

By the Committee on Commerce and Consumer Services; and
 Senator Saunders

577-1842-05

1 A bill to be entitled
 2 An act relating to economic development;
 3 amending s. 212.08, F.S.; conforming provisions
 4 to the designated urban job tax credit area
 5 revision; amending s. 212.097, F.S.; revising
 6 provisions providing for an urban job tax
 7 credit program to apply to designated urban job
 8 tax credit areas rather than high-crime areas;
 9 revising and providing definitions, eligibility
 10 criteria, application procedures and
 11 requirements, and area characteristics and
 12 criteria; amending s. 220.1895, F.S., to
 13 conform; deleting an obsolete provision;
 14 amending s. 288.99, F.S.; conforming provisions
 15 to the designated urban job tax credit area
 16 revision; providing an effective date.
 17
 18 Be It Enacted by the Legislature of the State of Florida:
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 20 Section 1. Paragraph (o) of subsection (5) of section
 21 212.08, Florida Statutes, is amended to read:
 22 212.08 Sales, rental, use, consumption, distribution,
 23 and storage tax; specified exemptions.--The sale at retail,
 24 the rental, the use, the consumption, the distribution, and
 25 the storage to be used or consumed in this state of the
 26 following are hereby specifically exempt from the tax imposed
 27 by this chapter.
 28 (5) EXEMPTIONS; ACCOUNT OF USE.--
 29 (o) Building materials in redevelopment projects.--
 30 1. As used in this paragraph, the term:
 31

1 a. "Building materials" means tangible personal
2 property that becomes a component part of a housing project or
3 a mixed-use project.

4 b. "Housing project" means the conversion of an
5 existing manufacturing or industrial building to housing units
6 in a designated ~~an~~ urban job tax credit ~~high-crime~~ area,
7 enterprise zone, empowerment zone, Front Porch Community,
8 designated brownfield area, or urban infill area and in which
9 the developer agrees to set aside at least 20 percent of the
10 housing units in the project for low-income and
11 moderate-income persons or the construction in a designated
12 brownfield area of affordable housing for persons described in
13 s. 420.0004(9), (10), or (14), or in s. 159.603(7).

14 c. "Mixed-use project" means the conversion of an
15 existing manufacturing or industrial building to mixed-use
16 units that include artists' studios, art and entertainment
17 services, or other compatible uses. A mixed-use project must
18 be located in a designated ~~an~~ urban job tax credit ~~high-crime~~
19 area, enterprise zone, empowerment zone, Front Porch
20 Community, designated brownfield area, or urban infill area,
21 and the developer must agree to set aside at least 20 percent
22 of the square footage of the project for low-income and
23 moderate-income housing.

24 d. "Substantially completed" has the same meaning as
25 provided in s. 192.042(1).

26 2. Building materials used in the construction of a
27 housing project or mixed-use project are exempt from the tax
28 imposed by this chapter upon an affirmative showing to the
29 satisfaction of the department that the requirements of this
30 paragraph have been met. This exemption inures to the owner
31 through a refund of previously paid taxes. To receive this

1 refund, the owner must file an application under oath with the
2 department which includes:

3 a. The name and address of the owner.

4 b. The address and assessment roll parcel number of
5 the project for which a refund is sought.

6 c. A copy of the building permit issued for the
7 project.

8 d. A certification by the local building code
9 inspector that the project is substantially completed.

10 e. A sworn statement, under penalty of perjury, from
11 the general contractor licensed in this state with whom the
12 owner contracted to construct the project, which statement
13 lists the building materials used in the construction of the
14 project and the actual cost thereof, and the amount of sales
15 tax paid on these materials. If a general contractor was not
16 used, the owner shall provide this information in a sworn
17 statement, under penalty of perjury. Copies of invoices
18 evidencing payment of sales tax must be attached to the sworn
19 statement.

20 3. An application for a refund under this paragraph
21 must be submitted to the department within 6 months after the
22 date the project is deemed to be substantially completed by
23 the local building code inspector. Within 30 working days
24 after receipt of the application, the department shall
25 determine if it meets the requirements of this paragraph. A
26 refund approved pursuant to this paragraph shall be made
27 within 30 days after formal approval of the application by the
28 department. The provisions of s. 212.095 do not apply to any
29 refund application made under this paragraph.

