STORAGE NAME: h0881s1a.ted
DATE: April 20, 1999

HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
ANALYSIS

BILL #: CS/HB 881

RELATING TO: Economic Development Tax Refunds

SPONSOR(S): Committee on Business Development & International Trade and Representative Hart and others

COMPANION BILL(S): SB 1894 (S)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 8 NAYS 0
(2) FINANCE AND TAXATION (W/D)
(3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS YEAS 10 NAYS 0
(4)
(5)

I. SUMMARY:

The bill places a cap on certain tax refund programs. It provides that the combined total amount of the state share of tax refunds that may be scheduled in all active certifications for any one fiscal year for the Qualified Target Industry Tax Refund Program and the Qualified Defense Contractor Tax Refund Program may not exceed $35 million.

The bill provides greater flexibility to communities in meeting the local match requirement and to provide greater accessibility to the QTI program for rural and Enterprise Zone communities. It provides specific levels of awards for jobs created under the program to resolve uncertainty in the amount of QTI rewards. The bill allows OTTED to permit an expanding business to participate in the program even if the expansion results in a net increase in employment of less than 10 percent at such business, provided the expansion takes place in a rural city, a rural county, or an enterprise zone.

The bill revises the programs OTTED is authorized to administer and contract for and authorizes OTTED to expend interest income earned from the investment of program funds deposited into trust funds it administers to contract for the administration of its programs.

This bill creates the Office of Urban Opportunity within OTTED to administer the Front Porch Florida initiative. The bill also creates the Institute on Urban Policy and Commerce under the Board of Regents at the Florida Agricultural and Mechanical University to pursue research on and provide recommendations for the resolution of issues confronting inner-city areas. The institute is required to establish regional urban centers would be located in St. Petersburg, Tampa, Jacksonville, Orlando, West Palm Beach, Ft Lauderdale, Miami, Daytona Beach, and Pensacola.

The bill creates the Florida Economic Opportunities Incentive Fund within OTTED. It provides that funds may be transferred from the Working Capital Trust Fund or other unappropriated surplus funds and limits such fund to $50 million per fiscal year. The fund will allow access to sufficient resources for extraordinary economic opportunities for the state and to allow the state to compete for high-impact businesses.

Authorizes the Governor to waive the eligibility requirements of any program or activity administered by OTTED to provide economic relief to communities experiencing an economic emergency. Requires consultation with the Senate President and the House Speaker prior to the granting of such waiver. Authorizes the Governor to take action, as necessary, to resolve the economic emergency in the most expedient manner possible.

The fiscal impact of the bill is indeterminate. The bill would become effective on October 1, 1999.

[Note: See part VI. Amendments or Committee Substitute Changes for effects of an amendment adopted by the Committee on Transportation & Economic Development Appropriations.]

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Tax Refund Programs

The Qualified Target Industry (QTI) Tax Refund Program, s. 288.106, F. S., allows new or expanding businesses in certain key industrial sectors or corporate headquarters to be approved for tax refunds of up to $5,000 per job created ($7,500 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 Enterprise Florida, Inc. The refunds are paid to a participating business over a period of several years. As part of the Brownfields Redevelopment Act, ch. 97-277, L.O.F., the Legislature provided that businesses eligible for tax refunds under the QTI program could receive bonus refunds for jobs created in certain abandoned, idled, or under-used industrial and commercial properties where redevelopment is complicated by environmental contamination. (See s. 288.107, F.S.) A business may not receive more than $1.5 million in QTI refunds for any single fiscal year and not more than $5 million for all fiscal years. A business in an enterprise zone may not receive more than $2.5 million for any single fiscal year and not more than $7.5 million for all fiscal years.

Similar to the QTI program, the Qualified Defense Contractor (QDC) Tax Refund Program, s. 288.1045, F.S., provides for refunds based upon jobs 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.

