

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/CS/CS/SB 2548

SPONSOR: Fiscal Policy Committee, Comprehensive Planning, Local and Military Affairs Committee, Commerce and Economic Opportunities Committee and Senators Kirkpatrick and Hargrett

SUBJECT: Economic Development

DATE: April 26, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Joseph</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
3.	<u>Hayes</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill reduces the administrative role that the Office of Tourism, Trade, and Economic Development (OTTED) has over various economic development programs, grants, and activities, transferring many of these responsibilities to Enterprise Florida, Inc. (EFI) and other state agencies.

The bill also makes revisions to existing economic development programs and creates a number of new initiatives, to include:

- implementing various recommendations of the 21st Century Digital Television and Education Task Force; and
- establishing the Toolkit for Economic Development (TED) program, for the purpose of creating jobs and promoting self-sufficiency among residents of Front Porch Florida Communities and other economically distressed communities.

This bill amends the following sections of the Florida Statutes: 14.2015, 159.705, 163.3177, 163.2523, 163.3164, 212.08, 212.097, 212.098, 218.075, 240.311, 240.3341, 288.012, 288.018, 288.0655, 288.0656, 288.1088, 288.1162, 288.1168, 288.1169, 288.1185, 288.1223, 288.1226, 288.1229, 288.1251, 288.1252, 288.1253, 288.7011, 288.901, 288.9015, 288.980, 288.99, 290.004, 290.0056, 290.0058, 290.0065, 290.0066, 290.00675, 290.00689, 290.009, 290.014, 290.046, 290.048, 331.367, 331.368, 373.4149, 420.5087, 420.5089, 420.5093, 420.5099, and 556.108. This bill repeals the following sections of the Florida Statutes: 288.039, 288.095(3)(c), and 290.049. This bill creates the following sections of the Florida Statutes: 239.521, 240.710, 288.064, 288.1260, 290.00676, 290.00677, 290.00694, and 331.3685. This bill transfers and renumbers s. 288.1185 as s. 403.7155, F.S.

II. Present Situation:

Office of Tourism, Trade, and Economic Development -- Administration of Programs

OTTED is authorized by s. 14.2015, F.S., to provide assistance to the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to provide economic opportunities for all Floridians. To accomplish such purposes, OTTED administers various programs, grants, and activities, and serves as contract administrator for the state with respect to contracts with Enterprise Florida, Inc. (EFI), the Florida Commission on Tourism, and all direct-support organizations, except the tourism direct-support organization. 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 area job tax credit; rural area job tax credit; silicon technology sales tax exemption; brownfield redevelopment; brownfield area guaranteed loan fund; and expedited permitting.

Section 159.8083, F.S., establishes the Florida First Business (FFB) allocation pool to provide written confirmation for private activity bonds to finance FFB projects certified by OTTED as eligible to receive a written confirmation. OTTED and the Division of Bond Finance of the State Board of Administration are to develop rules to ensure that the allocation provided in the pool is available solely to provide written confirmations for private activity bonds to finance FFB projects and ensure the projects are feasible and financially solvent.

Section 288.012, F.S., authorizes OTTED to establish and operate offices in foreign countries for the purpose of promoting the trade and economic development of the state, and to promote the gathering of trade data information and research on trade opportunities in specific countries. OTTED may enter into agreements with governmental and private sector entities to establish and operate offices in foreign countries containing provisions which may be in conflict with general laws of the state pertaining to the purchase of office space, employment of personnel, and contracts for services.

Section 288.039, F.S., authorizes OTTED to develop rules and forms to implement the Employing and Training our Youths (ENTRY) tax refund program. The program is contingent upon annual appropriation by the Legislature and may approve eligible businesses to receive tax refund payments of up to \$1,600 per eligible youth employee.

Section 288.095, F.S., authorizes the Economic Development Incentives Account within the Economic Development Trust Fund to be used only to support the authorized activities and operations of OTTED. Subsection (3)(c) requires OTTED to submit a complete and detailed annual report to the board of directors of EFI of all applications received, final decisions issued, tax refund agreements executed, and tax refunds paid, or other payments made under all programs funded out of the Economic Development Incentives Account, including analyses of benefits and costs, types of projects supported, and employment and investment created. It also requires the

inclusion of a separate analysis of the impact of such tax refunds on state enterprise zones and requires the board of directors of EFI to review and comment on the report and submit the report, together with comments of the board, to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report must discuss whether the authority and moneys appropriated by the Legislature to the Economic Development Incentives Account were managed and expended in a prudent, fiducially sound manner.

Section s. 288.1088, F.S., allows companies locating “high-impact” facilities to receive Quick Action Closing Fund incentives. For the company to receive the funds, the Governor must provide direct approval of the project, after consultation with the President of the Senate and the Speaker of the House of Representatives. The project also must be reviewed under s. 216.177, F.S.

Section 288.1185, F.S., provides for the Recycling Markets Advisory Committee to be administratively housed in OTTED to serve as the mechanism for coordination between state agencies and the private sector to coordinate policy and overall strategic planning for developing new markets and expanding and enhancing existing markets for recovered materials. The committee may not duplicate or replace agency programs, but shall enhance, coordinate, and recommend priorities for those programs.

Rural Economic Development

Thirty-four counties meet a legislatively prescribed definition of “rural community” as meaning a county with a population of 75,000 or less, or a county with a population of 100,000 or less, that is adjacent to a county with a population of 75,000 or less. (*See, e.g.*, s. 288.0656(2)(b), F.S.)

Despite the recent period of high economic growth in Florida, rural communities have not shared in the state’s prosperity. Rural Florida makes up 7 percent of the state’s population with a growth rate that is out-pacing the state average; however, the income gap is growing. According to data provided by EFI, between 1990 and 1997, rural Florida’s population has increased by 20 percent compared to the state average of 13.4 percent. The median household income in 32 of 34 of the smallest counties is about 30 percent less than the state’s median income, according to a study by the Center on Budget and Policy Priorities. No small county enjoys a per capita personal income that exceeds the state average of \$27,806.

Also, of concern are low rates of pay by captured businesses in rural communities. According to 1997 data reported by EFI, manufacturing businesses throughout rural Florida pay lower than average sector wages. In northwest Florida, for example, manufacturing pays on average about 38 percent less per hour than the average manufacturing sector wages for all of Florida. In rural south Florida, manufacturing pays closer to the state manufacturing sector wage average; however, the manufacturing sector employs only 3.6 percent of the rural south Florida population.

Section 212.098, F.S., establishes the Rural Job Tax Credit Program to encourage economic expansion of new and existing businesses in rural areas of the state. Eligible businesses must be located in a qualified county and be predominantly engaged in activities that are classified within specific standard industrial classifications (SIC).

Section 218.075, F.S., allows counties and municipalities with small populations to receive reduced or waived permit processing fees from the Department of Environmental Protection (DEP) and water management districts, on the basis of fiscal hardship or environmental need for a particular project or activity.

Section 288.018, F.S., provides the Regional Rural Development Grants Program (or Rural Staffing Grants) to build the professional capacity of regional economic development organizations made up of rural counties, communities, and organizations. The funds are intended to be used for staffing assistance for regional economic development organizations. The maximum amount an organization may receive in any year is \$35,000 (\$100,000 in a rural area of critical economic concern) and must be matched each year by an equivalent amount of non-state resources.

Section 288.0656, F.S., establishes the Rural Economic Development Initiative (REDI) within OTTED for the purpose of coordinating and focusing the efforts and resources of state and regional agencies on the problems which affect the fiscal, economic, and community viability of Florida's economically distressed rural communities. REDI works with local governments, community-based organizations, and private organizations that have an interest in the growth and development of these communities to find ways to balance environmental and growth management issues with local needs.

Rural Infrastructure Fund

During the 1999 session, the Legislature adopted Senate Bill 1566 (ch. 99-251, L.O.F.), which included a provision creating the Rural Infrastructure Fund. Although the fund was not capitalized, the program provides a statutory framework designed to address infrastructure needs associated with specific economic development projects in rural communities. Authorized infrastructure may include the following public or public-private partnership facilities: storm water systems; water; wastewater; electrical; telecommunications; natural gas; roads; and nature-based tourism facilities. Eligible projects generally must be related to specific job-creating opportunities. (*See s. 288.0655, F.S.*)

Florida First Capital Finance Corporation

The Florida First Capital Finance Corporation (FFCFC) is authorized to represent the state by contract with OTTED under s. 288.7011, F.S., and is a nonprofit, statewide development corporation certified pursuant to s. 503 of the federal Small Business Investment Act of 1958, as amended. The FFCFC is permitted to locate and contract for administrative and technical staff assistance and support, including without limitation, assistance to the development corporation in the packaging and servicing of loans for the purpose of stimulating and expanding the availability of private equity capital and long-term loans to small businesses. The state "assistance and support will cease when the corporation has received state support in an amount the equivalent of \$250,000 per year over a 5-year period beginning July 1, 1997."

Enterprise Zone Program

Florida established one of the first enterprise zone programs in the country in 1980 to encourage economic growth and investment in distressed areas by offering tax advantages to businesses

willing to make such an investment. An “enterprise zone” is a specific geographic area targeted for economic revitalization. Since July 1, 1995, the state has designated 34 enterprise zones.¹

The cost of the program has increased as new areas have been added. The total cost of state and local incentives was \$11.2 million in FY 1996-97, and \$13 million in FY 1997-98. During the fourth full year of the revised Enterprise Zone Program, costs have increased by \$11 million, such that FY 1998-99 totals \$24 million in state and local incentives (\$5.2 million in state tax incentives approved by the Department of Revenue, and \$18.8 million in incentives provided by the local governing bodies; however, some of the local incentives provided are federal pass-through funds.). This increased activity was the result of 776 new businesses moving into enterprise zones creating 5,305 new jobs.

