

**STORAGE NAME:** h0699.ca

**DATE:** February 25, 2000

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
COMMUNITY AFFAIRS  
ANALYSIS**

**BILL #:** HB 699

**RELATING TO:** Enterprise Zone/Sarasota County

**SPONSOR(S):** Representative Brown

**TIED BILL(S):** None

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE (EDC) YEAS 8 NAYS 0
  - (2) COMMUNITY AFFAIRS (PRC)
  - (3) FINANCE & TAXATION (FRC)
  - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS (FRC)
  - (5)
- 

**I. SUMMARY:**

The bill authorizes Sarasota County, or the county and the City of Sarasota jointly, to apply to the Office of Tourism, Trade & Economic Development (OTTED) for designation of one enterprise zone encompassing a specified area. OTTED is authorized to designate one enterprise zone pursuant to this bill, notwithstanding statutory provisions limiting the total number of enterprise zones designated and the number of enterprise zones within a population category.

This Revenue Estimating Conference reviewed this bill as part of its analysis of CS/SB 964 and determined the projected impact on state and local government revenues is insignificant.

**The Committee on Business Development and International Trade adopted one amendment that is traveling with the bill. The amendment allows Calhoun County to apply for one enterprise zone.**

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |                             |   |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Established in 1980, the Florida Enterprise Zone program targets areas for economic revitalization and provides incentives to businesses located in designated areas found in urban and rural communities. An "enterprise zone" is a specific geographic area targeted for economic revitalization. Presently, the state has thirty-four enterprise zones.

By the early nineties, the program had become overwhelmed with the number of zones allowed. To remedy the situation, the legislature passed the Florida Enterprise Zone Act in 1994. As a result, the existing zones were repealed on December 31, 1994, and guidelines were established for the designation of new zones. The act transferred administrative duties from the Department of Community Affairs to the Department of Commerce.

In 1995, nineteen enterprise zones were designated throughout the state. Local governments were required to establish a community based Enterprise Zone Development Agency (EZDA). Each EZDA is responsible for overseeing the implementation of its individual plan and reducing local barriers to revitalization efforts. The agencies are required to market their zones to interested parties and assist local business owners with state and local incentives.

With the dissolution of the Department of Commerce in 1996, the legislature amended the program and transferred the administrative responsibilities to the newly created Office of Tourism, Trade, and Economic Development (OTTED) within the Executive Office of the Governor. In addition, the revision added Work and Gain Economic Self-Sufficiency (WAGES) Program participants (residing in a zone) as eligible employees for a 15 percent jobs tax credit. The legislature also authorized the designation of eleven additional enterprise zones.

In 1997, the legislature authorized twelve new zones. The following year, the program was amended to include a new zone and to allow businesses located within an enterprise zone to claim jobs tax credits for hiring WAGES or Job Training Partnership Act (JTPA) program participants regardless of where they live.

As part of the "Florida Empowerment Zone Act," the 1999 Legislature provided for any area designated as a federal empowerment zone or enterprise community to be designated as a state enterprise zone. The 1999 Legislature also amended the "Florida Enterprise Zone

Act” to allow Liberty County, Columbia County or Columbia County and Lake City, Suwannee County or Suwannee County and Live Oak, and Gadsen County to apply to OTTED for designation of specified areas as enterprise zones.

The Florida Enterprise Zone Program includes the following financial incentives to businesses to encourage private investment and increase employment opportunities for enterprise zone residents:

- Enterprise Zone Jobs Tax Credit (Sales & Use Tax);
- Enterprise Zone Jobs Tax Credit (Corporate Income Tax);
- Enterprise Zone Property Tax Credit (Corporate Income Tax);
- Sales Tax Refund for Building Materials Used in an Enterprise Zone;
- Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone;
- Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone;
- Community Contribution Tax Credit Program;
- Enterprise Zone Linked Deposit Program.

Costs of the program have increased as new areas have been added. The total cost of state and local incentives were \$11.2 million in 1996-97, \$13 million in 1997-98, and \$24 million in 1998-99.

**C. EFFECT OF PROPOSED CHANGES:**

The bill authorizes Sarasota County, or the county and the City of Sarasota jointly, to apply to OTTED for designation of one enterprise zone encompassing a specified area. OTTED is authorized to designate one enterprise zone pursuant to this bill, notwithstanding statutory provisions limiting the total number of enterprise zones designated and the number of enterprise zones within a population category.

**D. SECTION-BY-SECTION ANALYSIS:**

**Section 1.** Section 290.00694, F.S., is created to authorize Sarasota County, or the county and the City of Sarasota jointly, to apply to OTTED for designation of one enterprise zone encompassing a specified area. The application must be submitted by December 31, 2000, and must comply with the requirements of s. 290.0055, F.S., which governs nominating procedures local governments must follow in applying for designation of an area as an enterprise zone. The bill also authorizes OTTED to designate one enterprise zone pursuant to this bill, notwithstanding the provisions of s. 290.0065, F.S., limiting the total number of enterprise zones designated and the number of enterprise zones within a population category.

**Section 2.** An effective date of upon becoming law is provided.

**III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

**1. Revenues:**

This Revenue Estimating Conference reviewed this bill as part of its analysis of CS/SB 964 and determined the projected impact on state revenues is insignificant.

2. Expenditures:

OTTED is required to provide technical assistance to local government officials and process enterprise zone applications. The Department of Revenue is required to process enterprise zone tax incentive applications.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This Revenue Estimating Conference reviewed this bill as part of its analysis of CS/SB 964 and determined the projected impact on local government revenues is insignificant.

2. Expenditures:

Local governments may incur costs associated with establishing enterprise zones.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Businesses could benefit from the enterprise zone incentives. Residents of new enterprise zones could benefit from new employment opportunities.

D. FISCAL COMMENTS:

The Revenue Estimating Conference has not addressed this bill.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

At the option of the affected county government, the bill could reduce revenues collected by local governments under local option sales taxes. Although the bill may reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant.

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

At the option of the affected county government, this bill may reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties; however, it does not reduce the percentage of a state tax shared with counties or municipalities.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

This bill does not necessitate additional rule making authority.

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 21, 2000, the Business Development and International Trade Committee adopted one amendment. The amendment creates section 290.00695, Florida Statutes, allowing Calhoun County to apply for one enterprise zone designation.

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

James Marshall Cox

J. Paul Whitfield, Jr.

AS REVISED BY THE COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

Thomas L. Hamby

Joan Highsmith-Smith