



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate House Principles.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Enterprise Florida, Inc.**

Enterprise Florida, Inc., is a not-for-profit corporation created by s. 288.901, F.S. It is the principal economic development organization of the state, charged with providing leadership for business development in Florida by aggressively establishing a unified approach to Florida's efforts of international trade and reverse investment; by aggressively marketing the state as a pro-business location for new investment; and by aggressively assisting in the retention and expansion of existing businesses and the creation of new businesses.

EFI is managed by a board of directors including 19 members appointed by statute and a number of at-large members appointed by resolution of the board. The Governor is a member of the board and acts as its chairperson. EFI is not a unit or entity of state government but is subject to chapter 119 (public records) and chapter 286 (public meetings and records), F.S.

##### **Proposed Changes**

###### Promotion of Solar Energy Industry

The bill removes a requirement that EFI assist in the expansion of the solar energy industry in Florida. According to EFI, this is inappropriate because it requires EFI and its board to promote one business sector over other sectors without regard to its relative market potential. The elimination of the specific requirement will not preclude EFI from expanding business opportunity in the solar sector however. The bill also removes an outdated reference to the Department of Commerce.

###### Private Match and Quick-Response Training Funds

The bill also removes a provision of law authorizing funds received under the Quick-Response Training Program (QRT) to be counted toward private sector support under s. 288.90151(5)(d), F.S. EFI has met its statutory 100% private matching requirement contained in s. 288.90151(4)(b), F.S. by using the QRT funds. The bill removes the private match requirement and the QRT funds references to conform.

###### Economic Development Trust Fund – Report Requirements

The bill removes a provision requiring EFI to discuss whether the authority and monies appropriated by the Legislature to the Economic Development Incentives Account within the Economic Development Trust Fund have been managed and expended in a prudent, fiducially sound manner. These funds are managed by the Office of Tourism, Trade and Economic Development within the Governor's Office. EFI believes it is inappropriate for it to evaluate OTTED's oversight of these funds since it has no oversight authority for the funds.

###### International Trade Data Resource and Research Center

The bill repeals s. 288.8155, which creates the International Trade Data Resource and Research Center. According to EFI, this center is no longer in operation.

## EFI Board of Directors – Membership and Terms

The bill removes the requirement that only appointive members of the board<sup>1</sup> be elected vice chair. This will allow private sector at-large<sup>2</sup> board members to serve as vice chair. The bill also eliminates a requirement that only a majority of the appointed members constitute a quorum. This will allow a quorum to be reached more readily by counting at-large members.

The bill also eliminates the term limit of one year on at-large board members, replacing it with a term limit of three years, and removes the prohibition on an at-large board member from serving on an executive committee.

## EFI and Workforce Development

The bill eliminates a requirement that EFI, through its Workforce Development Board, develop a comprehensive approach to workforce development. This board was abolished with the creation of Workforce Florida, Inc., in s. 445.004, F.S. Workforce Florida, Inc., is the state's workforce development authority.

## EFI Return on Investment

The bill eliminates the requirement that private sector support for EFI equal no less than 100 percent of the state's operating investment. This will release EFI from seeking private matching funds.

The bill also redefines what constitutes private sector operating support for EFI. It removes in-kind contributions from the definition. It redefines what constitutes cash given directly to EFI for operations, by excluding contributions from grantees or companies having contracts with EFI which represent more than five percent of the value of all contracts with EFI, exclusive of grants, or more than five percent of the company's revenues. It also provides that direct cash donations will not be subject to restrictions on the use of appropriated funds.

The bill includes cash generated by fees charged for products or services of EFI and by sponsorship of events, missions, programs and publications in the category of private sector support.

The bill also clarifies that its annual report will include a study of public return on investment and removes a requirement that it include the results of a customer-satisfaction survey of the lead economic development staff person of each organization that is a primary partner of EFI. This removes a reference to economic development organizations that employ a full or part-time staff person and will allow EFI to better target its survey to a more limited and known group of organizations.

The bill removes the requirement that EFI hire a private accounting firm to develop a methodology for establishing and reporting return-on-investment and in-kind contributions and to develop, analyze and report on the customer satisfaction survey; replacing this requirement with a requirement that EFI hire an economic analysis firm to work on the return-on-investment issue and a firm experienced in survey research to develop, analyze and report on the customer satisfaction survey. It removes a requirement that the accounting firm certify whether the EFI annual report complies with the return-on-investment and customer satisfaction provisions.