Refunds under both the QTI and QDC programs are subject to annual appropriation by the Legislature and require a specified local government match. Prior to the 1997 legislative session, s. 288.095, F.S., which governs the Economic Development Trust Fund, specified that OTTED could not approve refunds pursuant to the QTI and QDC programs for a given fiscal year of more than $10 million or the amount appropriated for such refunds -- whichever was less. (See s. 288.095, F.S., 1996 Supp.) Meanwhile, the QDC statute, s 288.1045(2)(d), F.S., cites a cap of $25 million or the amount appropriated for refunds, whichever is less. The conflicting figures have resulted in confusion regarding which figure governs.

Citing increased activity under the QTI program in particular, administrators expressed concern that the state was fast approaching the $10 million cap and would no longer be able to permit additional businesses to participate in what is one of the state's key economic development incentives. During the 1997 session, the Legislature removed the specific $10 million cap from s. 288.095, F.S., clearing the way for additional use of the program; however, language was retained that refunds may not exceed the amount appropriated for those refunds.

For fiscal year 1998-1999, $10.8 million in general revenue was appropriated to satisfy the state share of pledged QTI refunds payable for that year with a little more than $3 million in local match funds appropriated for the program. Program administrators have estimated, given current activity levels, that the refund liability in future fiscal years could exceed $35 million before beginning to plateau. If for any fiscal year the Legislature appropriates an amount less than the amount that will come due during that fiscal year, participating businesses would receive a portion of the tax refund for which they originally contracted (s. 288.095(3)(b), F.S.).

OTTED - Administration of Programs

OTTED is authorized by ch. 14, Florida Statutes, to administer various programs, grants, and activities. In addition to those listed in that chapter, OTTED administers 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.

Economic Incentives

Economic Development serves a host of varying policy goals, the most important of which are job creation, job retention, revitalization of distressed communities, and overall economic diversification. Strategies range from tax incentives to permit streamlining. Identifying the right mix of public support and private initiative, balancing regulatory needs, prioritizing economic development objectives, and settling on strategies to accomplish those objectives are the recurring issues.

Programs aimed at stimulating economic development and improving the overall economic welfare of Floridians are many and are tailored to achieve the particular policy objectives -- job creation or retention, industry diversification, or revitalization of distressed communities. Strategies include public/private coordination of economic policy through Enterprise Florida, Inc., tax incentives for job creation through the Enterprise Zone Act, or the Qualified Target Industry Tax Refund Program, environmental permit streamlining through the Jobs Siting Act, and capital formation mechanisms such as the Florida Development Finance Corporation (FDFC).

Florida is a low tax state relative to other states (Florida ranks forty-second in state tax burden and thirtieth in local tax burden). It also offers low cost labor. These two factors historically have been the greatest incentives for businesses seeking to locate or expand their business in Florida. In 1994, Florida's Gross Regional Product exceeded $312 billion, placing Florida as the fourteenth largest economy in the world. Florida has been among the top five states for new plants and expansions, and led the nation for the five-year period 1988-1992. Florida is home to over 700,000 private businesses. Approximately 96 percent of these businesses are small businesses, employing 50 or fewer employees.

The "smokestack" chasing of the 1960s and 1970s has been making a return in the 1990s. Neighboring states such as Tennessee, Alabama, and South Carolina have been upping the ante for business locations through the use of tax or other types of financial or regulatory incentives. In 1985, Tennessee spent $26,000 per job in recruiting the Saturn corporation. In 1989, South Carolina spent $68,421 per job in recruiting BMW. In 1993, Alabama announced a deal to bring Mercedes-Benz to Tuscaloosa at a cost of approximately $150,000 to $200,000 per job created.

Florida economic development leaders have been pressing the need to adopt similar incentive packages to attract more corporations to Florida. Many national economic development professionals question the use of tax incentives as the best way to spur growth or lure businesses. Given that, as well as the potential fiscal impact, the Legislature continues to wrestle with the merits, form, and scope of a tax incentive inducement strategy. Measuring the success or failures of these programs has been difficult for Florida and other states. Other factors such as access to markets, labor quality and costs, and local amenities all come into play for business locations and expansions and are difficult to measure in each new business or business expansion. However, Florida does offer a range of incentive programs, although funding levels are low.