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1 4. The department shall establish by rule an
2 application form and criteria for establishing eligibility for
3 exemption under this paragraph.

4 5. The exemption shall apply to purchases of materials
5 on or after July 1, 2000.

6 Section 2. Section 212.097, Florida Statutes, is
7 amended to read:

8 212.097 Designated Urban ~~High Crime Area~~ Job Tax
9 Credit Area Program.--

10 (1) As used in this section, the term:

11 (a) "Eligible business" means any sole proprietorship,
12 firm, partnership, or corporation that is located in a
13 designated urban job tax credit area ~~qualified county~~ and is
14 predominantly engaged in, or is headquarters for a business
15 predominantly engaged in, activities usually provided for
16 consideration by firms classified within the following
17 standard industrial classifications: SIC 01-SIC 09
18 (agriculture, forestry, and fishing); SIC 20-SIC 39
19 (manufacturing); SIC 52-SIC 57 and SIC 59 (retail); SIC 422
20 (public warehousing and storage); SIC 70 (hotels and other
21 lodging places); SIC 7391 (research and development); SIC 781
22 (motion picture production and allied services); SIC 7992
23 (public golf courses); ~~and~~ SIC 7996 (amusement parks); and a
24 targeted industry eligible for the qualified target industry
25 business tax refund under s. 288.106. A call center or similar
26 customer service operation that services a multistate market
27 or international market is also an eligible business. In
28 addition, the Office of Tourism, Trade, and Economic
29 Development may, as part of its final budget request submitted
30 pursuant to s. 216.023, recommend additions to or deletions
31 from the list of standard industrial classifications used to

1 determine an eligible business, and the Legislature may
2 implement such recommendations. Excluded from eligible
3 receipts are receipts from retail sales, except such receipts
4 for SIC 52-SIC 57 and SIC 59 (retail) hotels and other lodging
5 places classified in SIC 70, public golf courses in SIC 7992,
6 and amusement parks in SIC 7996. For purposes of this
7 paragraph, the term "predominantly" means that more than 50
8 percent of the business's gross receipts from all sources is
9 generated by those activities usually provided for
10 consideration by firms in the specified standard industrial
11 classification. The determination of whether the business is
12 located in a designated urban job tax credit ~~qualified~~
13 ~~high crime~~ area and the tier ranking of that area must be
14 based on the date of application for the credit under this
15 section. Commonly owned and controlled entities are to be
16 considered a single business entity.

17 (b) "Qualified employee" means any employee of an
18 eligible business who performs duties in connection with the
19 operations of the business on a regular, full-time basis for
20 an average of at least 36 hours per week for at least 3 months
21 within the designated urban job tax credit ~~qualified~~
22 ~~high crime~~ area in which the eligible business is located. An
23 owner or partner of the eligible business is not a qualified
24 employee. The term also includes an employee leased from an
25 employee leasing company licensed under chapter 468, if such
26 employee has been continuously leased to the employer for an
27 average of at least 36 hours per week for more than 6 months.

28 (c) "New business" means any eligible business first
29 beginning operation on a site in a designated urban job tax
30 credit ~~qualified high crime~~ area and clearly separate from any
31 other commercial or business operation of the business entity

1 within a designated urban job tax credit ~~qualified high crime~~
2 area. A business entity that operated an eligible business
3 within a designated urban job tax credit ~~qualified high crime~~
4 area within the 48 months before the period provided for
5 application by subsection (2) is not considered a new
6 business.

7 (d) "Existing business" means any eligible business
8 that does not meet the criteria for a new business.

9 (e) "Designated urban job tax credit ~~Qualified~~
10 ~~high crime area~~" means an area selected by the Office of
11 Tourism, Trade, and Economic Development in the following
12 manner: every fifth ~~third~~ year, the office shall designate
13 ~~rank and tier~~ those areas nominated under subsection (7),
14 according to the highest level of distress experienced in the
15 categories enumerated under subsection (7). The Office of
16 Tourism, Trade, and Economic Development shall designate the
17 30 highest-distress-profile urban areas as eligible
18 participants under the Designated Urban Job Tax Credit Area
19 Program. following prioritized criteria:

