and workforce development. Eliminates requirement that EFI deposit certain funds in African American and Hispanic American qualified public depositories.
- Conforms the contents of EFI's annual report to clarify EFI's mission with respect to rural and urban areas.
- Clarifies the role of EFI's International Trade and Economic Development Board. Specifies that the board's role shall include advising and assisting local and regional economic development organizations.

- Clarifies the powers and authority of EFI's International Trade and Economic Development Board. Specifies authority to advise and assist local and regional economic development organizations on international trade, reverse investment, economic development recruitment, retention, expansion, and business creation.
- Conforms changes to statutes to reflect the dissolution of EFI's Technology Development Board and Capital Development Board. The changes include replacing references to these boards with references to Enterprise Florida, Inc. Transfers responsibility for the programs of these boards to Enterprise Florida, Inc.
- Repeals statutory authority for EFI's Nominating Council. Repeals statutory authority for EFI's Technology Development Board and EFI Capital Development Board.
- Provides for Enterprise Florida, Inc., to assume any contracts of EFI's capital and technology development boards. Provides for transfer of property of these boards to EFI.
- Directs the Division of Statutory Revision to redesignate certain parts of the Florida Statutes as "Technology Development" and "Capital Development."

Also contained in this committee substitute are changes to a large number of economic development related statutes. This committee substitute:

- Revises the powers and duties of the Office of Tourism, Trade, and Economic Development (OTTED). Authorizes OTTED to use the interest earnings from specified program funds to contract out for the administration of programs. Eliminates required report on status of OTTED contracts with public-private partnerships.
- Transfers authority to contract for an international volunteer corps from OTTED to the Department of State.
- Revises the Qualified Target Industry (QTI) Tax Refund Program, including among other changes, establishing a \$35 million cap on the state share of refunds for a fiscal year.
- Expands the definition of the term "transferee" for purposes of allocating unused premium tax credits under the Certified Capital Company Act (CAPCOs). The revised definition enables such credits to be utilized by a subsidiary of the certified investor or by an entity 10 percent or more of whose outstanding voting shares are owned by the certified investor. Specifies that the amount of tax credits vested under the Act shall not be considered in rate-making proceedings involving a certified investor.
- Specifies that all ports not controlled by local governments that have spoil disposal responsibilities must identify disposal sites in their comprehensive master plans, and must be integrated with local comprehensive plans through existing processes.
- Provides exception to prohibition against amending comprehensive plans more than twice per year. The exception is for port transportation facilities and projects that are eligible for funding under the Florida Seaport Transportation and Economic Development Program.
- Provides that certain ports and inland navigation districts shall not be required to pay fees for activities involving the use of state lands.
- Substantially revises existing statute governing the International Trade Data Resource and Research Center [a.k.a.: Florida Trade Data Center (FTDC)]. Establishes the FTDC as a private, nonprofit corporation and not a unit or entity of state government. Requires FTDC to make information available to OTTED, EFI, and state agencies pursuant to a policy by the board and provides authorization for certain activities by the center.
- Allows trade market and shipping information products as types of information products that may receive funding under the Florida Seaport Transportation and Economic Development

(FSTED) program. Specifies that port projects can include transportation facilities and other projects. Provides that funds may be used to finance trade corridor or system-wide freight mobility plans. Removes language limiting the amount of funds a single port may receive in one calendar year.

- Revises sections relating to the Florida Seaport Transportation and Economic Development (FSTED) Council. Provides criteria for measuring the economic benefit of a port project to include the maintenance of cargo flow, passenger movement, international commerce, port revenues, and the number of jobs at a port.
- Requires FSTED, rather than OTTED, to develop and implement the Seaport Training and Employment Program.
- Requires FSTED and the Office of the State Public Transportation Administrator in DOT to develop freight mobility and trade corridor plans to assist in making freight mobility investments which contribute to the economic growth of the state. Prescribes that the Department of Community Affairs shall be responsible for all necessary reviews and approvals with respect to intermodal transportation facilities.
- Provides specified port projects with an exemption from the Developments of Regional Impact (DRI) review.
- Provides that the Department of Environmental Protection (DEP) is exclusively responsible for permitting and enforcement of dredging, dredged material management and other related activities, port transportation facilities and intermodal transportation facilities for deep-water ports.
- Creates an “Americas Campaign.” Requires the Governor, by executive order, to designate three countries as development targets for the campaign. Appropriates unused portions of the Rental Car Surcharge to be deposited in the Florida International Trade and Promotion Trust Fund for use and distribution by the Americas Campaign planning council.