Finally, the bill removes a job preparation requirement to conform with the removal of the workforce development requirements.

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<sup>1</sup> See s. 288.901(3), F.S. This subsection provides for a 19 member board, including 12 private sector members who must be confirmed by the Senate.

<sup>2</sup> See s. 288.901(11), F.S. This subsection allows for the appointment by resolution of the board of private sector at-large board members and places restrictions on their terms and committee involvement.

### Compensation of EFI Employees

The bill eliminates a salary cap equal to the Governor's salary on EFI employees and the exemption to the cap that requires a performance contract for any employee whose salary exceeds the cap.

The bill also removes EFI employees whose salary is provided by funds appropriated by the Legislature from the requirement that such employees receive no pay raise or bonus that is not also received by a similarly situated state employee.

The bill will allow EFI to use state funds, in addition to private funds, to pay any employee any amount that is approved by the board of directors.

### Contracts with Organizations Represented on the Board

The bill revises the requirement for a supermajority vote on certain contracts entered into by the EFI board of directors and organizations represented on the board. It removes the requirement of a two-thirds vote of the entire board, requiring only that it be made by the board members in attendance at a meeting where a quorum is present. It also clarifies that the supermajority vote requirement applies to contracts that exceed five percent of the total amount of the contracts of EFI, exclusive of grants, or five percent of the represented organization's annual revenue.

The bill excludes from the supermajority rule contracts awarded by another entity to an organization represented on the board of directors or to a contract in which EFI is the recipient of funds from an organization represented on the board of directors.

The bill also removes a prohibition on an organization represented on the EFO board from entering into a contract to receive a state funded economic development incentive or similar grant without a two-thirds vote of the board and removes a dollar limit on the value of grants issued by the board to businesses associated with board members.

### C. SECTION DIRECTORY:

Section 1. Amends s. 288.041, F.S., relating to the solar energy industry; removing requirements placed on EFI to assist in the expansion of solar energy in Florida and a similar requirement placed on the defunct Department of Commerce.

Section 2. Amends s. 288.047, F.S., relating to quick-response training; deleting a provision allowing matching contributions made under the program to count toward EFI's private sector support.

Section 3. Amends s. 288.095, F.S., relating to the Economic Development Trust Fund, to remove a requirement that EFI evaluate the performance of OTTED with regard to the Economic Development Incentives Account.

Section 4. Repeals s. 288.8155, F.S., relating to the International Trade Data Resource and Research Center.

Section 5. Amends s. 288.901, F.S., relating to meetings of and membership on the EFI board of directors.

Section 6. Amends s. 288.9015, F.S., relating to EFI's role in workforce development; removing such provisions.

Section 7. Amends s. 288.90151, F.S., relating to EFI return on investment; removing references to job preparation; removing the requirement of a 100% match of the state's operating investment in EFI; redefining what constitutes private sector support for EFI; and changing the requirements for a return on investment study.

Section 8. Amends s. 288.903, F.S., relating to the board of directors of EFI; removing a cap on salaries.

Section 9. Amends s. 288.904, F.S., relating to the powers and duties of the EFI board of directors; revising the requirement of a supermajority vote on certain contracts with organizations represented on the board; removing a ban on certain contracts.

Section 10. Amends s. 288.905, F.S., relating to the duties of the EFI board of directors; removing limitations on bonuses and salary increases for employees of EFI funded by state appropriation.

Section 11. Amends s. 445.004, F.S., relating to Workforce Florida, Inc.; removing a provision allowing quick-response training matching funds to qualify for the 100% private match of state funds.

Section 12. Provides an effective date.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

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

#### **1. Revenues:**

The bill appears not to have an impact on state revenues.

#### **2. Expenditures:**

The bill may have an impact on state revenues to the extent that the compensation changes proposed by the bill create the need for additional state funding.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

The bill appears not to have an impact on local government revenue.

#### **2. Expenditures:**

The bill appears not to have an impact on local government expenditures.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

### **D. FISCAL COMMENTS:**

None.

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

#### **1. Applicability of Municipality/County Mandates Provision:**

The bill does not require a municipality or county to expend funds or to take any action requiring the

expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**