

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 2492

SPONSOR: Commerce, Economic Opportunities, and Consumer Services Committee and
Senator Garcia

SUBJECT: Economic Development

DATE: April 3, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cibula	Maclure	CM	Favorable/CS
2.	_____	_____	MS	_____
3.	_____	_____	GO	_____
4.	_____	_____	ATD	_____
5.	_____	_____	AP	_____
6.	_____	_____	_____	_____

I. Summary:

This committee substitute reenacts and revises the authority of Enterprise Florida, Inc., to promote technology development and application services, saving the provisions from repeal scheduled for December 31, 2003.

Under the committee substitute, Enterprise Florida, Inc., is authorized to provide managerial, technological, scientific, and financial expertise directly to businesses without using a subcontractor.

The committee substitute provides that funds within the Florida Technology Research Investment Fund are continuously appropriated for investments in technologies that may have the potential for commercial success. These investments may take the form of loan guarantees, letter of credit guarantees, cash reserves for loan and letter of credit guarantees, payments of claims pursuant to contracts for guarantees, subordinated loans, loans with warrants, royalty investments, equity investments, and other contractual arrangements. Claims that may be made against the fund or Enterprise Florida, Inc., as the result of investments of the fund are payable solely from the fund.

The committee substitute also authorizes the operating expenses of the Florida Technology Research Investment Fund and the Florida Small Business Technology Growth Program to be no more than \$175,000 or 5 percent of revenues from the investment of moneys in the fund plus 5 percent of the revenues generated by the Florida Small Business Technology Growth Program under s. 288.95155, F.S.

Lastly, Enterprise Florida, Inc., is directed to facilitate private investment in technology start-up businesses.

This committee substitute reenacts and substantially amends section 288.9515, Florida Statutes.

II. Present Situation:

According to a report by the Office of Program Policy and Analysis and Government Accountability,¹ the Legislature in 1993 authorized the Enterprise Florida Innovation Partnership to establish several technology commercialization and transfer programs.² Under the authority granted by s. 288.9515(5), F.S., the partnership created regional innovation and commercialization centers, which were intended to help entrepreneurs bring new high technology products to the market. Six innovation and commercialization centers were initially established in Gainesville, Jacksonville, Orlando, Palm Beach, Tallahassee, and Tampa.

The innovation and commercialization centers are no longer affiliated with Enterprise Florida, Inc. They were formally separated from Enterprise Florida, Inc., in 1999. During that year, the Governor vetoed state funding for these entities. A 1998 report by the Office of Program Policy Analysis and Government Accountability noted that some of the centers were on the verge of becoming financially self-supporting and these centers would continue to operate if state funding was eliminated.³ Presently, three innovation and commercialization centers are still operating. These centers receive no state funding and no longer have contractual or funding relationships with Enterprise Florida, Inc.

Under the authority granted by s. 288.9515(1)(a)-(f), F.S., the partnership established the Florida Manufacturing Technology Center, which was created to assist small to medium-sized manufacturers in using off-the-shelf technologies and methods to improve their efficiency and operations. The center was separated from Enterprise Florida, Inc., in 1999 following the Governor's veto of state funding for this entity. The center (now operating as the Florida Manufacturing Extension Partnership) is funded by the U.S. Department of Commerce's National Institute of Standards and Technology.

Section 288.9515(3) and (4), F.S., created the Florida Technology Investment Research Fund. It was established to partner with the private sector and the state's research universities to develop marketable technologies. The fund was to invest in projects that had potential to generate marketable products beneficial to the state's economy.

¹ Office of Program Policy and Analysis and Government Accountability, *Statutes Authorizing Technology Commercialization and Development Initiatives Should be Re-Enacted*, Report No. 02-59, November 2002.

² The Legislature established the Enterprise Florida Innovation Partnership in 1993 as a public-private partnership charged with fostering the growth of small and midsize high technology manufacturers and increasing the number of high technology jobs in Florida. In 1996, the Innovation Partnership was renamed the Enterprise Florida Technology Development Board and brought under the umbrella of Enterprise Florida, Inc., the state's primary economic development organization. The Technology Development Board was eliminated as a separate entity within Enterprise Florida, Inc., in 1999.

³ Office of Program Policy Analysis and Government Accountability, *Review of the Technology Board of Enterprise Florida, Inc.*, Report No. 98-30, December 1998.

Enterprise Florida, Inc., still administers the Florida Technology Research Investment Fund. It presently administers contracts with 14 entities that were disbursed a total of \$2,403,871 from the fund during fiscal years 1997-98 and 1998-99. The fund's balance as of June 30, 2002, was \$717,287.

Section 288.9515, F.S., which authorizes Enterprise Florida, Inc., to establish technology commercialization and development programs, will be repealed December 31, 2003, unless reenacted by the Legislature.⁴ If the Legislature allows statutory provisions creating the Florida Technology Research Investment Fund to be repealed, any rights or interests in the fund vest in the state under the control of the State Board of Administration.⁵

III. Effect of Proposed Changes:

This committee substitute reenacts and revises the authority of Enterprise Florida, Inc., to promote technology development and application services.

Section 1 of the committee substitute authorizes Enterprise Florida, Inc., to provide managerial, technological, scientific, and financial expertise directly to businesses without using a subcontractor.

Section 1 of committee substitute also substantially revises s. 288.9515(4)(b), F.S., to provide that funds within the Florida Technology Research Investment Fund are continuously appropriated for investments in technologies that may have the potential for commercial success. These investments may take the form of loan guarantees, letter of credit guarantees, cash reserves for loan and letter of credit guarantees, payments of claims pursuant to contracts for guarantees, subordinated loans, loans with warrants, royalty investments, equity investments, and other contractual arrangements. Claims that may be made against the fund or Enterprise Florida, Inc., as the result of investments of the fund are payable solely from the fund. In addition, the committee substitute specifies that the state is not pledging its credit or taxing power.

Additionally, s. 288.9515(4)(c), F.S., authorizes the operating expenses of the Florida Technology Research Investment Fund and the Florida Small Business Technology Growth Program to be no more than \$175,000 or 5 percent of the earnings on investment of moneys in the fund plus 5 percent of the revenues generated by the Florida Small Business Technology Growth Program under s. 288.95155, F.S.

Lastly, Enterprise Florida, Inc., is directed to facilitate private investment in technology start-up businesses.

Section 2 repeals s. 288.9517, F.S., which authorizes the Auditor General and the Office of Program Policy and Analysis and Government Accountability (OPPAGA) to audit the technology development board or its programs. This audit authority is redundant with the authority of the Auditor General and OPPAGA to conduct audits codified elsewhere in Florida law.

⁴ Section 14, ch. 93-187, L.O.F.

⁵ OPPAGA, *supra* note 1, p. 3.

Section 3 repeals s. 14, ch. 93-187, L.O.F., which provides for the repeal of s. 288.9515, F.S., on December 31, 2003. As a result, s. 288.9515, F.S., will remain in effect until the Legislature chooses to repeal it.

Section 4 provides that the committee substitute takes effect July 1, 2003.

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:

Technology businesses may have increased access to capital.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.