This committee substitute creates s.311.14, amends ss. 14.2015, 163.3178, 163.3187, 220.191, 253.77, 288.0251, 288.095, 288.106, 288.901, 288.9015, 288.90151, 288.903, 288.904, 288.905, 288.906, 288.9412, 288.9414, 288.9511, 288.9515, 288.95155, 288.9520, 288.9603, 288.9604, 288.9614, 288.9618, 288.99, 288.8155, 311.07, 311.09, 311.11, 380.06, and 380.24, and repeals ss. 288.902, 288.9512, 288.9513, 288.9514, 288.9516, 288.9611, 288.9612, 288.9613, and 288.9615

## **II. Present Situation:**

### **Economic/Trade Development Overview & Structure**

In 1992, the Legislature created Enterprise Florida, Inc., (EFI) to assist in the coordination of the state’s economic development efforts and to develop a strategic plan for economic development for Florida. In 1993, the Legislature created two additional Enterprise Florida Partnerships -- the Enterprise Florida Innovation Partnership and the Enterprise Florida Capital Partnership. The partnerships were established to foster the growth of high technology and value-added industries, assist in the commercialization of technological products, and foster access to capital for Florida firms. In 1994, the Legislature created the Enterprise Florida Jobs and Education Partnership to coordinate state training programs to promote the availability of a skilled work force. The Legislature created all of these entities as separate corporations with EFI serving as the “umbrella” organization.

Chapter 96-320, Laws of Florida, provided for the dissolution of the Florida Department of Commerce and the Florida International Affairs Commission effective December 31, 1996, and the assumption of comparable economic development and trade development activities by Enterprise Florida, Inc. (EFI). Section 288.9015, F.S., designates EFI as the principal economic development organization for the state, responsible for leading business development by establishing a unified approach to Florida's international trade and reverse investment efforts; marketing the state as a pro-business location for potential new investment; and assisting in the creation, retention, and expansion of existing businesses. Section 288.9015, F.S., also assigns EFI responsibility for promoting the development of small businesses, minority business, and rural communities and for establishing a comprehensive plan for workforce development. Chapter 96-320, L.O.F., created the Office of Tourism, Trade, and Economic Development (OTTED) to serve, among other duties, as administrator of the state's contract with EFI.

In addition to expanding Enterprise Florida's responsibilities, the 1996 economic development legislation also significantly revised the structure of EFI. The public-private partnership today is led by a board of directors and president (s. 288.903, F.S.) and includes within its not-for-profit corporate structure four program units: international trade and economic development (s. 288.9412, F.S.), technology development (288.9512, F.S.), capital development (s. 288.9611, F.S.), and workforce development (s. 288.9620, F.S.).

Under s. 288.905, F.S., EFI is required, in conjunction with OTTED, to submit to the Legislature by January 1, 1997, a strategic plan for economic development for the state. In February 1997, EFI submitted *A Strategic Plan for Florida's Economic Future*, which addresses the period January 1, 1997, through June 30, 2002. EFI is also required to report annually to the Legislature and Governor on its activities and accomplishments (s. 288.906, F.S.).

### **Enterprise Florida Matching Private Funds**

In providing for the dissolution of the Department of Commerce and the assumption of comparable economic development, international trade, and tourism responsibilities by public-private partnerships, the Legislature in 1996 imposed upon both Enterprise Florida, Inc. (EFI), and the Florida Commission on Tourism responsibilities for generating private support for their activities.