20 1. ~~Highest arrest rates within the geographic area for~~
21 ~~violent crime and for such other crimes as drug sale, drug~~
22 ~~possession, prostitution, vandalism, and civil disturbances;~~

23 2. ~~Highest reported crime volume and rate of specific~~
24 ~~property crimes such as business and residential burglary,~~
25 ~~motor vehicle theft, and vandalism;~~

26 3. ~~Highest percentage of reported index crimes that~~
27 ~~are violent in nature;~~

28 4. ~~Highest overall index crime volume for the area;~~

29 and

30 5. ~~Highest overall index crime rate for the geographic~~
31 ~~area.~~

1
2 ~~Tier one areas are ranked 1 through 5 and represent the~~
3 ~~highest crime areas according to this ranking. Tier two areas~~
4 ~~are ranked 6 through 10 according to this ranking. Tier three~~
5 ~~areas are ranked 11 through 15. Notwithstanding this~~
6 definition, "designated urban job tax credit qualified
7 ~~high crime area~~" also means an area that has been designated
8 as a federal Empowerment Zone pursuant to the Taxpayer Relief
9 Act of 1997 or the Community Tax Relief Act of 2000. An area
10 designated under this section as of December 31, 2005, shall
11 retain the designation through December 31, 2010, and a
12 business that is eligible for the tax credit as of June 30,
13 2005, within a designated area shall retain the same tax
14 credit amounts through December 31, 2010, which were available
15 to the business on June 30, 2005, if the business complies
16 with the job-creation requirements. An area designated
17 pursuant to this section shall retain the designation for a
18 period not to exceed 5 years after the effective date of
19 designation. Thereafter, any such area or any other area
20 eligible for designation may seek approval from the office for
21 designation. Such a designated area is ranked in tier three
22 ~~until the areas are reevaluated by the Office of Tourism,~~
23 ~~Trade, and Economic Development.~~

24 (f) "Urban" means a densely populated nonrural area
25 located within an urban county that consists of a cluster of
26 one or more census blocks, each of which has a population
27 density of at least 400 people per square mile, or an area
28 defined as an urbanized area by the most recent United States
29 Census.

30 (g) "Urban infill and redevelopment area" means an
31 area or areas designated by a local government where:

1 1. Public services such as water and wastewater,
2 transportation, schools, and recreation are already available
3 or are scheduled to be provided in an adopted 5-year schedule
4 of capital improvements;

5 2. The area, or one or more neighborhoods within the
6 area, suffers from pervasive poverty, unemployment, and
7 general distress as defined by s. 290.0058;

8 3. The area exhibits a proportion of properties that
9 are substandard, overcrowded, dilapidated, vacant or
10 abandoned, or functionally obsolete which is higher than the
11 average for the local government;

12 4. More than 50 percent of the area is within 1/4
13 mile of a transit stop, or a sufficient number of such transit
14 stops will be made available concurrent with the designation;
15 and

16 5. The area includes or is adjacent to community
17 redevelopment areas, brownfields, enterprise zones, or Main
18 Street programs, or has been designated by the state or
19 Federal Government as an urban redevelopment, revitalization,
20 or infill area under empowerment zone, enterprise community,
21 or brownfield showcase community programs or similar programs.

22 (2) A new eligible business may apply for a tax credit
23 under this subsection once at any time during its first year
24 of operation. A new eligible business in a designated urban
25 job tax credit tier one qualified high crime area which has at
26 least 10 qualified employees on the date of application shall
27 receive a~~\$1,500 tax credit for each such employee.~~ A new
28 ~~eligible business in a tier two qualified high crime area~~
29 ~~which has at least 20 qualified employees on the date of~~
30 ~~application shall receive a\$1,000 tax credit for each such~~
31 ~~employee. A new eligible business in a tier three qualified~~

1 ~~high crime area which has at least 30 qualified employees on~~
2 ~~the date of application shall receive a \$500 tax credit for~~
3 ~~each such employee.~~