Section 290.0055, F.S., provides requirements for nominating and selecting an enterprise zone. It provides size limitations depending on the community population category and stipulates that for communities having a total population of 20,000 persons or less, the selected enterprise zone area shall not exceed 3 square miles. This section also requires that the selected area suffer from pervasive poverty, unemployment, and general distress, as described and measured pursuant to s. 290.0058, F.S. Section 290.0058(2), F.S., specifies that pervasive poverty “shall be evidenced by a showing that poverty is widespread throughout the nominated area. The poverty rate of the nominated area shall be established using the following criteria:

- (a) In each census geographic block group within a nominated area, the poverty rate shall be not less than 20 percent; and
- (b) In at least 50 percent of the census geographic block groups within the nominated area, the poverty rate shall not be less than 30 percent.”

The effectiveness of enterprise zone tax incentives was the topic of a 1998 report issued by the Senate Committee on Ways and Means, Subcommittee E. In this report, and in testimony provided to the Legislative Committee on Intergovernmental Relations (LCIR) by OTTED, the overall success of the enterprise zone program was discussed, as was whether rural and net-ban affected areas were sharing in that success. Rural and net-ban affected areas do not appear to be benefitting as much from the program as are urban areas. It was reported that rural enterprise zones claim progress on only 66 percent of goals identified in their strategic plans, compared with an 87 percent rate of progress toward goals for urban areas, and net-ban affected areas report only a 44 percent rate of progress.

In the 1998 report, the lower progress rate for rural and net-ban affected areas was largely attributed to a lack of local resources necessary to formulate, promote, and market an enterprise zone, and an increase in funding to those specific areas was recommended. Another explanation for insufficient progress in rural areas is that the enterprise zone program currently provides certain tax credits to businesses only for employees who reside within the enterprise zone. In rural areas, it is less likely that employees reside in the enterprise zone, as residential patterns differ from those common to densely populated urban areas. Because the enterprise zone program was

¹ Information from the March 1, 2000, *Florida Enterprise Zone Program Annual Report* by the Office of Tourism, Trade, and Economic Development.

originally created with urban areas in mind, the structure of some of the benefits remains more suited to urban communities. Currently, because of the unique characteristics of rural communities, they are not able to fully utilize the benefits conferred by the enterprise zone program under existing law.²

Florida Small Cities Community Development Block Grant Program

Title I of the federal Housing and Community Development Act of 1974 authorizes the distribution of Community Development Block Grant (CDBG) funds to local governments in order to meet the objective of developing viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. (42 U.S.C. s. 5301(c).) Eighty-five percent of CDBG funds are dispersed directly to large urban cities and counties that have been designated entitlement communities. The remaining funds are distributed annually in the form of competitive grants to non-entitlement communities, which are counties with populations not exceeding 200,000 and small cities with populations not exceeding 50,000. The federal act authorizes states to administer the non-entitlement CDBG funds. Under the Florida Small Cities Community Development Block Grant Program Act, ss. 290.0401-290.049, F.S., the Department of Community Affairs allocates CDBG funds to non-entitlement communities in this state.

Applications for CDBG grants under s. 290.046, F.S., specify that each eligible local government may apply up to three times in any one annual funding cycle for a grant under the economic development program category but shall receive no more than one such grant per annual funding cycle. In addition, local governments with an open housing, neighborhood revitalization, or commercial revitalization contract shall not be eligible to apply for another grant in these categories until an administrative closeout of their existing contract, unless their open CDBG contract's activities are on schedule in accordance with the expenditure rates and accomplishments, in which case they may apply for an economic development grant. Local governments with an open economic development community development block grant contract whose activities are on schedule may apply for a housing or neighborhood revitalization and a commercial revitalization community development block grant, but may receive no more than one additional economic development grant in each fiscal year (s. 290.046(2)(b) and (c), F.S.).

Retention Enhancing Communities Initiative

The Retention Enhancing Communities Initiative (RECI) proposal during the 1999 legislative session was an attempt to leverage state, federal, and local resources for comprehensive economic development and community redevelopment activities in distressed urban cores, with the goal of benefiting participants in the Work and Gain Economic Self-sufficiency (WAGES) Program, as well as other Floridians, residing and holding or seeking employment in these areas. (See CS/SB 260, 2nd Eng., which died in House messages, 1999 session.) The concept underlying RECI was that communities would organize themselves and come to the table prepared to leverage their resources with state resources. With an effective date of July 1, 1999, CS/SB 260, 2nd Eng., required RECI projects to be fully operational by January 1, 2000, and completed by December 31, 2001. Swift completion of projects was of particular importance because proposed funding for

² Florida Senate Committee on Ways and Means, Subcommittee E, *The Effectiveness of Enterprise Zone Tax Incentives: Florida's Enterprise Zone Program Since 1994*, Interim Project Summary 98-63, October 1998.

RECI was up to \$50 million in Temporary Assistance for Needy Families (TANF) funds, which some policy makers believed would be reclaimed by the federal government if not used.

Interim Project Report 2000-19 titled *Distressed Urban Cores: Linking Community Development and WAGES Strategies* by the Senate Committee on Commerce and Economic Opportunities sought to determine the feasibility of, need for, and merits of an urban community redevelopment initiative, similar to RECI. The project also solicited feedback on how such an initiative should be structured, administered, and funded.

Work and Gain Economic Self-sufficiency

Chapter 96-175, L.O.F., eliminated individual entitlement to public assistance and created the Work and Gain Economic Self-sufficiency (WAGES) Program. Under the WAGES Program, for most individuals, cash assistance is temporary and is tied to a requirement that able-bodied adults must work and be financially responsible for themselves and their families. WAGES Program requirements and administrative responsibilities are established in ch. 414, F.S.

Front Porch Florida Initiative

Section 14.2015(9), F.S., creates the Office of Urban Opportunity (office) within OTTED. The stated purpose of the office is to administer the Front Porch Florida Initiative, “a comprehensive, community-based urban core redevelopment program that will empower urban core residents to craft solutions to the unique challenges of each designated community.”

On October 8, 1999, Governor Bush designated the first six Front Porch Florida Neighborhoods. The Governor’s Front Porch Florida Initiative calls for 20 such designations.

Section 212.097, F.S., establishes the Urban High-Crime Area Job Tax Credit Program to encourage economic expansion of new and existing businesses in urban high-crime areas of the state. Eligible businesses must be located in a qualified county and be predominantly engaged in activities that are classified within specific standard industrial classifications (SIC).

Development of Urban Policy

In recognizing the importance of the vitality of urban cores to their respective regions and the state, the Legislative Committee on Intergovernmental Relations (LCIR) conducted an interim project during the summer of 1997 on developing an urban policy for Florida to preserve, revitalize, and sustain the state’s urban centers. During the course of the interim, the committee heard testimony from many experts including urban policy scholars; federal, state, and local government officials; representatives from regional entities, financial institutions, and residential and commercial developers; and others knowledgeable about urban issues.

The testimony emphasized the need for public/private partnerships, as well as the involvement of the community, to successfully address the varied problems of an urban area. Each urban area has unique needs, and community support is needed in effecting change and directing resources to those needs. In addition, the private sector participants stressed the importance of state and local governments demonstrating their commitment to urban areas before they were willing to invest in redevelopment projects. Finally, the following specific urban problems were identified:

- Vacant and abandoned buildings;

- Loss of jobs and corresponding high unemployment rates;
- Lack of public transportation facilities;
- Concerns for public safety;
- Difficulty in recruiting businesses into core areas;
- Disincentives to development because of lower land prices and building costs outside of urban areas;
- Eroding tax bases;
- Deterioration of neighborhoods; and
- Lack of sense of regional identity or citizenship by residents in outlying areas.

The LCIR sought to begin establishing a state urban policy by developing and identifying policies essential to revitalization of urban cores. The LCIR initially focused its efforts on promoting urban infill and redevelopment as a method to create jobs, improve neighborhoods, stimulate the economy, and have a general positive affect in rectifying other urban needs. The committee sought to “level the playing field” between the cost of developing downtown versus the urban fringe, and to encourage urban redevelopment generally. The committee’s recommendations are set forth in a report titled *1998 Report On The Development Of A State Urban Policy*.

Florida has various policies that address aspects of urban development including the State Comprehensive Plan, Strategic Regional Policy Plans, Local Government Comprehensive Plans, and Community Redevelopment Agencies, among others. More recently, a law enacted by the 1996 Legislature authorized the Department of Community Affairs to undertake a Sustainable Communities Demonstration Project for the development of models to further enhance local government’s capacity to meet current and future infrastructure needs with existing resources. Additionally, the Governor’s Commission for a Sustainable South Florida and the Department of Community Affairs, in conjunction with regional and local level governmental entities, have initiated a regional approach to urban revitalization through the “Eastward ho!” initiative in southeast Florida.

Workforce Development Board

The state Workforce Development Board operates as a separately incorporated division of EFI, and is given the purpose “to design and implement strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefiting these Floridians, Florida businesses, and the entire state.” (s. 288.9952, F.S.) The Workforce Development Board is governed by a 25-voting member board of directors whose membership must be consistent with the federal Workforce Investment Act and contain three representatives of organized labor. The state board charters and monitors 24 regional workforce development boards that coordinate local workforce development activities and designate training service providers. (See ss. 288.9953 and 288.9951, F.S.)

Certified Capital Company Act

Section 288.99, F.S., “The Certified Capital Company Act,” 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 ten 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 (s. 288.99(7), F.S.). To be certified, a CAPCO must have net capital of at least \$500,000 and at least two of its principals must demonstrate five years experience in making venture capital investments.

OTTED is responsible for allocating premium tax credits to insurers who apply and submit specified documentation. A CAPCO must annually file a report with OTTED 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. In 1999, OTTED allocated tax credits to the CAPCOs.

Sports Development

Section 288.1162, F.S., requires OTTED to serve as the state agency for screening and certifying applicants as: a facility for a new professional sports franchise; a facility for a retained professional sports franchise; or a new spring training franchise facility.