Section 114, ch. 96-320, L.O.F., provided that an increasing percentage of the general revenue funds that EFI received each fiscal year would be placed in reserve until EFI demonstrated that private matching funds equal to the amount put in reserve had been contributed during the same fiscal year. Specifically, for fiscal year 2000-2001, the amount placed in reserve would be 50 percent of the general revenue funds appropriated to OTTED for its contract with EFI. The 1996 legislation provided broad latitude on what types of contributions could be considered private matching funds for the purposes of EFI's match requirements. During the 1997 session, however, the Legislature revised EFI's matching private fund requirements by creating two distinct categories of such funds. The first category includes payments of cash made in response to a solicitation by EFI and used exclusively by EFI in its operations or programs. Excluded from that category are payments of cash made in connection with state or local incentive programs or received by EFI pursuant to a grant or contract. The second category of matching private funds includes a conveyance of property or distribution of property or anything of value, including in-

kind contributions and payments of cash not counted under the first category. Employee wages paid during training were eliminated as a form of matching funds. In addition to creating two categories of private matching funds, the Legislature specified that at least 55 percent of the matching private funds that EFI is required to raise in each fiscal year must be cash contributions under the first category. (See s. 288.90151, F.S.)

EFI and OTTED raised concerns -- prior to and since adoption of the 1997 amendments -- about EFI's ability to satisfy the revised private matching fund requirements. Some of the concerns voiced by EFI are that, particularly as its required percentage of private matching funds increases from its current level of 20 percent of general revenue funds appropriated to the fiscal year 2000-2001 level of 50 percent, EFI will have to compete with local economic development organizations for private contributions, may have to charge for services currently provided free of charge, and will have to redirect staff energies into fund-raising activities. In addition, EFI fears that, as a larger portion of its general revenue appropriation is placed in reserve each year, it will experience increased pressure to raise and collect all of the required matching private-sector contributions in the first half of the year in order to have the reserved funds released, or the organization will experience funding shortfalls in the remainder of the year.

### **OTTED -- Administration of Programs**

OTTED is authorized by s. 14.2015, F.S., to administer various programs, grants, and activities. In addition to the duties and responsibilities provided under that statute, OTTED has been assigned, through other statutory provisions, responsibility for administration of various other programs and activities. Some of the principal economic development programs administered by OTTED include: Qualified Target Industry (QTI) tax refund program, qualified defense contractors, high impact performance incentives, base realignment and closure grants, defense planning grants, defense implementation grants, military installation reuse planning/marketing grants, defense related business adjustment grants, urban high crime tax credit, rural area tax credit, WAGES pilot matching grants, silicon technology sales tax exemption, brownfield redevelopment, brownfield area guaranteed loan fund, and expedited permitting.

### **Incentives and Programs**

As part of its economic development efforts, Florida has in place a variety of programs that are designed to encourage the location of new businesses and support the expansion and retention of existing businesses in the state. Examples of such initiatives include:

- Quick-Response Training Program (s. 288.047, F.S.), under which specially tailored job training is provided on behalf of a new, expanding, or existing Florida business. The training is delivered through, and funds are allocated to, Florida's community colleges, school districts, area vocational-technical centers, state universities, and, under certain conditions, private post-secondary institutions. The instruction, which cannot exceed 18 months, must promote economic development by providing specialized entry-level skills to new workers or supplemental skills to current employees whose job descriptions are changing. Program funds may not be expended to subsidize the ongoing staff development program of any business or industry or to provide training related to retail businesses. The program is administered by EFI.

- Contracts for transportation projects (“Road Fund”) (s. 288.063, F.S.), under which funds are provided to local governments for the elimination of transportation problems that adversely impact a specific company’s location or expansion decision. Elimination of the transportation problem must serve as an inducement for the company’s decision to locate, remain, or expand in the community. Up to \$2 million may be provided to a local government to implement the improvements, depending upon the number of jobs that will be created or retained by the project. Grants are awarded by OTTED based on recommendations from EFI.
- Qualified Target Industry Tax Refund Program (s. 288.106, F.S.), under which new or expanding businesses in certain key industrial sectors or corporate headquarters may be eligible to be approved for tax refunds of up to \$5,000 per job created or up to \$7,500 per job created if the project is located in an enterprise zone. To be eligible, a new business must create at least 10 full-time jobs, and an expansion of an existing business must result in a 10 percent increase in employment. Approved applicants may receive refunds based on the payment of sales and use taxes, corporate income taxes, intangible personal property taxes, emergency excise taxes, excise taxes on documents, ad valorem taxes paid, and insurance premium taxes. Tax refunds are approved by OTTED, with initial application evaluation being conducted by EFI.
- Qualified Defense Contractor Program (s. 288.1045, F.S.), under which tax refunds of up to \$5,000 may be provided per job created or saved in Florida through the conversion of defense jobs to civilian production, the acquisition of a new defense contract, or the consolidation of a defense contract. There are no minimum job-creation levels for the program, except that a contract consolidation must result in at least a 25 percent increase in Florida employment or a minimum of 80 jobs. Approved applicants may receive refunds based on the payment of sales and use taxes, corporate income taxes, intangible personal property taxes, emergency excise taxes, excise taxes on documents, and ad valorem taxes paid. Statutory references regarding administration of the program cite the Department of Commerce.

