

By Senator Kirkpatrick

5-1493-00

1 A bill to be entitled
 2 An act relating to economic development;
 3 amending s. 220.191, F.S.; redefining the term
 4 "qualifying project"; limiting the application
 5 of the capital investment annual tax credit;
 6 revising qualification standards for such
 7 credits; revising certain application
 8 procedures; establishing minimum standards for
 9 application guidelines; amending s. 288.1088,
 10 F.S.; revising procedures related to the award
 11 of funds to certain target industries from the
 12 Quick Action Closing Fund; providing an
 13 effective date.

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 15 Be It Enacted by the Legislature of the State of Florida:

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 17 Section 1. Paragraph (h) of subsection (1) and
 18 subsections (2), (3), (4), and (5) of section 220.191, Florida
 19 Statutes, are amended to read:

20 220.191 Capital investment tax credit.--

21 (1) DEFINITIONS.--For purposes of this section:

22 (h) "Qualifying project" means a new or expanding
 23 facility in this state which creates at least 100 new jobs in
 24 this state and is in one of the target-industry ~~high-impact~~
 25 sectors identified by Enterprise Florida, Inc., and certified
 26 by the office pursuant to s. 288.106(2)(o)~~s. 288.108(6)~~,
 27 including, but not limited to, aviation, aerospace,
 28 automotive, and silicon technology industries.

29 (2) An annual credit against the tax imposed by this
 30 chapter shall be granted to any qualifying business in an
 31 amount equal to 5 percent of the eligible capital costs

1 generated by a qualifying project, for a period not to exceed
2 20 years beginning with the commencement of operations of the
3 project. The tax credit shall be granted against only the
4 corporate income tax liability or the premium tax liability
5 generated by or arising out of the qualifying project, and the
6 sum of all tax credits provided pursuant to this section shall
7 not exceed 100 percent of the eligible capital costs of the
8 project. In no event may any credit granted under this section
9 be carried forward or backward by any qualifying business with
10 respect to a subsequent or prior year. The annual tax credit
11 granted under this section shall not exceed the following
12 percentages of the annual corporate income tax liability or
13 the premium tax liability generated by or arising out of a
14 qualifying project:

15 (a) Fifty ~~One hundred~~ percent for a qualifying project
16 which results in a cumulative capital investment of at least
17 \$100 million.

18 (b) Twenty-five ~~Seventy-five~~ percent for a qualifying
19 project which results in a cumulative capital investment of at
20 least \$50 million but less than \$100 million.

21 ~~(c) Fifty percent for a qualifying project which~~
22 ~~results in a cumulative capital investment of at least \$25~~
23 ~~million but less than \$50 million.~~

24
25 A qualifying project that ~~which~~ results in a cumulative
26 capital investment of less than \$50~~\$25~~ million is not
27 eligible to be considered for the capital investment tax
28 credit. An insurance company claiming a credit against premium
29 tax liability under this program shall not be required to pay
30 any additional retaliatory tax levied pursuant to s. 624.5091
31 as a result of claiming such credit. Because credits under

1 this section are available to an insurance company, s.
2 624.5091 does not limit such credit in any manner.

3 (3) Prior to receiving tax credits for which it has
4 been certified pursuant to this section, a qualifying business
5 must achieve and maintain the employment target specified in
6 its application for certification, but not less than 100
7 additional employees, ~~minimum employment goals~~ beginning with
8 the commencement of operations at a qualifying project and
9 continuing each year thereafter during which tax credits are
10 available pursuant to this section.

11 (4) The office, upon application by the business and
12 evaluation and recommendation ~~a recommendation~~ by Enterprise
13 Florida, Inc., may ~~shall first~~ certify a business as eligible
14 to receive tax credits pursuant to this section prior to the
15 business's final decision on and beginning investment in
16 commencement of operations of a qualifying project, and such
17 certification shall be transmitted to the Department of
18 Revenue. Upon receipt of the certification, the Department of
19 Revenue shall enter into a written agreement with the
20 qualifying business specifying, at a minimum, the method by
21 which income generated by or arising out of the qualifying
22 project will be determined.

23 (5) The office, in consultation with Enterprise
24 Florida, Inc., is authorized to develop the necessary
25 guidelines and application materials for the certification
26 process described in subsection (4). The guidelines at a
27 minimum shall consider the number of jobs the project will
28 create, the wages paid by those jobs, the location of the
29 project and conditions in the area, the anticipated benefits
30 of the project, and the role the credit is expected to play in
31 the business's investment decision.