4 (3) An existing eligible business may apply for a tax
5 credit under this subsection at any time it is entitled to
6 such credit, except as restricted by this subsection. An
7 existing eligible business in a designated urban job tax
8 ~~credit tier one qualified high crime~~ area which on the date of
9 application has at least 5 more qualified employees than it
10 had 1 year prior to its date of application shall receive a
11 ~~\$1,500 tax credit for each such additional employee. An~~
12 ~~existing eligible business in a tier two qualified high crime~~
13 ~~area which on the date of application has at least 10 more~~
14 ~~qualified employees than it had 1 year prior to its date of~~
15 ~~application shall receive a \$1,000 credit for each such~~
16 ~~additional employee. An existing business in a tier three~~
17 ~~qualified high crime area which on the date of application has~~
18 ~~at least 15 more qualified employees than it had 1 year prior~~
19 ~~to its date of application shall receive a \$500 tax credit for~~
20 ~~each such additional employee.~~ An existing eligible business
21 may apply for the credit under this subsection no more than
22 once in any 12-month period. Any existing eligible business
23 that received a credit under subsection (2) may not apply for
24 the credit under this subsection sooner than 12 months after
25 the application date for the credit under subsection (2).

26 (4) For any new eligible business receiving a credit
27 pursuant to subsection (2), an additional \$500 credit shall be
28 provided for any qualified employee who is a welfare
29 transition program participant. For any existing eligible
30 business receiving a credit pursuant to subsection (3), an
31 additional \$500 credit shall be provided for any qualified

1 | employee who is a welfare transition program participant. Such
2 | employee must be employed on the application date and have
3 | been employed less than 1 year. This credit shall be in
4 | addition to other credits pursuant to this section ~~regardless~~
5 | ~~of the tier level of the high crime area~~. Appropriate
6 | documentation concerning the eligibility of an employee for
7 | this credit must be submitted as determined by the department.

8 | (5) To be eligible for a tax credit under subsection
9 | (3), the number of qualified employees employed 1 year prior
10 | to the application date must be no lower than the number of
11 | qualified employees on the application date on which a credit
12 | under this section was based for any previous application,
13 | including an application under subsection (2).

14 | (6) Any county or municipality, or a county and one or
15 | more municipalities together, may apply to the Office of
16 | Tourism, Trade, and Economic Development for the designation
17 | of an area as a designated urban job tax credit ~~high crime~~
18 | area after the adoption by the governing body or bodies of a
19 | resolution that:

20 | (a) Finds that an urban ~~a high crime~~ area exists in
21 | such county or municipality, or in both the county and one or
22 | more municipalities, which chronically exhibits extreme and
23 | unacceptable levels of poverty, unemployment, physical
24 | deterioration, and economic disinvestment.†

25 | (b) Determines that the rehabilitation, conservation,
26 | or redevelopment, or a combination thereof, of such an urban ~~a~~
27 | ~~high crime~~ area is necessary in the interest of the health,
28 | safety, and welfare of the residents of such county or
29 | municipality, or such county and one or more municipalities.†

30 | ~~and~~

31 |

1 (c) Determines that the revitalization of such an
2 urban ~~a high crime~~ area can occur if the public sector or
3 private sector can be induced to invest its own resources in
4 productive enterprises that build or rebuild the economic
5 viability of the area.

6 (7) The governing body of the entity nominating the
7 area shall demonstrate ~~provide~~ to the Office of Tourism,
8 Trade, and Economic Development that the area following:

9 (a)1. Has at least forty percent of its residents
10 earning wages on an annual basis which are equal to or less
11 than the annual wage of a person who is earning minimum wage;
12 or

13 2. Has more than 20 percent of its residents or
14 families living below the federal standard of poverty for
15 individuals or a family of four ~~The overall index crime rate~~
16 ~~for the geographic area;~~

17 ~~(b) The overall index crime volume for the area;~~

18 ~~(b)(c)~~ Has an unemployment rate at least 3 percentage
19 points higher than the state's unemployment rate; The
20 percentage of reported index crimes that are violent in
21 nature;

22 ~~(c)(d)~~ Has an arrest rate higher than the state's
23 average rate for such crimes as drug sale, drug possession,
24 prostitution, vandalism, and civil disturbances, as recorded
25 by the total crime index of the Department of Law Enforcement;
26 and ~~The reported crime volume and rate of specific property~~
27 ~~crimes such as business and residential burglary, motor~~
28 ~~vehicle theft, and vandalism; and~~

29 ~~(d)(e)~~ 1. Has 50 percent or more of its residents who
30 rent;