### **Certified Capital Company Act (CAPCOs)**

The Certified Capital Company Act, s. 288.99, F.S., was adopted in 1998 to establish a mechanism to provide financing, via certified capital companies, for qualified small businesses. Insurance companies are provided a premium tax credit to invest in certified capital companies which, in turn, will make investments in qualified small businesses.

Under the 1998 legislation, a corporation, partnership, or limited liability company could file for certification as a certified capital company (CAPCO) on or before December 1, 1998. CAPCOs certified by the Department of Banking and Finance may receive contributions of capital from insurers (and other investors), and the insurers receive a credit against state premium taxes for each dollar contributed to a certified capital company, at the rate of 10 percent a year for 10 years, beginning with premium tax filings for the year 2000. The total amount of tax credits may not exceed \$15 million annually, subject to an aggregate cap of \$150 million. To be certified, a CAPCO must have net capital of at least \$500,000 and at least two of its principals must demonstrate 5 years experience in making venture capital investments.

To remain certified, CAPCOs are required to meet investment benchmarks. At least 50 percent of CAPCO funds must be invested in “qualified businesses” by December 31, 2003, defined as small businesses (determined by rules of the U.S. Small Business Administration) headquartered in Florida and with their principal business operations in Florida. A qualified business must certify that it is unable to obtain conventional financing and that it has fewer than 200 employees, at least 75 percent of whom are employed in Florida. At least 50 percent of the CAPCO’s investments in qualified businesses must be in “early stage technology businesses” involved in activities related to developing initial product or service offerings. A qualified business does not include a business predominantly engaged in retail sales, real estate development, insurance, banking, lending, oil and gas exploration, or engaged in professional services provided by accountants, lawyers, or physicians.

Before a CAPCO may make any distribution to its equity holders, other than a “qualified distribution,” the CAPCO must have invested 100 percent of its certified capital in qualified capital investments. A “qualified distribution” of up to 2.5 percent of the CAPCO’s capital may be made to equity holders for the costs and expenses of forming, managing, and operating the company, plus reasonable and necessary fees for professional services, such as legal and accounting services. Payments of principal and interest to debt holders may be made without restriction.

A CAPCO is required to pay to the Department of Revenue 10 percent of the portion of distributions to all certified investors (insurers) and equity holders that exceeds the sum of the CAPCO’s original certified capital (which includes both equity and debt investments) and any additional capital contributions to the CAPCO.

The Office of Tourism, Trade, and Economic Development is responsible for allocating premium tax credits to insurers who apply and submit specified documentation. A CAPCO must annually file a report with the office and the Department of Banking and Finance detailing the investments the CAPCO has received from insurers and the investments it has made in qualified businesses, including the number of jobs created or retained and the average wages of such jobs. The Department of Banking and Finance must conduct an annual review of each CAPCO to determine if it is abiding by the requirements of certification and the Department of Revenue may audit and examine the records of CAPCOs and insurer investors.

Currently s. 288.99(11), F.S., allows a certified investor’s unused premium tax credit to transfer to any other corporate owner of the insurance company regardless of the owner being a new owner, parent company, or subsidiary owner. Current law does not allow a subsidiary of the certified investor to receive a transfer of the premium tax credit for its own use.

### **Port Development/Funding**

There are 14 deep-water ports located in Florida: Port Canaveral, Port Everglades, Port of Fernandina, Port of Fort Pierce, Port of Jacksonville, Port of Key West, Port Manatee, Port of Miami, Port of Palm Beach, Port of Panama City, Port of Pensacola, Port St. Joe, Port of St. Petersburg, and Port of Tampa. According to the Florida Seaport Transportation and Economic Development Council, these ports account for nearly 250,000 seaport-related jobs and \$600 million in governmental revenues statewide.