Section 288.1168, F.S., requires OTTED to serve as the state agency for screening and certifying applicants as the professional golf hall of fame facility in the state.

Section 288.1169, F.S., requires OTTED to serve as the state agency for screening and certifying applicants as the International Game Fish Association World Center facility.

Section 288.1229, F.S., permits OTTED to authorize a direct-support organization to assist with the promotion and development of sports-related industries and amateur athletics in the state. Under this authority, OTTED currently contracts with the Florida Sports Foundation.

Tourism Development

Section 288.1223, F.S., creates within OTTED, the Florida Commission on Tourism (commission) to oversee the state's efforts to increase the positive impact of tourism, including increased employment for state citizens, to all sectors of the economy through effective marketing activities; to continually upgrade the image of Florida as a quality destination; to promote tourism objectives with all geographic, socioeconomic, and community sectors considered equitably; and to judge its efforts by the same standards of accountability and integrity as those used by successful, respected private sector businesses.

Section 288.1224, F.S., provides the powers and duties of the commission, specifying that the commission shall contract no later than December 31, 1996, with a direct-support organization incorporated as a private, not-for-profit corporation, defined in section 501(c)(6) of the Internal Revenue Code, to execute the tourism and marketing promotion services of the state. Section

288.1226, F.S., identifies that direct-support organization as the Florida Tourism Industry Marketing Corporation (corporation). The corporation does business under the name “Visit Florida.” The commission serves as the contract administrator for this contract. Section 288.1224, F.S., allows OTTED to review such contracts in an expedient manner and to timely make any recommendations so as to allow the date of the contract to be met.

Section 288.1226, F.S., allows the Florida Tourism Industry Marketing Corporation to elect or appoint officers and agents as its affairs require and allow them reasonable compensation.

Film and Entertainment Development

Section 288.1251, F.S., creates the Office of the Film Commissioner within OTTED for the purpose of developing, marketing, promoting, and providing services to the state’s entertainment industry.

Section 288.1252, F.S., creates the Florida Film Advisory Council within OTTED for administrative purposes only. The purpose of the council is to serve as an advisory body to OTTED and to the Office of the Film Commissioner to provide these offices with industry insight and expertise related to developing, marketing, promoting, and providing service to the state’s entertainment industry.

Section 288.1253, F.S., provides definitions for the Office of Film Commissioner in connection with travel and entertainment expenses.

Enterprise Florida, Inc.

Sections 288.901 and 288.9015, F.S., create a not-for-profit corporation, to be known as “Enterprise Florida, Inc.” (EFI), with the Governor serving as the chairperson of the board of directors. EFI is to serve as the principal economic development organization for the state and to provide leadership for business development in Florida. EFI is also responsible for aggressively marketing Florida’s rural communities and distressed urban communities as locations for potential new investment, to aggressively assist in the retention and expansion of existing businesses in these communities, and to aggressively assist these communities in the identification and development of new economic development opportunities for job creation.

Military Installations

Section 288.980, F.S., declares the intent of this state to provide the necessary means to assist communities with military installations that would be adversely affected by federal base realignment or closure actions. It is further the intent to encourage communities to initiate a coordinated program of response and plan of action in advance of future actions of the federal Base Realignment and Closure Commission.

The Florida Defense Alliance, an organization within EFI, is designated as the organization to ensure that Florida, its resident military bases and missions, and its military host communities are in competitive positions as the United States continues its defense realignment and downsizing. The Florida Defense Alliance may receive funding from appropriations made for that purpose administered by OTTED. OTTED is authorized to award grants from any funds available to it to support activities related to the retention of military installations potentially affected by federal base closure or realignment.

The Florida Economic Reinvestment Initiative is established to respond to the need for this state, and defense-dependent communities in this state, to develop alternative economic diversification strategies to lessen reliance on national defense dollars in the wake of base closures and reduced federal defense expenditures, and the need to formulate specific base reuse plans and identify any specific infrastructure needed to facilitate reuse. The initiative consists of grant programs to be administered by OTTED. OTTED is assigned to establish guidelines to implement and carry out the purpose and intent of this section.

Information Service Technology Development Task Force

Chapter 99-354, L.O.F., created the Information Service Technology Development Task Force for the purpose of developing policies that will benefit residents of this state by fostering the free market development and beneficial use of advanced communications networks and information technologies within this state. The task force, which dissolves July 1, 2001, must:

- Develop overarching principles to guide state policy decisions with respect to the free market development and beneficial use of advanced communications networks and information technologies, identify factors that will affect whether these technologies will flourish in Florida, and develop policy recommendations for each factor.
- By February 14 of the calendar years 2000 and 2001, submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives outlining principles, policy recommendations, and any suggested legislation.

The task force created the eWorkforce Subcommittee to promote the development of strategies to assist educational institutions in establishing policies and programs that will produce a highly skilled information technology workforce, and encourage public-private partnerships in the development of information technology curriculum, research, funding, and training.

In the *1999 Annual Report to the Legislature*, the eWorkforce Subcommittee made two recommendations relating to distance learning and internships. First, the subcommittee recommended that colleges and universities identify and understand the strengths and weaknesses of different training delivery systems that will help their institutions maximize the value received for training expenditures. The subcommittee further recommended that initiatives should be developed that support the use of technology, distance learning, and other alternative delivery methods by community colleges and universities. (*1999 Annual Report to the Legislature*, Information Service Technology Development Task Force, page 58.) Second, the subcommittee found that the experience and knowledge gained through industry internships is a widely used and successful means of ensuring that the education students receive is aligned with the needs of industry, and internships also help maintain faculty interaction with industry. The subcommittee recommended that industry provide scholarships and guarantees of internships and employment for university students, and that information technology programs throughout the university system include provisions for internships. (*1999 Annual Report to the Legislature*, Information Service Technology Development Task Force, pages 48 & 50.)

A State Technology Office exists under s. 282.3093, F.S., in the Department of Management Services and is charged with providing support to various workgroups, such as the State

Technology Council and the Chief Information Officers Council, and with facilitating educational and training efforts with respect to the state's use and management of information technology resources.

Digital Television and Education Task Force

Chapter 99-251, L.O.F., provided for the formation of a 12-member task force to be called the "21st Century Digital Television and Education Task Force." The task force, to be established within OTTED, is directed to: devise a plan to recruit digital industries to locate in Florida; recommend economic incentives to assist in the recruitment of certain digital industries to Florida; devise a plan to create and maintain higher education opportunities for students interested in the digital television field; recommend methods to hasten the conversion of existing commercial television studios and sound stages from analog to digital technology; investigate means of assisting public broadcast stations in their conversion from analog to digital technology; and issue a report to the Legislature prior to February 1, 2000.

The 21st Century Digital Television and Education Task Force Final Report made various recommendations relating to the enhancement of the digital media industry, including:

- Recommendation 1: Creation of the Digital Media Education Coordination Group. The State University System should be directed to create a Digital Media Education Coordination Group assigned to coordinate the use of existing academic programs, research, and faculty resources to promote the development of a digital media industry in Florida. The group should also address strategies to improve opportunities for interdisciplinary study and research within the emerging field of digital media through the development of tracks in existing degree programs, new interdisciplinary degree programs, and interdisciplinary research centers. (*The 21st Century Digital Television and Education Task Force Final Report*, pages 2-4.)
- Recommendation 2: Create and Market Digital Media Technical Education Programs. The State Board of Community Colleges should be authorized to identify, via the Critical Jobs Initiative, the occupational forecasting process, or any other compatible mechanism, a collection of programs designed to train broadband digital media specialists. Programs identified by the board should be added to the statewide lists for demand occupations, if they meet the high skill/high wage criteria. Industry partners and the state community college system should be tasked with preparation of a marketing program to assist those making the transition from working with analog formats to digital formats. (*The 21st Century Digital Television and Education Task Force Final Report*, pages 4 & 5.)
- Recommendation 3: Create an A+ Broadband Digital Media Workforce.
 - The Workforce Development Board of EFI, should reserve up to \$1 million of the next fiscal year funds dedicated for Incumbent Worker Training for this industry. Training may be provided by public or private training providers for broadband digital media jobs listed on the Occupational Forecast List or the Targeted Occupations List.
 - The Workforce Development Board should by July 31, 2000 develop a plan for the use of Temporary Assistance to Needy Families (TANF), Workforce Investment Act (WIA), Quick Response, Incumbent Worker Training, and other training related resources to enhance the workforce of digital media related industries.

- The Legislature should establish a Digital Media Education Infrastructure Fund, with an initial General Revenue investment of \$6 million over two years to upgrade the quality of media labs associated with university programs, community college programs, and other educational resources. As many as five media labs will be created and upgraded, with \$1 million of the fund expended the first year for design costs, and the remaining \$5 million expended in year two for implementation. Such funds should be spent according to the priorities established by an industry sector group and should be matched with industry contributions. (*The 21st Century Digital Television and Education Task Force Final Report*, pages 5 & 6.)
- Recommendation 4: Designate and Support a Digital Media Education and Industry Sector.
 - EFI should convene an organizational meeting for industries involved in broadband digital media to organize and facilitate future activities of associated industry groups or facilitate the ongoing activities of a similar group. This group should be charged with the responsibility of continuing the work begun by the task force.
 - Industry representatives should work with EFI to develop a list of priority businesses for EFI recruiting contacts. EFI and industry representatives should ensure a strong Florida presence at critical industry conventions and gatherings.
 - Establish a digital media incubator to encourage companies developing content and technology for digital broadband media and digital broadcasting to locate and grow their businesses in Florida. Provide operational and investment seed funding of \$2 million to encourage the financial and strategic participation of venture capital firms, corporate and institutional sponsors, and targeted start-up companies. (*The 21st Century Digital Television and Education Task Force Final Report*, pages 6 & 7.)
- Recommendation 5: Finance the Transition.
 - The Legislature should continue to support the transition of the public broadcasting stations to digital transmission by fully funding the programs already identified in the Governor's budget.
 - The Legislature should implement a commercial and professional digital media equipment sales tax holiday for Florida entities to last no more than 36 months. The tax holiday should be designed to encourage the rapid transition to digital transmission and increase the digital production and manufacturing capacity of the state.
 - The Legislature should support sales tax relief lasting 36 months for all professional digital media production equipment purchased by Florida entities and by related industries not already covered by tax relief. (*The 21st Century Digital Television and Education Task Force Final Report*, pages 7 & 8.)
- Recommendation 6: Market the State as a Digital Media Leader.