B. EFFECT OF PROPOSED CHANGES:

Tax Refund Programs

The bill places a cap on certain tax refund programs. It provides that the combined total amount of the state share of tax refunds that may be scheduled in all active certifications for any one fiscal year for the Qualified Target Industry Tax Refund Program and the Qualified Defense Contractor Tax Refund Program may not exceed $35 million. The bill clarifies that the statutory cap applies to the state share of tax refunds, rather than to the combined state share and local match required under the tax refund program. The bill revises the QDC provisions to limit the amount of refunds that may be approved in a fiscal year under this program to the amount appropriated by the Legislature for such refunds -- rather than the lesser of $25 million or the amount appropriated, as provided in current law. The change attempts to avoid potential confusion with the awards cap. It also changes references relating to the administration of the QDC program from the Department of Commerce to OTTED and replaces a requirement that the department adopt rules for the QDC program with permissive authority for OTTED to adopt such rules.

The bill provides greater flexibility to communities in meeting the local match requirement and to provide greater accessibility to the QTI program for rural and Enterprise Zone communities. It broadens the definition of rural communities to include “a county with a population of 75,000 or less *or* a county with a population of 100,000 or less which is contiguous to a county with a population of 75,000 or less;" defines "authorized local economic development agency" to mean any public or private entity authorized by a county or municipality to promote the general business or industrial interests of that county or municipality; and allows OTTED to accept an official letter from the authorized economic development agency endorsing the proposed QTI industry and pledging local support. A local ordinance containing the same endorsement and pledge of support is due within 90 days of the issuance of a letter of certification by OTTED. It also allows the value of donated land to count as local support.

This legislation provides specific levels of awards for jobs created under the program to resolve uncertainty in the amount of QTI rewards. Refunds are set at $6,000 per job for projects in rural and Enterprise Zones; $3,000 per job for all other areas. It allows a bonus of $1,000 per job for projects paying 150 percent of the prevailing wage or $2,000 per job for projects paying 200 percent of the prevailing wage in the area.

The bill revises the definition of "business" to clarify that if a business chooses to register with the Department of Labor and Employment Security as a statewide reporting unit, the only employees counted for QTI refunds are those located at the physical site of the business which qualified for QTI refunds. It allows OTTED to contract with Enterprise Florida, Inc., for the administration of the program with the exception of approving applications for certification, issuing letters of certifications, and authorizing the payment of tax refund claims.

The bill allows OTTED to permit an expanding business to participate in the program even if the expansion results in a net increase in employment of less than 10 percent at such business, provided the expansion takes place in a rural city, a rural county, or an enterprise zone. The local governing body recommending the project and Enterprise Florida, Inc., must make a written request to OTTED for relaxation of the statutory definition of an "expansion of an existing business," which ordinarily requires the expansion to result in at least a 10 percent net increase in employment. OTTED must conclude that the merits of the individual project or the specific circumstances in the community in relationship to the project warrant the disparate treatment.

The bill includes QDC, high impact performance grants, 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 in the programs OTTED is authorized to administer and contract for.

It authorizes OTTED to expend interest income earned from the investment of program funds deposited into trust funds it administers to contract for the administration of its programs and provides that such expenditures are subject to review pursuant to ch. 21, F.S.

Office of Urban Opportunity

This bill creates the Office of Urban Opportunity within OTTED. The purpose of the office is to administer the Front Porch Florida initiative - a comprehensive, community-based program redevelopment effort designed to empower urban core residents to create solutions to problems in the urban cores.

Institute on Urban Policy and Commerce

The bill creates the Institute on Urban Policy and Commerce under the Board of Regents at the Florida Agricultural and Mechanical University. The institute is designed to improve the quality of life in urban communities via research, teaching, and outreach activities. The institute is to pursue research on and provide recommendations for the resolution of issues confronting inner-city areas. The institute is required to establish regional urban centers in the innter cities of St. Petersburg, Tampa, Jacksonville, Orlando, West Palm Beach, Ft. Lauderdale, Miami, Daytona Beach, and Pensacola to assist urban communities in addressing critical economic, social, and educational problems affecting the underserved population. The institute is required to submit an annual report of its findings and recommendations including a recommended list of resources that could be made available for revitalizing urban communities; significant accomplishments and activities of the institute; and recommendations for the expansion, improvement, or termination of the institute. The bill requires the Governor to submit an annual report to the Legislature regarding unmet needs in the state's urban communities.