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1 2. Has property values that are within the lower 50
2 percent of the county's assessed property values;

3 3. Has more than 5 percent of its commercial buildings
4 currently vacant or condemned within the previous 24 months;
5 or

6 4. With respect to at least 25 percent of tax or
7 special assessment delinquencies, the amount of the
8 delinquency exceeds the fair value of the land ~~The arrest~~
9 ~~rates within the geographic area for violent crime and for~~
10 ~~such other crimes as drug sale, drug possession, prostitution,~~
11 ~~disorderly conduct, vandalism, and other public order~~
12 ~~offenses.~~

13 (8) A municipality, or a county and one or more
14 municipalities together, may not nominate more than one urban
15 ~~high-crime~~ area. However, any county as defined by s.
16 125.011(1) may nominate no more than three urban ~~high-crime~~
17 areas.

18 (9) An area nominated by a county or municipality, or
19 a county and one or more municipalities together, for
20 designation as a designated urban job tax credit ~~high-crime~~
21 area shall be eligible only if it meets the following
22 criteria:

23 (a) The selected area ~~does not exceed 20 square miles~~
24 ~~and either~~ has a continuous boundary or consists of not more
25 than three noncontiguous parcels;

26 (b) The selected area does not exceed the following
27 mileage limitation:

28 1. For areas ~~communities~~ having a total population of
29 150,000 persons or more, the selected area does not exceed 20
30 square miles and is within 10 miles of the urban infill and
31 redevelopment area of a city.

1 2. For ~~areas communities~~ having a total population of
2 50,000 persons or more, but fewer than 150,000 persons, the
3 selected area does not exceed 10 square miles and is within
4 7.5 miles of the urban infill and redevelopment area of a
5 city.

6 3. For ~~areas communities~~ having a total population of
7 20,000 persons or more, but fewer than 50,000 persons, the
8 selected area does not exceed 5 square miles and is within 5
9 miles of the urban infill and redevelopment area of a city.

10 4. For ~~areas communities~~ having a total population of
11 fewer than 20,000 persons, the selected area does not exceed 3
12 square miles and is within 3 miles of the urban infill and
13 redevelopment area of a city.

14 (10)(a) In order to claim this credit, an eligible
15 business must file under oath with the Office of Tourism,
16 Trade, and Economic Development a statement that includes the
17 name and address of the eligible business and any other
18 information that is required to process the application.

19 (b) Within 30 working days after receipt of an
20 application for credit, the Office of Tourism, Trade, and
21 Economic Development shall review the application to determine
22 whether it contains all the information required by this
23 subsection and meets the criteria set out in this section.
24 Subject to the provisions of paragraph (c), the Office of
25 Tourism, Trade, and Economic Development shall approve all
26 applications that contain the information required by this
27 subsection and meet the criteria set out in this section as
28 eligible to receive a credit.

29 (c) The maximum credit amount that may be approved
30 during any calendar year is \$5 million, ~~of which \$1 million~~
31 ~~shall be exclusively reserved for tier one areas.~~ The

1 Department of Revenue, in conjunction with the Office of
2 Tourism, Trade, and Economic Development, shall notify the
3 governing bodies in areas designated under this section ~~as~~
4 ~~urban high crime areas~~ when the \$5 million maximum amount has
5 been reached. Applications must be considered for approval in
6 the order in which they are received without regard to whether
7 the credit is for a new or existing business. This limitation
8 applies to the value of the credit as contained in approved
9 applications. Approved credits may be taken in the time and
10 manner allowed pursuant to this section.

11 (11) If the application is insufficient to support the
12 credit authorized in this section, the Office of Tourism,
13 Trade, and Economic Development shall deny the credit and
14 notify the business of that fact. The business may reapply for
15 this credit within 3 months after such notification.

16 (12) If the credit under this section is greater than
17 can be taken on a single tax return, excess amounts may be
18 taken as credits on any tax return submitted within 12 months
19 after the approval of the application by the department.

20 (13) It is the responsibility of each business to
21 affirmatively demonstrate to the satisfaction of the
22 Department of Revenue that it meets the requirements of this
23 section.