ITFlorida and EFI should be tasked with the responsibility of putting together a marketing plan to promote the state as digital media friendly, a digital media ready environment, and a national leader in the development and distribution of broadband digital media content, technology, and education. (*The 21st Century Digital Television and Education Task Force Final Report*, page 8.)

Chapter 239, F.S., governs vocational, adult, and community education. Section 240.311, F.S., provides for powers and authorities of the State Board of Community Colleges. Section

240.3341, F.S., authorizes community colleges to provide incubator facilities to a business that is independently owned and operated, incorporated in Florida, not an affiliate or a subsidiary of a business dominant in its field of operation, and employs 25 or fewer full-time employees.

HOPE VI

HOPE VI is a federal program administered through the federal Department of Housing and Urban Development. The HOPE VI program was developed as a result of recommendations by National Commission on Severely Distressed Public Housing, which was charged with proposing a National Action Plan to eradicate severely distressed public housing by the year 2000. The Commission recommended revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs. The activities funded by HOPE VI include the capital costs of major rehabilitation, new construction, and other physical improvements; demolition of severely distressed public housing; management improvements; planning and technical assistance; and self-sufficiency programs for residents. Eligible grantees include any Public Housing Authority (PHA) that operates public housing units is eligible to apply for that public housing.

Eligible customers include current public housing residents, residents of the revitalized public housing units, and communities surrounding the revitalized sites.

Research and Development Parks

Sections 159.701 - 159.7095, F.S., the Florida Industrial Development Financing Act, governs the creation of research and development authorities. Such authorities exist to promote scientific research and development in affiliation with research and development activities of one or more state-based, accredited, public or private institutions of higher education.

Sales Tax Exemptions

Chapter 212, Florida Statutes, provides for a 6 percent tax on sales, use and other transactions. Section 212.05, F.S., provides that every person who engages in the business of selling tangible personal property at retail in this state, including the business of making mail order sales, or who rents or furnishes any of the things or services taxable under chapter 212, F.S., or who stores for use or consumption any item or article of tangible personal property and who leases or rents such property is exercising a taxable privilege. Section 212.05(1)(a)1.a., F.S., provides for a six percent tax rate on the retail price of each item or article of tangible personal property when sold at retail in Florida. Section 212.05(1)(b), F.S., provides for a six percent tax on the cost price of any item of tangible personal property that is not sold but used in Florida. Additionally, local governments are authorized to levy one or more of six types of Local Discretionary Sales Surtaxes, ranging 0.5 percent to 1.0 percent each, with a maximum of 1.5 percent.

Section 212.08(5), F.S., provides exemptions from the tax imposed by this chapter based on use. Section 212.08(5)(j), F.S., provides an exemption from the sales and use tax for machinery and equipment purchased for use in silicon technology facilities to manufacture, produce, compound, or process silicon technology products. Additionally, machinery and equipment purchased for use predominately in silicon wafer research and development activities in a certified silicon technology research and development facility are also exempt.

To receive the exemption, an eligible business must apply to Enterprise Florida Inc. (EFI), who is responsible for reviewing the applications and making the recommendation of approval or

disapproval to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) within a specified time period. OTTED must either approve the application within 5 working days or notify the applicant of its denial and reasons why within 10 working days. Businesses must apply annually to OTTED for the exemption and provide to OTTED documents on the sales and use taxes otherwise payable, the average number of full-time equivalent employees at the facility, the average wage and benefits paid to those employees over the preceding calendar year, and the total investment made in real and tangible personal property over the preceding calendar year since the date of certification. OTTED is responsible for using this information to prepare an annual report on the exemption program and its cost and impact.

The exemption program allows certified businesses to designate one or more state universities or community colleges as recipients of up to 100 percent of the amount of the exemption for which they may qualify. To receive these funds, the institution agrees to match the funds with equivalent cash, programs, services, or other in-kind support on a one-to-one basis in the pursuit of research and development projects as requested by the certified business. Rights to patents, royalties, or real or intellectual property must be vested in the business unless otherwise agreed to by the business and the university or community college.

Language in the section providing the exemption for machinery and equipment used "predominately" in silicon wafer research and development defines "predominately" to mean such use of the equipment is at least 50 percent of the time. "Research and development" is defined as basic and applied research in the science, engineering, design, development, and testing of prototypes or processes for new products or improvement of products. It does not include market or sales research, routine consumer product testing, research in the social sciences or psychology, non technological activities, or technical services.

In 1999, the Legislature created a sales tax exemption for labor and repair parts and materials for manufacturing machinery and equipment. The exemption did not specifically grant the exemption to shipping equipment.

Local Government Comprehensive Planning

Section 163.3161 - 163.3215, F.S., constitutes the Local Government Comprehensive Planning and Land Development Regulation Act. The purpose of the act is to use and strengthen the existing role, processes, and powers of local governments in the establishment and implementation of comprehensive planning programs to guide and control future development. Section 163.3164(6), F.S., defines the word "development" as the meaning given it in s. 380.04, F.S. Subsection (3) of this section specifies that certain operations or uses are not to be considered "development." These operations or uses generally include maintenance on roads or railroad tracks; work on utilities; changes to the interior of structures; limited changes to the exterior of structures; the use of property for agricultural uses; and other limited changes to the use, access to, or ownership of property.

Spaceport Florida Authority

Part II of ch. 331, F.S., ss. 331.301 through 331.360, known as the "Spaceport Florida Authority Act" (act), created the Spaceport Florida Authority (SFA), which has been in existence since 1989. The purpose of the act is to provide a unified direction for space-related economic growth

and educational development, to ensure a stable and dynamic economic climate, to attract and maintain space-related businesses suitable to the state, and to further the coordination and development of Florida's economy. To that end, the SFA works through the direction of its board of supervisors, with the federal government, private industry, and Florida's universities to develop and expand spaceport facilities, space launch capacity, spaceport projects, and complementary activities. The SFA also works with public and private universities and community colleges in the state to increase their involvement in space-related research and education.

Florida Space Research Institute

In 1999, the Legislature created the Florida Space Research Institute (institute), (s. 331.368, F.S.) as an industry-driven center for research, leveraging the state's resources in a collaborative effort to support Florida's space industry and its transition to commercialization. The institute functions as the academic center for space-related research and development and invites the participation of public and private universities, including, but not limited to, the University of Florida, Florida State University, the University of Central Florida, the Florida Institute of Technology, and the University of Miami, who serve as partners in the institute. The statute directs the board of the institute to select a lead university to serve as coordinator of research and as the institute's administrative entity. The institute's board of directors is composed of three "core members" from the Spaceport Florida Authority (SFA), Enterprise Florida, Inc. (EFI), and the Florida Aviation Aerospace Alliance (FAAA). These three members, together with the board's chair, comprise the institute's "executive committee." The board also includes four industry members selected by the core membership of the board.

At its first meeting the institute's board decided to establish the institute as a not-for-profit educational corporation and decided to defer the selection of a "lead university" until broader academic priorities are established. By December 1 of each year, the institute submits a report of its activities and accomplishments for the prior fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

III. Effect of Proposed Changes:

This CS/CS/CS for SB 2548 makes a number of changes to the role that OTTED has in economic development program implementation. It reduces OTTED's administrative role over various programs, grants, and activities. It will redistribute administrative duties for various other programs and activities which OTTED has been assigned, through statutory provisions other than the duties and responsibilities provided under s. 14.2015, F.S. It also makes revisions to existing economic development programs and creates a number of new initiatives.

Section 1 amends s. 14.2015, F.S., to remove OTTED from primary administrative responsibility for the following programs:

- the sports franchise facility program under s. 288.1162, F.S.;
- the professional golf hall of fame facility program under s. 288.1168, F.S.;
- the Regional Rural Development Grants Program under s. 288.018, F.S.;
- the Certified Capital Company Act Program under s. 288.99, F.S.;
- the Florida State Rural Development Council;

- the Florida First Business Bond Pool under ch. 159, F.S.; and
- foreign offices under ch. 288, F.S.

This section requires OTTED to submit annually to the Governor, the President of the Senate, and the Speaker of the House of Representatives a complete and detailed report of all applications received and recommendations made or actions taken during the previous fiscal year under all programs funded out of the Economic Development Incentives Account or the Economic Development Transportation Trust Fund. The Office of Tourism, Trade, and Economic Development, with the cooperation of EFI, shall also include in the report a detailed analysis of all final decisions issued; agreements or other contracts executed; and tax refunds paid or other payments made under all programs funded from the above named sources, including analyses of benefits and costs, types of projects supported, and employment and investment created. The report shall also include a separate analysis of the impact of such tax refunds and other payments approved for rural cities or communities as defined in s. 288.106(2)(s), F.S., and state enterprise zones designated pursuant to s. 290.0065, F.S. Section 66 repeals a similar reporting requirement under s. 288.095(3)(c), F.S.

This section designates the Front Porch Program as a “civic switchboard” connecting each Front Porch Florida community with federal, state, and private sector resources necessary to implement the program. The program is required to give priority to applicants that are receiving HOPE VI grants from the federal Department of Housing & Urban Development under certain conditions.