Section 163.3178, F.S., provides that certain ports and port transportation facilities and other types of port projects are not subject to developments of regional impact (DRI) review where they are consistent with comprehensive master plans. This section requires ports controlled by local governments to identify spoil disposal sites in their local comprehensive plans. Section 163.3187, F.S., limits the number of amendments to the local comprehensive plan for port projects to two per year.

Section 380.06, F.S., provides guidelines and standards for developing areas that, because of their character, magnitude, location, and potential to effect the health, safety, or welfare of citizens are considered to have a “regional impact.” Such developments must be approved and monitored, and they are referred to as “developments of regional impact.” Exemptions from the guidelines and standards provided for “developments of regional impact” are found in s. 380.06(24), F.S.

Section 311.07, F.S., creates the Florida Seaport Transportation and Economic Development Program within the Department of Transportation to finance port transportation or port facilities projects that will improve the movement and intermodal transportation of cargo or passengers in commerce and trade and that will support the interests, purposes, and requirements of ports located in the state. This statute specifies that the program shall receive at least \$8 million a year from the State Transportation Trust Fund.

Section 311.09, F.S., creates the Florida Seaport Transportation and Economic Development Council within the Department of Transportation.

Section 311.11, F.S., creates the Seaport Employment Training Grant Program within the Office of Tourism, Trade, and Economic Development in cooperation with the Florida Seaport Transportation and Economic Development Council, for the purpose of stimulating and supporting seaport training and employment programs.

Section 380.24, F.S., allows local government participation in the coastal management program to develop a coastal zone protection plan in areas where marine species of vegetation constitute the dominant plant community. The statute specifies that permitting and enforcement activities for certain deepwater ports shall be done through the Department of Environmental Protection.

### **Florida Trade Data Center**

The Legislature created the Florida Trade Data Center in 1992 as a comprehensive trade data resource and research center. The purpose of the Center is to create a trade information system that provides timely import and export information, trade opportunities, intermodal transportation information that measures cargo flow by transportation mode, commodity trends, trade activity between Florida and specific countries, and other relevant information.

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

**Section 1** amends s. 14.2015, F.S., revising the powers and duties of the Office of Tourism, Trade, and Economic Development (OTTED). Authorizes OTTED to use the interest earnings from specified program funds to contract out for the administration of programs. Eliminates



required report on status of OTTED contracts with public-private partnerships. Deletes obsolete language relating to award of general economic development grants. Reduces number of economic summits to “at least one” per year from “at least three” per year.

**Section 2** amends s. 288.0251, F.S., transferring authority to contract with international volunteer corps (Florida Association of Voluntary Agencies for Caribbean Action) to the Department of State from OTTED.

**Section 3** amends s. 288.095, and **Section 4** amends s. 288.106, F.S., relating to the Qualified Target Industry (QTI) Tax Refund Program to:

- Provide a program cap for the state share of tax refunds in any fiscal year at \$35 million. Since local share is 20 percent (or up to \$7 million in this case), the total program cap is \$42 million in this bill. The language for this cap replaces original program language that limited approval of tax refunds (state and local share) to appropriated amounts.
- Clarify the meaning of “expansion of an existing business,” by changing the definition from one that describes expanding the existing site, to a definition open to any site in Florida but owned by the existing Florida business.
- Expand the meaning of “local financial support exemption option” to include a county with a population of 100,000 or fewer which is contiguous to a county with a population of 75,000 or fewer. This adds counties with larger populations to the 20 percent local match exemption.
- Add a definition of “authorized local economic development agency” to aid in keeping negotiations confidential and to allow a local economic development agency to pledge local financial match in advance of a local governing board’s resolution.
- Lower the basic per-job refund from up to \$5,000, to \$3,000, and provides for a \$6,000 per-job refund if the project is located in a rural county or an enterprise zone. Under current law, projects in an enterprise zone are eligible for a per-job refund of \$7,500. The bill also provides an additional \$1,000 per-job or \$2,000 per-job if the jobs pay 150 percent or 200 percent of the average private-sector wage in the area (defined as the lower of metropolitan, county, or state).
- Break up the eligible tax refund list into two groups, such that one group of taxes remains refundable beginning with the first taxable year and the other begins immediately. This allows the company to begin using certain tax refunds immediately after the agreement is reached.
- Delete some application information requirements related to how much future taxes the company expects to pay.
- Exempt the minimum 10 job requirement if the expanding business exists in a rural area or an enterprise zone. The local governing body and Enterprise Florida, Inc., must make the request for the exemption.