Florida Economic Opportunities Fund

The bill creates the Florida Economic Opportunities Incentive Fund within OTTED. It provides that funds may be transferred from the Working Capital Trust Fund or other unappropriated surplus funds and limits such fund to $50 million per fiscal year. The fund will allow access to sufficient resources for extraordinary economic opportunities for the state and to allow the state to compete for high-impact businesses. The criteria for such evaluation includes a description of the type of facility, its business operation, and the product or service associated with the facility; the number of full time jobs that will be created and the total estimated annual wages of those jobs; the cumulative amount of investment to be dedicated to the facility within a specified period; any special impacts the facility is expected to generated in the economy or to the state's university or community college system; and the role the incentive is expected to play in the decision to locate or expand in this state.

Enterprise Florida, Inc., would evaluate and recommend proposals regarding the use of the funds to the director of OTTED. Criteria is provided to guide EFI in the recommendation process. OTTED would recommend the approval or disapproval of the use of the funds for the projects to the Governor. The Governor, in consultation with the Senate President and the House Speaker, would decide whether the project merits the use of the fund. Contracts with businesses for the payment of these funds would include conditions set forth in the bill and relate to expectations of and measures for performance.

Economic Emergency - Governor's Waiver Authority

The bill authorizes the Governor to waive the eligibility requirements of any program or activity administered by OTTED to provide economic relief to communities experiencing an economic emergency.

Defines economic emergency as the closure of a significant employer in a community; closure of a business which significantly affects the operations of another business which is a significant employer in a community; the inability of a business which would be a significant employer in a community to open or reopen due to a lack of economic incentives or a business environment not favorable to the business; or if the community experiences substantial unemployment due to the closure of a major industry.

Requires the local governing entity to notify the Governor, OTTED, and EFI when economic emergency conditions exist. Requires consultation with the Senate President and the House Speaker prior to the granting of such waiver. Authorizes the Governor to take action, as necessary, to resolve the economic emergency in the most expedient manner possible.

B. 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?

Yes.

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

Yes.

(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?

N/A

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

N/A

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

C. STATUTE(S) AFFECTED:

Amends ss. 14.2015, 288.095, 288.1045, 288.106, and 288.107, F.S.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 Amends s. 14.2015(2)(g)1. , F.S., relating to the powers and duties of OTTED. Includes QDC, HIPI, 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 in the programs OTTED is authorized to administer and contract for.

Authorizes OTTED to expend interest income earned form the investment of program funds deposited into trust funds it administers to contract for the administration of its programs. Provides that such expenditures are subject to review pursuant to ch. 21, F.S.

Creates the Office of Urban Opportunity within OTTED. Specifies that the director serves at the pleasure of the Governor. The purpose of the office is to administer the Front Porch Florida initiative. Front Porch Florida is a comprehensive, community-based redevelopment effort designed to empower urban core residents to create solutions to problems in the urban cores.

Section 2 Amends s. 288.095, F.S., relating to the economic development trust fund, to provide that the combined total amount of the state share of tax refunds that may be scheduled in all active certifications for any one fiscal year in a single fiscal year for the Qualified Target Industry Tax Refund Program and the Qualified Defense Contractor Tax Refund Program may not exceed $35 million. The bill clarifies that the statutory cap applies to the state share of tax refunds, rather than to the combined state and local tax refund.

Section 3 Amends s. 288.1045, F.S., governing the Qualified Defense Contractor (QDC) Tax Refund Program, to limit the amount of refunds that may be approved in a fiscal year under this program to the amount appropriated by the Legislature for such refunds -- rather than the lesser of $25 million or the amount appropriated, as provided in current law. The change attempts to avoid potential confusion with **Section 2** of the bill which amends s. 288.095, F.S., to establish a combined total cap on refunds under the QTI and QDC programs of $35m. (See Section 2 above.) Changes references relating to the administration of the QDC program from the Department of Commerce to OTTED. Replaces a requirement that the department adopt rules for the QDC program with permissive authority for OTTED to adopt such rules. Extends the expiration of the program from June 30, 1999, until June 30, 2003. This section is effective June 30, 1999.