This section also amends a reference to the title of the “Office of the Film Commissioner” created under s. 288.1251, F.S., which is changed to “the Governor’s Office of Film and Entertainment”; and a reference to the title of the “Florida Film Advisory Council” which is changed to the “Florida Film and Entertainment Advisory Council.”

Section 2 amends s. 163.2523, F.S., to require an “elevated priority” be given to grant applicants that are receiving HOPE VI grants from the federal Department of Housing & Urban Development in the scoring of applications for Urban Infill and Redevelopment Assistance Grants.

Section 3 amends s. 420.5087(6)(c), F.S., to expand the criteria used in the scoring system for evaluating applications for loans from the State Apartment Incentive Loan Program, to include projects that are receiving HOPE VI grants from the federal Department of Housing & Urban Development.

Section 4 amends s. 420.5089(6), F.S., to expand the factors used in the scoring system for evaluating applications for loans from the HOME Investment Partnership Program, to include projects that are receiving HOPE VI grants from the federal Department of Housing & Urban Development.

Section 5 amends s. 420.5093(3), F.S., to require the allocation procedure for the State Housing Tax Credit Program give priority to projects that are receiving HOPE VI grants from the federal Department of Housing & Urban Development.

Section 6 amends s. 420.5099(2), F.S., to require the allocation procedure for low-income housing tax credits give priority to projects that are receiving HOPE VI grants from the federal Department of Housing & Urban Development.

Section 7 amends s. 159.705(10), F.S., to specify that projects located in a research and development park that are financed pursuant to the provisions of the Florida Industrial Development Financing Act may be operated by the research and development authority, a state university, community college, or governmental agency, provided that the purpose and operation of the project are consistent with ss. 159.701 - 159.7095, F.S., which governs the creation of research and development authorities.

Section 8 amends s. 159.8083, F.S., to require EFI, to recommend Florida First Business (FFB) projects that are then certified by OTTED as eligible to receive a written confirmation. This bill also requires EFI to be involved, along with OTTED and the Division of Bond Finance of the State Board of Administration, in the development of rules to ensure that the allocation provided in the pool is available solely to provide written confirmations for private activity bonds to finance FFB projects and ensure the projects are feasible and financially solvent.

Section 9 amends s. 163.3164, F.S., to clarify that the definition for development includes the exemptions provided in s. 380.04(3), F.S. These exemptions generally include maintenance on roads or railroad tracks; work on utilities; changes to the interior of structures; limited changes to the exterior of structures; the use of property for agricultural uses; and other limited changes to the use, access to, or ownership of property.

Section 10 amends ss. 212.08(5)(j), and (7)(eee), F.S., to revise the application of the sales tax exemption provided for machinery and equipment used in silicon technology production and research and development by replacing the term “silicon” with the term “semiconductor.” The committee substitute also includes a sales tax exemption for building materials purchased for use in manufacturing or expanding “clean rooms” and defines the term as manufacturing facilities enclosed in such a manner that the rooms meet the clean manufacturing requirements necessary for high technology semiconductor manufacturing environments. This committee substitute also repeals the sales tax on labor charges for the repair of, and parts and materials used in the repair of and incorporated into, industrial shipping machinery and equipment.

Section 11 specifies that the preceding amendment to s. 212.08(7)(eee), F.S., is remedial and applies retroactively to July 1, 1999.

Section 12 amends s. 212.097, F.S., to add standard industrial classification (SIC) code 781 (motion picture production and allied services) to the eligible businesses for inclusion in the Urban High-Crime Area Job Tax Credit Program. This would allow certain movie production and related businesses to make use of this urban job tax credit.

Section 13 amends s. 212.098, F.S., to add SIC code 781 (motion picture production and allied services) to the eligible businesses for inclusion in the Rural Job Tax Credit Program. This would allow certain movie production and related businesses to make use of this rural job tax credit.

Section 14 amends s. 218.075, F.S., to allow the Department of Environmental Protection (DEP) and the water management districts to reduce or waive permit processing fees for a county with a population of 75,000 or less, as opposed to 50,000 on 4/1/94 under current law, or a county with a population of 100,000 or less that is contiguous to a county with a population of 75,000 or less, based upon the most current census data.

Section 15 amends s. 288.012, F.S., to authorize EFI and the commission to act as agents for OTTED in the establishment and operation of offices in foreign countries for the purpose of promoting the trade and economic development of the state, and to promote the gathering of trade data information and research on trade opportunities in specific countries. EFI and the commission are also authorized to enter into agreements with governmental and private sector entities for the establishment and operation of foreign offices. This section changes OTTED's role from that of entering into agreements with governmental and private sector entities, to a role in which it would approve the efforts of EFI and the commission to act as agents for OTTED, including the purchase of foreign currency, annual submitting of operating plans, and annual reports on activities and accomplishments of foreign offices during the preceding fiscal year.

Section 16 amends s. 288.018, F.S., to require EFI to administer the Regional Rural Development Grants Program (or Rural Staffing Grants) to build the professional capacity of regional economic development organizations made up of rural counties, communities, and organizations. The funds are intended to be used for staffing assistance for regional economic development organizations. This section changes OTTED's role from that of administering the program to that of approving the administrative decisions and recommendations made by EFI.

Section 17 creates s. 288.064, F.S., to provide legislative intent on rural economic development, which includes providing "for the most efficient and effective delivery of programs of assistance and support to rural communities, including the use, where appropriate, of regulatory flexibility through multiagency coordination and adequate funding."

Section 18 amends ss. 288.0655(2)(d) and (4), F.S., to extend deadlines relating to implementation of the Rural Infrastructure Fund. The program calls for the Office of Tourism, Trade, and Economic Development (OTTED) to pursue execution of a memorandum of agreement with the U.S. Department of Agriculture by September 1, 1999, relating to integration of the Rural Infrastructure Fund with federal activities; however, because there was no funding provided for this program in FY 1999-2000, that date was not met. Also revised is the date for development of an application. Both dates are changed to September 1, 2000.

Section 19 amends s. 288.0656, F.S., to allow an unincorporated federal enterprise community or an incorporated rural city in a nonrural county to be eligible to apply for any program specifically identified in statute as a rural program, provided that it can demonstrate that the county of jurisdiction for such areas is also providing support for each program application. Such communities are also eligible for any preferential criteria or waivers of any program requirements specifically identified in statute as available for rural counties, cities, or communities.

Section 20 amends s. 288.1088, F.S., to remove "high-impact" language and replace it with certain "target industries" language used in specifying which companies can receive the Quick Action Closing Fund incentives. This section also adds the name "21st Century Fund" to the name

Quick Action Closing Fund. This section changes a reference to business investment from the term “facility” to “project” and requires the applicant to provide an analysis of all other state and local incentives that have been offered in this state, and an analysis of the conditions and incentives offered by other states and their communities.

Section 21 amends s. 288.1162, F.S., to change OTTED’s role from one that requires the office to serve as the state agency for screening and certifying applicants as a facility for a new professional sports franchise; a facility for a retained professional sports franchise; or a new spring training franchise facility, to a role in which OTTED has final approval to support actions and recommendations by the direct-support organization authorized under s. 288.1229, F.S., to promote sports-related businesses.

Section 22 amends s. 288.1168, F.S., to change OTTED’s role from one that requires the office to serve as the state agency for screening and certifying applicants as the professional golf hall of fame facility in the state, to a role in which OTTED has final approval to support actions and recommendations by the direct-support organization authorized under s. 288.1229, F.S., to promote sports-related businesses.

Section 23 amends s. 288.1169, F.S., to change OTTED’s role from one that requires the office to serve as the state agency for screening and certifying applicants as the International Game Fish Association World Center facility, to a role in which OTTED has final approval to support actions and recommendations by the direct-support organization authorized under s. 288.1229, F.S., to promote sports-related businesses.

Section 24 amends s. 288.1185, F.S., to transfer the Recycling Markets Advisory Committee from being administratively housed in OTTED to being administratively housed in the Department of Environmental Protection (DEP). This section transfers s. 288.1185, F.S., and renumbers it as s. 403.7155, F.S.

Section 25 amends s. 288.1223, F.S., to allow the Governor to choose a designee to represent the Governor’s membership on the commission, provided that the designee is from the public sector.

Section 26 amends s. 288.1226, F.S., to allow the Governor to remove the president of the Florida Tourism Industry Marketing Corporation, who is elected or appointed by the corporation. This bill states that the president of the Florida Tourism Industry Marketing Corporation shall “serve at the pleasure of the Governor.” The Florida Tourism Industry Marketing Corporation does business under the name “Visit Florida” and is contracted by the commission. This section also states that no employee of the Florida Tourism Industry Marketing Corporation may receive compensation for employment which exceeds the salary paid to the Governor, unless the board of directors and the employee have executed a contract that prescribes specific, measurable performance outcomes for the employee, the satisfaction of which provides the basis for the award of incentive payments that increase the employee’s total compensation to a level above the salary paid to the governor.

Section 27 amends s. 288.1229, F.S., to require the Florida Sports Foundation to provide OTTED with an annual report on the status of: the professional golf hall of fame facility program certified under s. 288.1168, F.S., and the International Game Fish Association World Center

facility certified under s. 288.1169, F.S. This section further requires the golf-facility report to include the level of attendance and sales tax revenue associated with the facility as compared to the minimum projections established at the time the facility was certified.

Sections 28 - 30 amend s. 288.1251, 288.1252, and 288.1253, F.S., to change the name of the “Office of the Film Commissioner” to the “Governor’s Office of Film and Entertainment.” The bill also changes the name of the “Florida Film Advisory Council” to the “Florida Film and Entertainment Advisory Council,” and the name “Film Commissioner” to “Commissioner of Film and Entertainment.” This section also authorizes the Governor’s Office of Film and Entertainment, in the performance of its duties to:

“Request or accept any grant or gift of funds or property made by this state or by the United States, or any department or agency thereof, or by any individual, firm, corporation, municipality, county, or organization for any or all of the purposes of the Governor’s Office of Film and Entertainment which are consistent with this or any other provision of law. The office may expend such funds in accordance with the terms and conditions of any such grant or gift, in the pursuit of its administration or in support of the programs it administers.”