**Section 5** amends s. 288.901, F.S., expanding the employee lease program for Enterprise Florida, Inc. (EFI), to include certain employees from the Department of Labor and Employment Security and the Department of Children and Family Services. Reduces and revises the membership of the board of directors of EFI, including removing certain public officials. Revises mix of private-sector members, increasing members from Workforce Development Board and International Trade and Economic Development Board.

**Section 6** amends s. 288.9015, F.S., clarifying EFI's mission with respect to rural and distressed urban communities. Provides that EFI shall aggressively market such areas as locations for new investment, assist these areas in expansion and retention of existing businesses, and assist these areas in the development of new economic opportunities for job creation. Specifies that EFI shall benchmark Florida's competitive position vis-a-vis other states. Specifies that EFI shall incorporate the needs of small and minority businesses into its core mission of recruitment, retention, and expansion. Eliminates the requirement that EFI prepare a business guide and checklist.

**Section 7** amends s. 288.90151, F.S., regarding EFI's private sector matching funds. Substantially rewrites the provisions related to private-sector contributions to EFI to emphasize return-on-investment for EFI activities. Specifies that public investment in EFI is the amount in the OTTED contract with EFI, minus grants/incentives and minus subcontracts. Specifies that private-sector support for EFI includes: 1) cash and in-kind contributions that mirror state operating investment, 2) revenues generated by EFI products and services, and 3) support that augments EFI's operating expenses, such as an individual's time and expertise, co-sponsorships, and co-payments. Requires EFI to report, as part of its annual report, on the return on investment. Requires EFI to hire a private accounting firm to develop the methodology for a customer satisfaction survey.

**Section 8** amends s. 288.903, F.S., clarifying the role of leadership in EFI. Specifies that the EFI's president serves at the pleasure of the board of directors, and specifies that the board must set compensation of president. Includes chairman of EFI (governor) on the executive committee. Specifies that no EFI employee may be paid more than the governor, unless the excess pay is based on a performance-based contract with incentive payments.

**Section 9** amends s. 288.904, F.S., clarifying the powers of EFI's Board of Directors. Provides that when EFI contracts with another entity for services (e.g., contracts based on funds that pass through EFI), those contracts must require performance reporting, accounting of funds, avoidance of duplication, and coordination with other components of state and local economic development systems. Authorizes EFI to create advisory committees or similar organizations.

**Section 10** amends s. 288.905 F.S., regarding duties of EFI Board of Directors. Clarifies that programs of EFI should relate to business formation, expansion, recruitment, and retention, international development and export assistance, and workforce development. Deletes from statute specific requirements for the strategic plan of EFI. Requires involvement of local/regional economic development organizations, and rural, urban, minority, and small business development agencies in EFI policies, strategies, and programs. Changes date for next OPPAGA review of EFI to 2002 from 2003. Specifies that local economic development organizations shall be the state's primary agents for direct delivery of economic development and international development

services. Eliminates requirement that EFI deposit certain funds in African American and Hispanic American qualified public depositories.

**Section 11** amends s. 288.906, F.S., to conform the contents of EFI's annual report to the revisions made to EFI's mission with respect to rural and urban areas.

**Section 12** amends s. 288.9412, F.S., relating to EFI's International Trade and Economic Development Board. Specifies that the board's role shall include advising and assisting local and regional economic development organizations. Revises membership of board of directors to include chairperson of the Black Business Investment Board. Reduces number of members appointed by governor. Specifies representation by those with capital and technology expertise, and specifies four representatives of economic development organizations.

**Section 13** amends s. 288.9414, F.S., relating to the powers and authority of EFI's International Trade and Economic Development Board. Specifies authority to advise and assist local and regional economic development organizations on international trade, reverse investment, economic development recruitment, retention, expansion, and business creation. Requires the board to annually convene a meeting of international trade development and economic development stakeholders, as a precursor to the economic summit.