1 Section 2. Section 288.1088, Florida Statutes, is
2 amended to read:

3 288.1088 Quick Action Closing Fund.--

4 (1)(a) The Legislature finds that attracting,
5 retaining, and providing favorable conditions for the growth
6 of certain target industries provides high-quality employment
7 opportunities for residents of this state and enhances the
8 economic foundations of the state high-impact business
9 ~~facilities provides widespread economic benefits to the public~~
10 ~~through high-quality employment opportunities in such~~
11 ~~facilities and in related facilities attracted to the state,~~
12 ~~through the increased tax base provided by the high-impact~~
13 ~~facility and businesses in related sectors, through an~~
14 ~~enhanced entrepreneurial climate in the state and the~~
15 ~~resulting business and employment opportunities, and through~~
16 ~~the stimulation and enhancement of the state's universities~~
17 ~~and community colleges. In the global economy, there exists~~
18 ~~serious and fierce international competition for these~~
19 ~~facilities, and in most instances, when all available~~
20 ~~resources for economic development have been used, the state~~
21 ~~continues to encounter severe competitive disadvantages in~~
22 ~~vying for these high-impact business facilities.~~

23 (b) The Legislature therefore declares that sufficient
24 resources shall be available to respond to extraordinary
25 economic opportunities, and to compete effectively for these
26 high-value-added employment opportunities, and to enhance the
27 state's economic base by providing incentives to qualifying
28 businesses that require inducement beyond that available
29 through other sources to invest, grow, and create new
30 high-wage employment opportunities in this state and its
31 communities high-impact business facilities.

1 (2) There is created within the Office of Tourism,
2 Trade, and Economic Development the Quick Action Closing Fund,
3 also known as the 21st Century Fund.

4 (3)(a) Enterprise Florida, Inc., shall evaluate
5 individual proposals for target-industry businesses
6 ~~high-impact business facilities~~ and forward recommendations
7 regarding the use of moneys in the fund for such facilities to
8 the director of the Office of Tourism, Trade, and Economic
9 Development. Such evaluation and recommendation must include,
10 but need not be limited to:

11 1. A description of the type of facility, its business
12 operation, and the product or service associated with the
13 facility.

14 2. The number of full-time-equivalent jobs that will
15 be created by the facility and the total estimated average
16 annual wages of those jobs.

17 3. The cumulative amount of investment to be dedicated
18 to the facility within a specified period.

19 4. A statement of any special impacts the facility is
20 expected to stimulate in a particular business sector in the
21 state or regional economy, or in the state's universities and
22 community colleges, or in a distressed Florida community.

23 5. A statement of the role the incentive is expected
24 to play in the decision of the applicant business to locate or
25 expand in this state, an analysis of all other state and local
26 incentives that have been offered in this state, and an
27 analysis of the conditions and incentives offered by other
28 states and their communities.

29 (b) Upon receipt of the evaluation and recommendation
30 from Enterprise Florida, Inc., the director shall recommend
31 approval or disapproval of a project for receipt of funds from

1 the Quick Action Closing Fund to the Governor. In recommending
2 a target-industry business for this incentive high-impact
3 ~~business facility~~, the director shall include proposed
4 performance conditions that the business facility must meet to
5 obtain incentive funds. ~~The Governor shall consult with the~~
6 ~~President of the Senate and the Speaker of the House of~~
7 ~~Representatives before giving final approval for a project.~~
8 ~~The Executive Office of the Governor shall recommend approval~~
9 ~~of a project and release of funds pursuant to the legislative~~
10 ~~consultation and review requirements set forth in s. 216.177.~~
11 ~~The recommendation must include proposed performance~~
12 ~~conditions the project must meet to obtain funds.~~

13 (c) If Upon the approval of the Governor approves a
14 project for receipt of funds, the director of the Office of
15 Tourism, Trade, and Economic Development and the ~~high-impact~~
16 business shall enter into a contract that sets forth the
17 conditions for payment of moneys from the fund. The contract
18 must include the total amount of funds awarded; the
19 performance conditions that must be met to obtain the award,
20 including, but not limited to, net new employment in the
21 state, average salary, and total capital investment; the
22 methodology for validating performance; the schedule of
23 payments from the fund; and sanctions for failure to meet
24 performance conditions.

25 (d) At the beginning of each fiscal year, 25 percent
26 of the funds appropriated for this program for the fiscal year
27 shall be released to the Office of Tourism, Trade, and
28 Economic Development. The Governor may not approve requests
29 from the fund, nor may the office execute contracts under this
30 section for funds in excess of the amount released. To obtain
31 the release of additional moneys from the appropriation for

1 this section, the Governor must consult with the President of
2 the Senate and the Speaker of the House of Representatives and
3 report the names of any businesses approved and the number of
4 new jobs created, the reasons for approving the incentive, and
5 the performance standards and sanctions applied to the
6 business. The Executive Office of the Governor shall request
7 the release of such additional funds pursuant to the
8 legislative consultation and review requirements in s.
9 216.177.

10 (e)~~(d)~~ Enterprise Florida, Inc., shall validate
11 contractor performance. Such validation shall be reported
12 within 6 months after completion of the contract to the
13 Governor, President of the Senate, and the Speaker of the
14 House of Representatives.

15 Section 3. This act shall take effect July 1, 2000.

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18 SENATE SUMMARY

19 Revises provisions related to economic development.
20 Provides limitations of the application of the capital
21 investment tax credit and revises certain application
22 procedures for such credits. Revises procedures for the
23 award of funds to certain target industries from the
24 Quick Action Closing Fund. (See bill for details.)
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