Section 31 amends s. 288.7011, F.S., to revise the number of years for which the Legislature committed to support the Florida First Capital Finance Corporation.

Sections 32 amends s. 288.901, F.S., to allow the Governor’s designee to serve as chairperson of the board of directors of EFI provided that the designee is from the public sector. This section also corrects a cross reference to the Workforce Development Board.

Section 33 amends s. 288.9015, F.S., to require EFI to promote existing state programs to facilitate the location of new investment, the retention and expansion of existing businesses, and the identification and development of new economic development opportunities for job creation in rural communities and distressed urban communities. This section specifically requires EFI to use the following programs:

- the Community Contribution Tax Credit Program (ss. 220.183 and 624.5105, F.S.);
- the Urban High-Crime Area Job Tax Credit Program (ss. 212.097 and 220.1895, F.S.);
- the Rural Job Tax Credit Program (ss. 212.098 and 220.1895, F.S.); and
- the state incentives available in enterprise zones (s. 290.007, F.S.).

Section 34 amends s. 288.980, F.S., to change OTTED’s role from being the administrator for military base retention programs to a role of giving final approval to EFI’s decisions as the new administrator. In the following areas regarding military base retention programs, EFI is assigned to be the administrator and OTTED is assigned to give final approval to EFI’s decisions:

- Florida Defense Alliance;
- awarding of grants from funds specifically appropriated to support activities related to the retention of military installations;
- the Florida Economic Reinvestment Initiative;
- the Florida Defense Planning Grant Program;
- the Florida Defense Implementation Grant Program;

- the Florida Military Installation Reuse Planning and Marketing Grant Program;
- the Defense-Related Business Adjustment Program; and
- the development of guidelines to implement and carry out the purpose and intent of all military base retention programs.

Section 35 amends s. 288.99, F.S., to change certain administrative duties regarding the Certified Capital Company Act (CAPCO) from OTTED to the Department of Banking and Finance.

This committee substitute also provides for additional certifications of applicants as a certified capital company if the application is filed between July 1, 2000, and September 1, 2000, notwithstanding the dates established in subsections 288.99(4)(b), (4)(c), and (4)(e), F.S.

Section 36 amends s. 290.004, F.S., to provide a definition for “rural enterprise zone” for purposes of the Florida Enterprise Zone Act, which means an enterprise zone that is nominated by a county having a population of 75,000 or fewer, or a county having a population of 100,000 or fewer which is contiguous to a county having a population of 75,000 or fewer, or by a municipality in such a county, or by such a county and one or more municipalities. The definition of rural enterprise zone also includes zones created for communities affected by fishing net limitation (net-ban zones) under s. 370.28, F.S. This section deletes references to the Department of Commerce.

Section 37 amends s. 290.0056, F.S., to require enterprise zone agencies to submit annual reports to EFI instead of OTTED, which conforms this section to other sections of this bill.

Section 38 amends s. 290.0058, F.S., to require EFI instead of OTTED, to round up to whole numbers when calculating whether an area suffers from pervasive poverty, unemployment, and general distress.

Section 39 amends s. 290.0065, F.S., to change numerous references to duties for OTTED to duties for EFI. This section changes OTTED’s role from that of administering the enterprise zone program to that of approving the administrative decisions and recommendations made by EFI. This section changes reference from “rule” development to “guideline” development, necessary for the approval of enterprise zone areas.

Section 40 amends s. 290.0066, F.S., to require EFI to recommend revocation of enterprise zone designation instead of OTTED. Upon recommendation by EFI, the director of OTTED may revoke the designation of an enterprise zone.

Section 41 amends s. 290.00675, F.S., to require EFI to recommend enterprise zone boundary changes to OTTED.

Section 42 creates s. 290.00676, F.S., to provide rural enterprise zones with an opportunity to amend their zone boundaries by increasing the size of the zone to 15 square miles and to allow one additional noncontiguous area.

Section 43 creates s. 290.00677, F.S., to allow businesses in rural enterprise zones to apply for job tax credits for new hires for county residents (not just zone residents). Currently businesses in

the “net ban zones” have this option and are able to apply for tax incentives for new hires residing within the county.

In addition, businesses in the rural enterprise zones would be able to count county residents in calculating the 20 percent enhancement clause (rather than just zone residents) for enterprise zone tax incentives. Under this provision, a business could claim the maximum amount of the tax exemption or credit if no less than 20 percent of its employees are residents of a rural county. The applicable tax incentives are:

- the building materials sales tax refund under s. 212.08(5)(g), F.S.;
- the business property sales tax refund under s. 212.08(5)(h), F.S.;
- the electrical energy sales tax exemption under s. 212.08(15), F.S.;
- the sales tax credit for job creation under s. 212.096, F.S.;
- the corporate income tax credit for job creation under s. 220.181, F.S.; and
- the enterprise zone property tax credit under s. 220.182, F.S.

Businesses eligible to receive these incentives within the period from January 1, 2000, to June 1, 2000, would be given additional time (until December 1, 2000) to apply for them.

Section 44 amends s. 290.00689, F.S., to require EFI to administer enterprise zone pilot projects and make recommendations to OTTED for final approval of tax credits under this section.

Section 45 creates s. 290.00694, F.S., relating to enterprise zone designation for rural champion communities. Under this provision, eight “Rural Champion Communities” would be able to apply for a state rural enterprise zone designation (the areas should be required to meet the enterprise zone eligibility criteria). The “Rural Champion Community” designation is made under federal law.

Section 46 amends s. 290.009, F.S., to require EFI to serve as staff for the Enterprise Zone Interagency Coordinating Council (council). The council then advises EFI and OTTED in the planning, developing, implementing, reporting, and evaluation of activities related to the Florida Enterprise Zone Act.

Section 47 amends s. 290.014, F.S., to require the Department of Revenue to submit annual enterprise zone reports to EFI instead of directly to OTTED, and to require EFI to then submit an annual enterprise zone report to OTTED.

Section 48 amends s. 290.046, F.S., to remove limitations on the number of economic development grants a community may receive under the Small Cities Community Development Block Grant Program, but references a cap on the cumulative amount of such awards.

Section 49 creates subsection (7) of s. 290.048, F.S., to authorize DCA to establish advisory committees and solicit participation in the design, implementation, and evaluation of urban development programs, and its linkages with other housing, community development, and economic development resources.

Section 50 repeals s. 290.049, F.S., which establishes DCA's Community Development Block Grant Advisory Council.

Section 51 amends s. 373.4149, F.S., to remove OTTED membership on the Miami-Dade County Lake Plan Implementation Committee. Currently the director of OTTED is a member of the committee.

Section 52 creates a yet to be numbered section of the statutes that authorizes the Institute of Food and Agricultural Sciences at the University of Florida to enter into contracts with the U.S. Department of Agriculture and to receive grants to support the Florida State Rural Development Council.

Section 53 directs the Workforce Development Board of EFI to develop, in consultation with the State Board of Community Colleges and the Division of Workforce Development of the Department of Education, a policy authorizing the placement of Workforce Investment Act clients and other training program clients in self-employment as a means job placement. The policy shall define the conditions necessary, including documentation of income, for self-employment to qualify as job placement for Workforce Investment Act programs and Workforce Development Education Fund programs.

Section 54 establishes a forecast unit within OTTED responsible for identifying extraordinary economic development opportunities and threats, such as a major business relocation or closure, and coordinating implementation of action plans to address such events. The bill also creates an Economic Development Leadership Council composed of: the Governor; the President of the Senate; the Speaker of the House of Representatives; the director of OTTED; and the president of EFI. The council convenes at the recommendation of the director of OTTED, with the aid of the forecast unit serving as staff, in response to an extraordinary economic development opportunity or threat.

Section 55 creates the Toolkit for Economic Development (TED) program for the purpose of enabling economically distressed communities to access easily, and use effectively, federal and state tools to improve conditions in the communities and thereby help needy families in the communities avoid public assistance, retain employment, and become self-sufficient. "Economically distressed" is defined as a community that is experiencing conditions affecting its economic viability and hampering the self-sufficiency of its residents, including, but not limited to, low per capita income, low property values, high unemployment, high underemployment, low weekly wages compared to the state average, low housing values compared to the state average, high percentage of the population receiving public assistance, high poverty levels compared to the state average, and a high percentage of needy families. The toolkit comprises six initiatives, or "tools," to meet the program's stated purpose: Liaisons, Coordinating Partners, Fee Waivers and Matching Fund Options, Inventory, Start-Up Initiatives, and Communities of Critical Economic Opportunity.

Liaisons

Twenty-three agencies are required to designate high level individuals to serve as liaisons for the TED program. The liaison serves as the primary contact for the agency or organization for the TED program to: assist and expedite proposal review; resolve problems; promote flexible

assistance; and to identify opportunities for support within the agency or organization. Liaisons must also, as necessary, review proposals from economically distressed communities to determine if they would be properly referred or submitted to their agencies or organizations. If such referral and submittal is appropriate, the liaison must then assist the community as an ombudsman.

Liaisons are directed to work at the request of the coordinating partners to review statutes and rules for their adverse impact on economically distressed communities and to develop alternative proposals to mitigate their impact. Additionally, liaisons must review their agencies' or organizations' evaluation and scoring procedures for grant, loan, and aid programs to ensure that economically distressed communities are not unfairly disadvantaged, hampered, or handicapped in competing for awards because of community economic hardship. If they are, new evaluation criteria and scoring procedures must be considered that recognize disproportionate requirements that an application process makes of a community that lacks the resources of other more prosperous communities. The evaluation criteria should weight contribution in proportion to the amount of resources available at the local level.

Annually, the coordinating partners must report to the Governor and the head of each agency or organization on the work and accomplishments of the liaisons.