**Sections 14 through 21** amend ss. 288.9511, 288.9515, 288.95155, 288.9520, 288.9603, 288.9604, 288.9614, and 288.9618, F.S., relating to EFI's Technology Development Board and Capital Development Board. Makes conforming changes to statutes to reflect the dissolution of EFI's Technology Development Board and Capital Development Board. (*See* section 22 of the committee substitute.) The changes include replacing references to these boards with references to Enterprise Florida, Inc. Transfers responsibility for the programs of these boards to Enterprise Florida, Inc.

**Section 22** repeals ss. 288.902, 288.9512, 288.9513, 288.9514, 288.9516, 288.9611, 288.9612, 288.9613, and 288.9615, F.S. Repeals statutory authority for EFI's Nominating Council. Repeals statutory authority for EFI's Technology Development Board and EFI Capital Development Board.

**Section 23** provides for Enterprise Florida, Inc., to assume any contracts of EFI's capital and technology development boards. Provides for transfer of property of these boards to EFI. Provides for EFI to assume responsibility for programs of these boards and authorizes EFI to establish appropriate placement of these programs within the organization. Requires EFI to avoid any loss of non-state funds.

**Section 24** directs the Division of Statutory Revision to redesignate parts VIII and IX of chapter 288 of the Florida Statutes as "Technology Development" and "Capital Development."

**Section 25** amends s. 288.99, F.S., relating to the Certified Capital Company Act. Expands the definition of the term "transferee" for purposes of allocating unused premium tax credits under the act. The revised definition enables such credits to be utilized by a subsidiary of the certified investor or by an entity 10 percent or more of whose outstanding voting shares are owned by the

certified investor. Specifies that the amount of tax credits vested under the act shall not be considered in rate-making proceedings involving a certified investor.

**Section 26** amends s. 220.191, F.S., relating to the Capital Investment Tax Credit. Provides that credits under the program may be granted against premium tax liability. Specifies that an insurance company claiming premium tax credits under the program will not be subject to retaliatory tax under s. 624.5091, F.S.

**Section 27** amends s. 163.3178, F.S., relating to coastal management. Specifies that all ports not controlled by local governments that have spoil disposal responsibilities must identify disposal sites in their comprehensive master plans, and must be integrated with local comprehensive plans through existing processes.

**Section 28** amends s. 163.3187, F.S., relating to comprehensive plan amendments. Provides exception to prohibition against amending comprehensive plans more than twice per year. Exception is for port transportation facilities and projects that are eligible for funding under the Florida Seaport Transportation and Economic Development Program.

**Section 29** amends s. 253.77, F.S., relating to sovereign land lease fees. Provides that certain ports and inland navigation districts shall not be required to pay fees for activities involving the use of sovereign lands.

**Section 30** amends s. 288.8155, F.S., relating to the Florida Trade Data Center. Substantially revises existing statute governing the International Trade Data Resource and Research Center [a.k.a.: Florida Trade Data Center (FTDC)]. Establishes the FTDC as a private, nonprofit corporation and not a unit or entity of state government. Requires FTDC to make information available to OTTED, EFI, and state agencies pursuant to a policy by the board and provides authorization for certain activities by the center.

**Section 31** amends s. 311.07, F.S., relating to Florida seaport transportation and economic development funding. Includes trade market and shipping information products as types of information products that may be funded by this section. Specifies that port projects include transportation facilities and other projects. Provides that funds may be used to finance trade corridor or system-wide freight mobility plans. Removes language limiting the amount of funds a single port may receive in one calendar year.

**Section 32** amends s. 311.09, F.S., relating to the Florida Seaport Transportation and Economic Development Council. Provides criteria for measuring the economic benefit of a port project to include the maintenance of cargo flow, passenger movement, international commerce, port revenues, and the number of jobs at a port. Projects eligible for funding under the program are deemed to be in the public interest.

**Section 33** amends s. 311.11, F.S., to substantially revise the Seaport Transportation and Economic Development Program. Requires the Florida Seaport Transportation and Economic Development Council (FSTED), rather than OTTED, to develop and implement the Seaport Training and Employment Program. Program is to stimulate and support seaport training and

employment opportunities and such other training, educational, and informational services that would stimulate jobs in the port, maritime, and transportation industries.