Section 4 Amends s. 288.106, F.S., relating to the Qualified Target Industry (QTI) Tax Refund Program, to provide greater flexibility to communities in meeting the local match requirement and to provide greater accessibility to the program for rural and Enterprise Zone communities. Broadens the definition of rural communities to include “a county with a population of 75,000 or less *or* a county with a population of 100,000 or less which is contiguous to a county with a population of 75,000 or less.” Defines “authorized local economic development agency” to mean any public or private entity authorized by a county or municipality to promote the general business or industrial interests of that county or municipality. Allows OTTED to accept an official letter from the authorized economic development agency endorsing the proposed QTI industry and pledging local support. A local ordinance containing the same endorsement and pledge of support is due within 90 days of the issuance of a letter of certification by OTTED. Allows the value of donated land to count as local support. Raises the cap on award level for a business in an enterprise zone to $3 million in any fiscal year and $10 million for all fiscal years. Provides that same cap for a business located in a rural county or rural city.

Revises the definition of “business” to clarify that if a business chooses to register with the Department of Labor and Employment Security as a statewide reporting unit, the only employees counted for QTI refunds are those located at the physical site of the business which qualified for QTI refunds.

Provides specific levels of awards for jobs created under the program to resolve uncertainty in the amount of QTI rewards. The refund is set at $6,000 per job for projects in rural and Enterprise Zones and $3,000 per job for all other areas. Allows a bonus of $1,000 per job for projects paying 150 percent of the prevailing wage or $2,000 per job for projects paying 200 percent of the prevailing wage in the area. Allows lower award levels if the local financial support commitments represent less than 20 percent of the eligible tax refund payments.

Allows OTTED to contract with Enterprise Florida, Inc., for the administration of the program with the exception of approving applications for certification, issuing letters of certifications, and authorizing the payment of tax refund claims.

Allows OTTED to permit an expanding business to participate in the program even if the expansion results in a net increase in employment of less than 10 percent at such business, provided the expansion takes place in a rural city, a rural county, or an enterprise zone. The local governing body recommending the project and Enterprise Florida, Inc., must make a written request to OTTED for relaxation of the statutory definition of an "expansion of an existing business," which ordinarily requires the expansion to result in at least a 10 percent net increase in employment. OTTED must conclude that the merits of the individual project or the specific circumstances in the community in relationship to the project warrant the disparate treatment.

Section 5 Amends s. 288.107(1)(e), F.S., to correct a cross reference.

Section 6 Creates the Institute on Urban Policy and Commerce under the Board of Regents at the Florida Agricultural and Mechanical University. The institute is designed to improve the quality of life in urban communities via research, teaching, and outreach activities. The institute is required to establish regional urban centers would be located in St. Petersburg, Tampa, Jacksonville, Orlando, West Palm Beach, Ft Lauderdale, Miami, Daytona Beach, and Pensacola.

The institute is to pursue research on issues confronting inner-city areas; to influence the equitable allocation of federal, state, and local resources; to train civic leaders and university students in approaches to community planning and design; to assist with the planning, development, and capacity building of nonprofit organizations and government agencies in urban areas; to develop and maintain a data base relating to inner city areas; and to support the community development efforts of urban core areas, neighborhood organizations, and municipal agencies.

The institute is required to research and recommend strategies to issues facing urban communities including transportation and physical infrastructure; affordable housing; tourism and commerce; environmental restoration; job development and retention; child care; public health; life-long learning; family intervention; public safety; and community relations.

The institute is required to submit a report of its findings and recommendations by January 1 of each year. The report must include a recommended list of resources that could be made available for revitalizing urban communities; significant accomplishments and activities of the institute; and recommendations for the expansion, improvement, or termination of the institute. The bill requires the Governor to submit an annual report to the Legislature regarding unmet needs in the state's urban communities.