Coordinating Partners

The liaisons from the WAGES State Board of Directors, the Office of Urban Opportunity, the Department of Community Affairs, EFI, and the state Workforce Development Board must serve as coordinating partners for the TED program, acting as an executive committee for the liaisons. The coordinating partners must review any request from a Front Porch Florida Community and provide whatever assistance that the TED program can afford to them. The partners may also recommend to the head of an agency or organization approval of a project that will have an extraordinary positive impact on an economically distressed community.

Matching Fund Options

An agency or organization may waive any state-required matching funds at the request of the coordinating. In addition, any in-kind matches may be allowed and applied as matching funds at the request of the coordinating partners. The coordinating partners must unanimously endorse each request to an agency or organization.

Inventory

The coordinating partners must develop an inventory of recommended federal and state tax credits, incentives, inducements, programs, opportunities, demonstrations or pilot programs, grants, and other resources available through the agencies and organizations which could assist Front Porch Florida or economically distressed communities. The inventory must be organized into seven categories including:

- Leadership - Entries that promote the skills and capacities of local leaders, volunteers, organizations, and employees that work on other categories of the inventory. These entries must include, for example: grants; scholarships; Individual Training Accounts; Retention Incentive Training Account programs; and other programs that build the resident capacity to create a better community.

- Safety - Entries that increase safety and reduce crime. These entries must include, for example: the training and employment of public safety employees and volunteers; establishing safer businesses and neighborhoods; training residents in safety practices; organizing safety networks and cooperatives; improving lighting; improving the safety of homes, buildings, and streets; and providing for community police and safety projects, including those designed to protect youth in the community.
- Clean Up - Entries that support clean up and enhancement projects that quickly create visible improvements in neighborhoods, including the demolition of drug havens and abandoned buildings. These entries must include, for example: projects that plan, design, or implement clean up strategies; main street redevelopment; and renovation projects.
- Business - Entries that support small business development, including, for example: attraction of national franchises; micro-loans; guaranteed commercial loans; technical assistance; self-employment; linked deposit; loan loss reserves; business incubators; and other activities that support the market economy.
- Schools - Entries that upgrade schools through repair or renovation, as well as training and employment entries to assist with school transportation, services, and security. These entries must include, for example: programs that enable school-based child care; before, after, and summer school programs; programs that broaden the use of school facilities as a hub and haven within the community; scholarships; and grant programs that assist families and individuals to complete and enhance their education.
- Partners - Entries that provide tax credits, incentives, and other inducements to businesses that contribute to community projects, such as the community contribution tax credit under ss. 220.183 and 624.5105, F.S. These entries must include any programs that help raise federal or foundation grant funds.
- Redevelopment - Entries that support the planning, preparation, construction, marketing, and financing of residential, mixed-use, and commercial redevelopment, as well as residential and business infrastructure projects. These entries must include the workforce development programs that influence business decisions such as the Quick-Response Training Program and Quick-Response Training Program for Work and Gain Economic Self-sufficiency (WAGES) participants.

Start-Up Initiative

To get the communities started using the inventory created in the bill, the coordinating partners must identify 15 communities (seven of which must be from the state's seven largest counties, three of which must be from rural counties, and five of which must be from other counties), and solicit applications from these communities and Front Porch Florida Communities for nine Start-up Initiative Awards. These communities must pledge local resources and plan to use the inventory's programs to make their community rapidly become more economically self-sufficient. The coordinating partners must provide assistance with inventory programs and back-up funding to effectuate the nine communities' proposals.

The coordinating partners must appoint a liaison to assist each community with its proposal and its implementation, if awarded.

Communities of Critical Economic Opportunity

Coordinating partners may recommend to the Governor that up to three “Communities of Critical Economic Opportunity” be created. Such communities must be economically distressed, presenting a unique economic development opportunity that will create more than 1,000 jobs over five years. If designated as such, the Governor may waive criteria, requirements, or similar provisions of any economic development incentive.

This section provides \$25 million (contingent upon a specific appropriation) from the TANF Block Grant to the administrative entity at the Department of Management Services to implement the TED program. All expenditures from the TANF Block Grant must be in accordance with the requirements and limitations of Title IV of the Social Security Act, as amended, or any other applicable federal requirement or limitation in law. The TED program is repealed on June 30, 2002.

This section provides for measurement of the performance of the TED program. The Office of Program Policy Analysis and Government Accountability is required to develop measures and criteria by October 1, 2001, to evaluate the effectiveness of the TED program, including the liaisons, coordinating partners, waivers and matching options, inventory, Start Up Initiative, and lifelines.

Section 56 creates s. 288.1260, F.S., to codify the Front Porch Florida program. The program is created to provide a comprehensive community-based approach to neighborhood revitalization, engaging the resources of the state as a facilitator for community solutions and a civic switchboard to match communities with resources. This section outlines the programs principles, designates state agency representatives as “Front Porch Florida” liaisons, specifies the selection process for designating Front Porch Communities, and establishes reporting requirements for Front Porch Communities.

Section 57 creates s. 239.521, F.S., to include the following:

Comprehensive Distance Learning Curriculum Initiatives

The committee substitute provides for the development of a comprehensive vocational certificate or 2-year distance learning curriculum, built from competencies found in information technology jobs. The curriculum must be built by industry content experts and educational providers, and must involve the review of existing distance learning courses, evaluation and purchase of appropriate off-the-shelf products to be licensed on a statewide basis, and development of missing competency training using multi-media methodologies.

The curriculum must be developed by one or more institutions or consortiums that will compete for inclusion in the project. Participants are approved by the State Board of Community Colleges based on recommendations of the Florida Community College Distance Learning Consortium. Participants must meet the following criteria:

- Experience in providing training for information technology companies;
- Availability of technical infrastructure;
- Endorsement from information technology economic development agencies and local information technology business commitments to be actively involved;
- Demonstrated multi-media course and program development capabilities;
- Existing consortium efforts; and
- Availability of local support.

The committee substitute provides that the Legislature may annually appropriate \$2 million in the General Appropriations Act in support of this initiative, and that funds must be used to support, among other things, salaries, licensing commercial courseware, purchasing existing courseware, equipment and related course development expenses.

The Governor's Office of Information Technology and the State Board of Community Colleges acting through the Florida Community College Distance Learning Consortium are required to ensure that the curriculum is up-to-date, responsive to industry's changing needs, and delivered in the most cost-effective manner.

Information Technology Internship Opportunities for Faculty and Students

This committee substitute creates an information technology internship program for faculty and students of information technology programs. The Office of Information Technology is required to establish qualifying criteria and a process for matching faculty and students with business internship opportunities, and must use the following guidelines to administer the program:

- Information technology businesses providing faculty and student internships must pay 50 percent of the salary for each intern, provide workers' compensation benefits, and pay a certain wage;
- Economic development agencies such as chambers of commerce, economic development commissions, or regional consortia are eligible to apply and serve as a fiscal agent for the program;
- Priority must be given to existing local efforts that have proven successful and can be duplicated statewide; and
- Projects may be combined with federal tax relief efforts encouraging educational internship programs.

The committee substitute authorizes the Legislature to annually appropriate \$2 million in the General Appropriations Act to fund statewide internships.

Information Technology Training Facility Improvement Strategy Initiatives

This committee substitute creates a process whereby educational institutions can compete for funds to upgrade or build information technology training facilities. The State Board of Community Colleges must distribute funds on a competitive basis to projects that meet the following criteria:

- A concentration of information technology industries and workers in the service area; and
- Leverage state funds with other local funding initiatives or federal funding of an equal value to the state funds requested.

Priority may be given to facility improvement projects, including partnership efforts between two or more educational institutions, so that a broader range of educational services may be provided for information technology industries. Priorities may also be given to projects that include partnerships with a local municipality, county, or economic development agency as a way of demonstrating a synergy of efforts to support this industry.

The Legislature is authorized to annually appropriate \$2 million in the General Appropriations Act to fund two or more projects approved under the requirements of this initiative.

Section 58 amends s. 240.311, F.S., to require the State Board of Community Colleges to identify, via the Critical Jobs Initiative, the occupational forecasting process, or any other compatible mechanism, a collection of programs designed to train broadband digital media specialists. Programs identified by the board should be added to the statewide lists for demand occupations, if they meet the high skill/high wage criteria.

Section 59 amends s. 240.3341, F.S., to encourage community colleges to establish incubator facilities through which emerging small businesses supportive of the development of content and technology for digital broadband media and digital broadcasting may be served.

Section 60 creates s. 240.710, F.S., to require the Board of Regents to create a Digital Media Education Coordination Group to develop a plan to enhance Florida's ability to meet the current and future workforce needs of the digital media industry. The plan must be submitted to the Governor and Legislature by January 1, 2001. The group is required to:

- Coordinate the use of existing academic programs, research, and faculty resources to promote the development of a digital media industry in Florida;
- Address strategies to improve opportunities for interdisciplinary study and research within the emerging field of digital media through the development of tracks in existing degree programs, new interdisciplinary degree programs, and interdisciplinary research centers;
- Address the sharing of resources among universities in such a way as to allow a student to take courses from multiple departments or multiple educational institutions in pursuit of competency in digital information and media technology.

Section 61 recommends the Workforce Development Board of EFI, to reserve up to \$1 million of the next fiscal year funds dedicated for Incumbent Worker Training for the digital media industry. Training may be provided by public or private training providers for broadband digital media jobs listed on the Occupational Forecast List or the Targeted Occupations List. Programs that operate outside the normal semester time periods and coordinate the use of industry and public resources must be given priority status for such reserved funds.

Section 62 requires the Workforce Development Board to develop a plan, by August 31, 2000, for the use of Targeted Assistance to Needy Families, Workforce Investment Act funds, Quick Response funds, Incumbent Worker Training, and other training related resources to enhance the workforce of digital media related industries.

