

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2352

SPONSOR: Natural Resources Committee and Senator Silver

SUBJECT: Brownfield Site Remediation

DATE: March 5, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Branning	Voigt	NR	Favorable/CS
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides that any unencumbered funds remaining undisbursed at the close of the fiscal year from the Quick-Response Training Program and Brownfield Redevelopment Bonus Refunds shall be used for grants to fund expenses relating to the assessment and remediation of brownfield sites within designated brownfield areas, for those jurisdictions that have U.S. Environmental Protection Agency brownfield pilot projects designated before July 1, 1997. The grants shall be distributed to eligible jurisdictions on a pro-rata basis in an amount not to exceed \$500,000 per pilot project, provided there is a total of at least \$250,000 to disburse.

This bill amends s. 376.80, F.S.

II. Present Situation:

In 1997, the Legislature passed the Brownfields Redevelopment Act (ch. 97-277, L.O.F.), which became effective July 1, 1997, to provide incentives for the private sector to redevelop abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by real or perceived environmental contamination.

The stated intent of the act was that the reduction of public health and environmental hazards on existing commercial and industrial sites is vital to use and reuse and that there should be incentives to encourage voluntary cleanup.

Section 376.79, F.S., defines “brownfield sites” and “brownfield areas” as follows:

- “Brownfield sites” means sites that are generally abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.
- “Brownfield area” means a contiguous area of one or more brownfield sites, some which may not be contaminated, and which has been designated by a local government by resolution. Such areas may include all or portions of community redevelopment areas, enterprise zones, empowerment zones, other such designated economically deprived communities and areas, and Environmental Protection Agency designated brownfield pilot projects.

Pursuant to the Brownfields Redevelopment Act, a local government must designate a brownfield area through the passage of a local resolution. The local government must notify the Department of Environmental Protection (DEP) and attach a map adequate to clearly delineate exactly which parcels are to be included in the brownfield area or, alternatively, provide a detailed legal description. The designation of a brownfield area and the identification of a person responsible for brownfield site rehabilitation simply entitles the identified person to negotiate a brownfield rehabilitation agreement with the DEP or an approved local program.

The 1998 revisions to the Brownfields Redevelopment Act provided additional incentives to encourage participation in the program. Those included the creation of the Brownfield Area Loan Guarantee Program, the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund, and the Voluntary Cleanup Tax Credit. To date, participation in these incentive programs has been fairly limited.

Section 288.107, F.S., provides for Brownfield Redevelopment Bonus Refunds. This section allows from the Economic Development Incentive Account a bonus refund of \$2,500 to any qualified target industry business or other eligible business for each new Florida job created in a brownfield which is claimed on the qualified target industry business’s annual refund claim authorized in s. 288.106(5), F.S.

Section 288.047, F.S., provides for a Quick-Response Training Program to meet the workforce-skill needs of existing, new and expanding industries. The program is administered by Workforce Florida, Inc., in conjunction with Enterprise Florida, Inc., and the Department of Education. Subsection (4) of s. 288.047, F.S., provides that for the first 6 months of each fiscal year, Workforce Florida, Inc., shall set aside 30 percent of the amount appropriated for the Quick-Response Training program by the Legislature to fund instructional programs for businesses located in an enterprise zone or brownfield.

As provided in the DEP’s *Florida Brownfields Redevelopment Act 2001 Annual Report*, OTTED reported in 2001 the creation of 1,158 direct jobs, 1,409 indirect jobs, and a capital investment of approximately \$44, 564,000 as of January 2002. The average wage reported for the jobs is \$40,693. These figures represent cumulative numbers since inception of the program.

In the 1997 General Appropriation Act, the Legislature appropriated \$3 M for Brownfields Redevelopment Grants — \$2.3 M of which was distributed to the seven federal EPA-designated

brownfields¹ in Florida with the remainder distributed pro rata to the five Florida entities that applied for, but did not receive, EPA brownfields designations. The grant money was disbursed through the Governor's Office of Tourism, Trade, and Economic Development (OTTED). The OTTED is also responsible for disbursing the Brownfield Redevelopment Bonus Refunds.

Pursuant to ch. 2000-317, L.O.F., in FY 2000-2001, any unencumbered funds remaining undisbursed on June 30, 2001, from the Quick-Response Training Program, Brownfield Redevelopment Bonus Refunds, and funds appropriated in the General Appropriations Act for cleanup of state-owned lands, shall be used for grants to fund assessment and remediation at brownfield sites or areas designated pursuant to s. 376.80, F.S., prior to April 1, 2000, that are EPA brownfield pilot projects designated prior to July 1, 1997, at which site assessment has been initiated as of April 1, 2000. Grant were to be distributed to eligible pilot projects on a pro-rata basis in an amount not to exceed \$500,000 per pilot project. There were no unencumbered funds appropriated for the cleanup of state-owned lands remaining undisbursed on June 30, 2001. There were seven brownfield areas that were eligible for the grants from the Quick-Response Training Program and the Brownfield Redevelopment Bonus Refunds that were administered by OTTED — Miami, Clearwater, Gainesville, Jacksonville, Miami-Dade County, St. Petersburg, and Tallahassee.

III. Effect of Proposed Changes:

This bill amends s. 376.80, F.S., to provide that annually, any unencumbered funds remaining undisbursed on or at the close of the fiscal year on June 30, from the Quick-Response Training Program and from Brownfield Redevelopment Bonus Refunds shall be used for grants to fund expenses relating to the assessment and remediation of brownfield sites within designated brownfield areas, for those jurisdictions that have U.S. Environmental Protection Agency brownfield pilot projects designated before July 1, 1997. The grants shall be distributed to eligible jurisdictions on a pro-rata basis in an amount not to exceed \$500,000 per pilot project, provided there is a total of at least \$250,000 to disburse.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

¹ Designation by EPA as a brownfield pilot project is separate and distinct from designation by a local government in Florida as a "Brownfield Area." These pilot project areas are not automatically designated as Florida brownfield areas. Such designation is done by the passage of a local resolution or ordinance.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

For the seven brownfield areas affected by this bill, (Miami, Clearwater, Gainesville, Jacksonville, Miami-Dade County, St. Petersburg, and Tallahassee), grant moneys would be available to assist in site rehabilitation activities that otherwise may not occur. This could benefit the redevelopment efforts of these areas and potentially create new jobs.

C. Government Sector Impact:

This bill appears to establish a fiscal policy and mechanism for funding a grant program annually that is not provided for in the General Appropriations Act or normal legislative budget requests. The mechanism uses year-end unencumbered appropriations to fund a brownfield grant program. If this precedent is established, other budget entities and programs may seek similar contingencies for their unencumbered year-end appropriations that would allow them to be used for alternative purposes rather than reverting to the fund from which they were appropriated.

Administering the provisions of this bill presents extraordinary challenges for the Office of Tourism and Economic Development to make annual determinations of unencumbered funds likely to be available at the end of a fiscal year and simultaneously executing grant documents with eligible local governments, all within a very short timeframe. Grant documents must be executed in order to “certify forward” the unencumbered funds beyond the state fiscal year, and even then the spending authority is only good for 6 months. Completing assessment and remediation activities in these timeframes is extremely difficult.

The bill intends to use similar provisions that were first used in ch. 2000-300, L.O.F., that pertained only to fiscal year 2000-2001. The bill will now make those provisions permanent and applicable to all fiscal years.

VI. Technical Deficiencies:

None.

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.