**Section 34** creates s. 311.14, F.S., relating to Seaport Freight Mobility Planning. Requires FSTED and the Office of the State Public Transportation Administrator in the Department of Transportation to develop freight mobility and trade corridor plans to assist in making freight mobility investments which contribute to the economic growth of the state. Prescribes that the Department of Community Affairs shall be responsible for all necessary reviews and approvals under chapters 163 and 380 with respect to intermodal transportation facilities identified pursuant to s. 320.20(4), F.S.

**Section 35** amends s. 380.06, F.S., relating to Developments of Regional Impact (DRI) review. Provides specified port projects with an exemption from the DRI review. The exemption applies to expansion of port harbors, spoil disposal sites, navigation channels, turning basins, harbor berths, and other related inwater harbor facilities of specified ports and facilities.

**Section 36** amends s. 380.24, F.S., relating to coastal zone protection plans. Provides that the Department of Environmental Protection (DEP) is “exclusively” responsible for permitting and enforcement of dredging, dredged material management and other related activities, port transportation facilities listed in s. 311.07(3)(b), F.S., and intermodal transportation facilities under s. 320.20(4), F.S., for deep-water ports. Provides that DEP permitting and enforcement actions shall govern when local government or other agencies have stricter requirements or have authority to regulate dredging activities or dredged-material management.

**Section 37** creates an “Americas Campaign”. Provides legislative findings on trade potential with Latin America and Caribbean. Requires the Governor, by executive order, to designate three countries as development targets for the campaign. Specifies that Department of State shall have responsibility for intergovernmental engagement related to the campaign, including development of a list of communities in these target countries for potential inclusion in Florida’s sister city program. Specifies that the director of OTTED shall be responsible for improving trade policy and trade relations with target countries. Specifies that the Florida Trade Data Center shall have responsibility for upgrading trade information capacity with these countries. Specifies that Florida Export Finance Corporation shall have lead responsibility for international finance strategy with these countries. Directs the Florida Seaport Transportation and Economic Development Council to devise a strategy to prepare and enhance intermodal infrastructure that links with these countries. Specifies that the International Trade and Economic Development Board of EFI shall have responsibility for providing reverse investment and trade expansion assistance to local businesses through organizations in communities with sister city relationships. Requires the Governor to ensure coordination of the Americas Campaign. Creates Campaign Council. Appropriates unused portions of the Rental Car Surcharge (s. 212.0606, F.S.) to be deposited in the Florida International Trade and Promotion Trust Fund for use and distribution by the council.

**Section 38** provides a July 1, 1999, effective date.

**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:**

Sections 4 of this committee substitute relating to the Qualified Target Industry tax refund program provides for \$3,000 per job created or higher (up to \$8,000) depending on the location of the business and if it is paying more than a state, county, or local average (whichever is lower). This section changes existing refund rules and allows a business to use certain refunds as soon as they enter into an agreement with the state.

Section 35 provides specified port projects with an exemption from the “Developments of Regional Impact” (DRI) review.

**C. Government Sector Impact:**

This committee substitute increases substantially the potential cost of the Qualified Target Industry (QTI) program. The cost of this program in FY 1998-99 was \$10.8 million state share (General Revenue) and \$2.7 million local share. This committee substitute caps the state share at \$35 million. If the local share is 20%, this represents a local share of \$7 million, for a total cap of \$42 million. However this committee substitute also expands the number of counties that can waive the required match, increasing the likelihood that the \$7 million effective local cap will not be reached.

Section 29 provides that certain ports and inland navigation districts shall not be required to pay fees for activities involving the use of state lands. According to the Department of Environmental Protection, the state currently charges about \$5,000 per acre a year. The exact cost of the exemption is indeterminate.

Section 36 preempts local governments from having stricter dredge and fill restrictions than state Department of Environmental Protection restrictions. This section affects local government ability to charge for permitting related to enforcement of local restrictions.

Section 37 appropriates unused portions of the Rental Car Surcharge (s. 212.0606, F.S.) to be deposited in the Florida International Trade and Promotion Trust Fund for use and distribution by the Americas Campaign Council.

**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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