24 (14) Any person who fraudulently claims this credit is
25 liable for repayment of the credit plus a mandatory penalty of
26 100 percent of the credit and is guilty of a misdemeanor of
27 the second degree, punishable as provided in s. 775.082 or s.
28 775.083.

29 (15) A corporation may take the credit under this
30 section against its corporate income tax liability, as
31 provided in s. 220.1895. However, a corporation that applies

1 its job tax credit against the tax imposed by chapter 220 may
2 not receive the credit provided for in this section. A credit
3 may be taken against only one tax.

4 (16) The department shall adopt rules governing the
5 manner and form of applications for credit and may establish
6 guidelines concerning the requisites for an affirmative
7 showing of qualification for the credit under this section.

8 Section 3. Section 220.1895, Florida Statutes, is
9 amended to read:

10 220.1895 Rural Job Tax Credit and Designated Urban
11 ~~High Crime Area~~ Job Tax Credit.--There shall be allowed a
12 credit against the tax imposed by this chapter amounts
13 approved by the Office of Tourism, Trade, and Economic
14 Development pursuant to the Rural Job Tax Credit Program in s.
15 212.098 and the Designated Urban ~~High Crime Area~~ Job Tax
16 Credit Area Program in s. 212.097. A corporation that uses its
17 credit against the tax imposed by this chapter may not take
18 the credit against the tax imposed by chapter 212. If any
19 credit granted under this section is not fully used in the
20 first year for which it becomes available, the unused amount
21 may be carried forward for a period not to exceed 5 years. The
22 carryover may be used in a subsequent year when the tax
23 imposed by this chapter for such year exceeds the credit for
24 such year under this section after applying the other credits
25 and unused credit carryovers in the order provided in s.
26 220.02(8). ~~The Office of Tourism, Trade, and Economic~~
27 ~~Development shall conduct a review of the Urban High Crime~~
28 ~~Area Job Tax Credit and the Rural Job Tax Credit Program and~~
29 ~~submit its report to the Governor, the President of the~~
30 ~~Senate, and the Speaker of the House of Representatives by~~
31 ~~February 1, 2000.~~

1 Section 4. Subsection (2) of section 288.99, Florida
2 Statutes, is amended to read:

3 288.99 Certified Capital Company Act.--

4 (2) PURPOSE.--The primary purpose of this act is to
5 stimulate a substantial increase in venture capital
6 investments in this state by providing an incentive for
7 insurance companies to invest in certified capital companies
8 in this state which, in turn, will make investments in new
9 businesses or in expanding businesses, including
10 minority-owned or minority-operated businesses and businesses
11 located in a designated Front Porch community, enterprise
12 zone, designated urban job tax credit ~~high-crime~~ area, rural
13 job tax credit county, or nationally recognized historic
14 district. The increase in investment capital flowing into new
15 or expanding businesses is intended to contribute to
16 employment growth, create jobs which exceed the average wage
17 for the county in which the jobs are created, and expand or
18 diversify the economic base of this state.

19 Section 5. This act shall take effect July 1, 2005.
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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 2212
4 The committee substitute differs from the bill in that it:
5 -- Removes the revision of the "business property used in an
6 enterprise zone" sales tax incentive, restoring the
7 current law purchase threshold of \$5000;
8 -- Provides that OTTED shall designate urban job tax credit
9 areas every five years rather than three;
10 -- Provides that an urban job tax that, designated as of
11 December 31, 2005, shall retain that designation through
12 December 31, 2010; and that eligible businesses will
13 retain the same tax credit amounts through 2010;
14 -- Replaces the definition of "central business district"
15 (an obsolete census definition) with "urban infill and
16 redevelopment area";
17 -- Removes the proposed requirement that urban job tax area
18 candidates demonstrate specific education
19 characteristics;
20 -- Revises the workforce and employment, crime, and property
21 characteristics that an urban job tax area must
22 demonstrate to become designated;
23 -- Removes provisions allowing businesses in Designated
24 Urban Job Tax Credit Areas, Rural Job Tax Credit Areas,
25 and Enterprise Zones to transfer unused credits;
26 -- Removes provisions authorizing OTTED to recertify
27 existing enterprise zones and approved enterprise zone
28 boundary changes; and
29 -- Removes the extension of the Enterprise Zone Act repeal
30 date.
31