Section 7 Creates the Florida Economic Opportunities Incentive Fund within OTTED. Provides that funds may be transferred from the Working Capital Trust Fund or other unappropriated surplus funds. Limits such fund to $50 million per fiscal year.

The fund will allow access to sufficient resources for extraordinary economic opportunities for the state and to allow the state to compete for high-impact businesses.

Enterprise Florida, Inc., would evaluate and recommend proposals regarding the use of the funds to the director of OTTED. Criteria is provided to guide EFI in the recommendation process. OTTED would recommend the approval or disapproval of the use of the funds for the projects to the Governor. The Governor, in consultation with the Senate President and the House Speaker, would decide whether the project merits the use of the fund.

Contracts with businesses for the payment of these funds would include conditions set forth in the bill and relate to expectations of and measures for performance.

Section 8 Defines economic emergency as the closure of a significant employer in a community; closure of a business which significantly affects the operations of another business which is a significant employer in a community; the inability of a business which would be a significant employer in a community to open or reopen due to a lack of economic incentives or a business environment not favorable to the business; or if the community experiences substantial unemployment due to the closure of a major industry.

Requires the local governing entity to notify the Governor, OTTED, and EFI, when economic emergency conditions exist. Authorizes the Governor to waive the eligibility requirements of any program or activity administered by OTTED to provide economic relief to communities experiencing an economic emergency. Requires consultation with the Senate President and the House Speaker prior to the granting of such waiver. Authorizes the Governor to take action, as necessary, to resolve the economic emergency in the most expedient manner possible.

Section 9 Provides that the act would take effect October 1, 1999, except for section 3 of the bill which would take effect on June 30, 1999, to extend the expiration of the QDC program.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

   Indeterminate.

2. Recurring Effects:

   Indeterminate.

3. Long Run Effects Other Than Normal Growth:

   Indeterminate.

4. Total Revenues and Expenditures:

   Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   N/A

2. Recurring Effects:

   N/A

3. Long Run Effects Other Than Normal Growth:

   N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   N/A

2. Direct Private Sector Benefits:

   N/A

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

   N/A

D. FISCAL COMMENTS:

The preliminary conference report on the General Appropriations Act for fiscal year 1999-2000 contains an appropriation of $4,000,000 for a “Quick Action Closing Fund.”

The strike everything amendment adopted in the Committee on Transportation & Economic Development Appropriations on April 20, 1999, provides a reduced cap on QTI Tax Refund Program expenditures in future years. Under the amendment, the total state share of tax refund scheduled in all active certifications for fiscal year 2000-2001 shall not exceed $24 million. The state share of tax refund payments scheduled in all active certifications for fiscal year 2001-2002 and each subsequent fiscal year shall not exceed $30 million. Current estimates from the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida project substantial growth in the QTI Tax Refund Program in future fiscal years if the program is not statutorily limited. Based on these projections, the General Revenue appropriations that would be needed in fiscal year 2003-2004 to pay the scheduled tax refund payments would be between $36.3 - $57.8 million.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

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

N/A

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 20, 1999, the Committee on Transportation & Economic Development Appropriations adopted one strike everything amendment. The amendment conforms the bill with many of the provisions of the Senate economic development package (SB 1566). The amendment also conforms the appropriations portions of the bill to the preliminary conference report on the General Appropriations Act; in particular, the amendment removes the provisions for funding the Economic Opportunities Incentive Fund ("Quick Action Closing Fund") from the Working Capital Fund. The amendment also caps the QTI Tax Refund Program at $24 million for fiscal year 2000-2001 and $30 million for each subsequent year. The amendment adds provisions to streamline Enterprise Florida by collapsing its boards and focusing its mission. The amendment revises the organization of the Florida Trade Data Center and includes ports infrastructure issues which relate to comprehensive planning and projects eligible for funding under the Florida Seaport Transportation and Economic Development Program. Finally, the amendment includes provisions related to notary publics, civil-law notary authority, and international notary standards.

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:	Staff Director:
J. Paul Whitfield, Jr.	J. Paul Whitfield, Jr.

AS FURTHER REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS:

Prepared by:	Staff Director:
Kurt Hamon	Eliza Hawkins