Section 63 provides an appropriation of \$1 million to the Digital Media Education Infrastructure Fund in OTTED for the purpose of upgrading the quality of media labs associated with university programs, community college programs, and other educational resources. All funds must be expended according to the priorities established by an industry sector group established by EFI, and must be matched with industry contributions.

Section 64 requires EFI to convene an organizational meeting for industries involved in broadband digital media to organize and facilitate future activities of associated industry groups or facilitate the ongoing activities of a similar group. EFI is further required to identify and designate a digital media sector as part of its sector strategy and identify the sector as a priority recruitment and retention set of industries.

Section 65 requires EFI to award a contract for the creation of a digital media incubator to encourage companies developing content and technology for digital broadband media and digital broadcasting to locate and grow their businesses in Florida. To qualify for receipt of the contract, the applicant must meet various qualifications. EFI is appropriated \$2 million for the purpose of providing operational and investment seed funding to encourage the financial and strategic participation of venture capital firms, corporate and institutional sponsors, and targeted start-up companies. Initial state investment in the incubator must be matched with contributions from the industry.

Section 66 requires ITFlorida, by December 31, 2000, to develop a marketing plan to promote the state as digital media friendly, a digital media ready environment, and a national leader in the development and distribution of broadband digital media content, technology, and education.

Section 67 states that the provisions of this act relating to workforce or economic development for digital media are subject to legislative appropriation.

Section 68 amends s. 331.367, F.S., clarifying the role of the Spaceport Management Council in the council's working relationship with federal and state agencies. Allows for federal liaison officials to attend council meetings while recognizing that the role of these officials is limited by federal statutes and other constraints. Requires the council to submit its recommendations to the Governor and Lieutenant Governor as well as other state and federal agencies. Reduces the membership of the executive board and provides for the board to adopt bylaws instead of the council.

Section 69 amends s. 331.368, F.S., to revise the membership of the Florida Space Research Institute (institute) board, to add a representative from the Space Business Roundtable, and to add one representative from a community college and one representative from a public or private university. The committee substitute requires the members of the board to annually select one of the members to serve as chair, who shall be responsible for convening and leading meetings of the

board. The committee substitute expands the responsibilities of the institute's lead university to include:

- assisting the institute's development of a statewide space research agenda; and
- developing a report by December 15, 2000, recommending ways that the state's public and private universities can work in partnership to support the state's space-industry requirements.

The committee substitute also expands the responsibilities of the institute to include:

- establishing a partnership with the state Workforce Development Board under which the institute coordinates the workforce training requirements identified by the space industry;
- co-managing, with the National Aeronautics and Space Administration (NASA), the operation of a Space Experiment Research and Processing Laboratory. The institute, under the direction of the lead university, can coordinate access for public and private universities to the laboratory and coordinate access by NASA to off-site resources of these universities;
- pursuing partnerships with NASA to coordinate and conduct research in fields including, but not limited to, environmental monitoring; agriculture; aquatics; resource reutilization technologies for long-duration space missions; and spaceport technologies such as next-generation launches and range systems; and
- pursuing partnerships with NASA and the John F. Kennedy Space Center for the conduct of space-related research using computer technology to connect experts in a given field of science who are in disparate locations and to perform research experiments in a real-time, virtual environment.

Section 70 creates the Space Industry Workforce Initiative (initiative). The committee substitute states the intention of the Legislature to support programs designed to address the workforce development needs of the space industry in the state by directing the Workforce Development Board of Enterprise Florida, Inc. (EFI), to coordinate development of the initiative in partnership with the Florida Space Research Institute (institute) and the institute's consortium of public and private universities, community colleges, and other training providers approved by the board. The purpose of the initiative is to use or revise existing programs and to develop innovative new programs to address the workforce needs of the space industry. The initiative is to emphasize:

- curricula content and time frames developed with industry participation and endorsed by the industry;
- programs that certify training completers as meeting industry-approved standards or competencies;
- use of distance-learning and computer-based training modules as appropriate and feasible;
- industry solicitation of public and private universities to develop continuing education programs at the master's degree and doctoral levels;
- agreements with the National Aeronautics and Space Administration (NASA) to replicate on a national level successful training programs developed through the initiative; and
- leveraging of state and federal workforce funds.

This committee substitute directs the Workforce Development Board of EFI to provide recommendations for policies, programs, and funding to enhance the workforce needs of the

space industry and, with the assistance of the institute, to convene representatives from the space industry to identify the priority training and education needs of the industry.

Section 71 creates s. 331.3685, F.S., to establish the Florida Space-Industry Research-Development Program within the Florida Space Research Institute (institute) to finance space industry research and other support projects and programs that will improve the statewide development of space-related economic and academic opportunities. This committee substitute allows the program to be funded by state taxes collected at the Kennedy Space Center Visitor Complex to be distributed to the institute for the purposes of the program. The funds are to be distributed quarterly by the Department of Revenue to the institute. The institute is to place the funds in a segregated account, and the account and its activity shall be subject to an annual audit, with unobligated funds reverting to the General Revenue Fund. The Office of Tourism, Trade, and Economic Development (OTTED) shall execute a contract with the institute governing the distribution of funds and shall prescribe guidelines and procedures governing the use of, and accountability for, such funds.

Section 72 amends s. 212.20, F.S., to allow proceeds from state taxes collected at the Kennedy Space Center Visitor Complex to be distributed quarterly by the Department of Revenue to the institute through OTTED.

Section 73 amends s. 556.108, F.S., to expand an exemption for owners of single family residences to include member operators of the Sunshine State One-Call corporation to dig on the owners property without calling the One-Call Center for facility location.

Section 74 creates the Commission on Basic Research for the Future of Florida to serve as an economic development tool to increase the scientific research dollars allocated to the state by the federal government. The Governor is to appoint five members, and the Senate President and Speaker of the House of Representative must appoint four members each. Commission members must represent a "broad range of experience in basic scientific research." The commission is to be located in the Executive Office of the Governor and staff of the office will serve as staff for the commission. By February 1 of each year, the commission must submit a report to the Governor, Senate President and the Speaker of the House, a report outlining commission activities and recommendations.

Section 75 repeals s. 288.039, F.S., to remove statutory reference to the Employing and Training our Youths (ENTRY) tax refund program. The program has been contingent upon annual appropriation by the Legislature and would be eliminated from any future funding by this bill.

Also this section repeals s. 288.095(3)(c), F.S., to remove a requirement that OTTED submit a complete and detailed annual report to the board of directors of EFI of all applications received, final decisions issued, tax refund agreements executed, and tax refunds paid or other payments made under all programs funded out of the Economic Development Incentives Account, including analyses of benefits and costs, types of projects supported, and employment and investment created. The provision to be repealed also requires the inclusion of a separate analysis of the impact of such tax refunds on state enterprise zones and requires the board of directors of EFI to review and comment on the report and submit the report together with comments of the board, to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The

report must discuss whether the authority and moneys appropriated by the Legislature to the Economic Development Incentives Account were managed and expended in a prudent, fiducially sound manner. A provision similar to this repealed section is established in Section 1 of this bill, and includes within the report activities under the Economic Development Transportation Trust Fund.

Section 76 provides an effective date of July 1, 2000.

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:

None.

C. Government Sector Impact:

This bill decreases administrative costs and responsibilities for OTTED and potentially increases administrative costs and responsibilities for: EFI; the Department of Banking and Finance; the Florida Sports Foundation; and the Department of Environmental Protection.

Contingent on a specific appropriation, the bill provides \$25 million from Temporary Assistance for Needy Families (TANF) Block Grant to the coordinating partners to implement the TED program.

The bill requires the Workforce Development Board of EFI, to reserve up to \$1 million of the next fiscal year funds dedicated for Incumbent Worker Training for the digital media industry.

Furthermore, the bill appropriates \$1 million from the General Revenue Fund to the newly created Digital Media Education Infrastructure Fund, and \$2 million from the General Revenue Fund to EFI for the support of a digital incubator.

The bill expands the repeal of the sales tax on labor charges for the repair of, and parts and materials used in the repair of industrial machinery and equipment that is used for production and shipping. The Revenue Estimating Conference estimates that the fiscal impact for FY 2000-01 is a General Revenue loss of \$200,000.

The bill adds SIC code 35 to the exemption for repair and labor charges for machinery and equipment. The Revenue Estimating Conference estimates that the fiscal impact of this exemption is \$800,000 General Revenue for FY 2000-01 and a recurring General Revenue loss of \$1.1 million, with a recurring loss to local governments of \$200,000.

The bill revises the application of the sales tax exemption provided for machinery and equipment used in silicon technology production and research and development by replacing the term “silicon” with the term “semiconductor”. The bill includes a tax exemption for building materials purchased for use in manufacturing or expanding “clean rooms”. The Revenue Estimating Conference estimates that the impact of changing the term “silicon” to the term “semiconductor” will have a recurring loss to the General Revenue Fund of \$0.1 million.

No general revenue estimate is available for the impact of adding “clean rooms” in semiconductor manufacturing facilities that would be exempt by this bill. According to OTTED, currently there are only three businesses located in the state with clean rooms that could have applied for this tax exemption.

The bill redirects sales taxes from the Kennedy Space Center to the institute for the Florida Space Industry Research Development Program to finance space industry research, and other support projects and programs. The current sales tax revenues are approximately \$2.8 million per year.

Other entities may experience costs related to implementation of the provisions of this bill, including the development of plans, contracts, and studies by the Workforce Development Board, EFI, and ITFlorida.

VI. Technical Deficiencies:

Page 135, line 8, of the CS/CS uses the term “Targeted Assistance to Needy Families.” This reference should be “Temporary Assistance to Needy Families.”

Page 137, line 16, of the CS/CS refers to “ITFlorida.” If this term is meant to refer to the Internet Task Force, the correct reference would be the “Information Service Technology Development Task Force.”

VII. Related Issues:

None.

VIII. Amendments:

None.

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