

1 288.1089 The Innovation Incentive.--

2 (1) Legislative findings and intent; creation of the
3 Innovation Incentive.--

4 (a) The Legislature finds that science-based research
5 projects of significant scale and world-class excellence can
6 help to strengthen and expedite the growth of this state's
7 economy. World-class research institutes and research and
8 development operations can serve as catalysts for evolving
9 technology clusters, increase this state's talent base to the
10 very highest levels, benefit Florida's existing research and
11 university base through increased research and development
12 collaboration, and help to spawn new businesses based within
13 this state. Regional, national, and international competition
14 exists for these projects and without adequate resources for
15 these research and development opportunities, they would not
16 locate in this state.

17 (b) The Legislature further finds that attracting
18 certain innovation business operations to this state will
19 provide widespread economic benefits to the public through
20 high-quality employment opportunities at such operations;
21 additional employment opportunities through related operations
22 expanded in or attracted to the state as a result of the
23 innovation business location; an enhanced entrepreneurial
24 business climate in the state; and the stimulation and
25 enhancement of universities and community colleges in this
26 state. As with research and development operations, when all
27 available resources for economic development have been used,
28 the state continues to encounter competitive disadvantages in
29 vying for these innovation business operations.

30 (c) The Legislature's intent is to provide resources
31 to meet the unique needs of ensuring the growth and location

1 of catalyst projects in Florida, specifically those of
2 significant scale that elevate research, development, and
3 collaboration between universities and other centers of
4 research in this state and the private sector, or that serve
5 as platforms for emerging or evolving clusters and, in so
6 doing, make meaningful progress toward an unparalleled state
7 of innovation.

8 (d) The Legislature therefore creates the Innovation
9 Incentive within the Governor's Office of Tourism, Trade, and
10 Economic Development to ensure that sufficient resources shall
11 be available to respond expeditiously to extraordinary
12 economic opportunities and to compete effectively for these
13 research and development operations and Florida innovation
14 business projects.

15 (2) As used in this section, the term:

16 (a) "Average wage" means the statewide average wage in
17 the private sector or the average of all private-sector wages
18 and salaries in the county or in the standard metropolitan
19 area in which the applicant is located as determined by the
20 Agency for Workforce Innovation.

21 (b) "Cumulative investment" means the total private
22 investment in buildings and equipment made by a qualified new
23 business since the beginning of construction of such project
24 facilities or an expanding business in this state since the
25 beginning of the expansion project.

26 (c) "Director" means the director of the Office of
27 Tourism, Trade, and Economic Development.

28 (d) "Eligible business" means a business meeting the
29 requirements of subsection (5).

30 (e) "Fiscal year" means the state fiscal year.
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1 (f) "Jobs" means full-time equivalent positions, as
2 that term is consistent with terms used by the Agency for
3 Workforce Innovation and the United States Department of Labor
4 for purposes of unemployment compensation tax administration
5 and employment estimation, resulting directly from a project
6 in this state. The term does not include temporary
7 construction jobs involved in the construction of a project
8 facility.

9 (g) "Match" means funding from local sources, public
10 or private, which is paid to the qualified business and which
11 is equal to 100 percent of the award. Eligible match funding
12 may include any tax abatement granted to that business under
13 s. 196.1995 or the appraised market value of land, buildings,
14 infrastructure, or equipment conveyed or provided at a
15 discount to that business. Complete documentation of match
16 payment or other conveyance must be presented to and verified
17 by the office before transfer of state funds to the qualified
18 business. A qualified business may not provide, directly or
19 indirectly, more than 5 percent of match funding in any fiscal
20 year. The sources of such funding may not include, directly or
21 indirectly, state funds appropriated from the General Revenue
22 Fund or any state trust fund, excluding tax revenues shared
23 with local governments pursuant to law.

24 (h) "Office" means the Office of Tourism, Trade, and
25 Economic Development.

26 (i) "Predominately" means at least 50 percent of the
27 time in qualifying research and development.

28 (j) "Qualified business" means an eligible business
29 that has been approved to receive an innovation incentive
30 award.

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1 (k) "Research and development" means basic and applied
2 research in the science or engineering, as well as the design,
3 development, and testing, of prototypes or processes of new or
4 improved products. Research and development does not include
5 market research, routine consumer product testing, sales
6 research, research in the social sciences or psychology,
7 nontechnological activities, or technical services.

8 (1) "Research and development facility" means a
9 facility that is predominately engaged in research and
10 development activities.

11 (3) The total amount of active innovation incentive
12 awards may not exceed the amount remaining in the Innovation
13 Incentive Account within the Economic Development Trust Fund.

14 (4) To be eligible for consideration for an innovation
15 incentive award, a business or research and development entity
16 must submit a written application to Enterprise Florida, Inc.,
17 before the applicant has made the decision to locate new
18 operations in this state or before the applicant has made the
19 decision to expand an existing operation in this state. The
20 application must include, but need not be limited to:

21 (a) The applicant's federal employer identification
22 number, unemployment account number, and state sales tax
23 registration number. If these numbers are not available at the
24 time of application, they must be submitted to the office in
25 writing before the disbursement of any payments under this
26 section.

27 (b) The location in this state at which the project is
28 located or is to be located.

29 (c) A description of the type of business activity,
30 product, or research and development to be undertaken by the
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1 project, including six-digit NAICS codes for all activities
2 included in the project.

3 (d) The applicant's projected investment in the
4 project.

5 (e) The total investment, from all sources, in the
6 project.

7 (f) The number of net new full-time equivalent jobs in
8 this state the applicant anticipates having created as of
9 December 31 of each year in the project and the average annual
10 wage of those jobs.

11 (g) The total number of full-time equivalent employees
12 currently employed by the applicant in this state and the
13 number employed at the facility.

14 (h) The anticipated commencement date of the project.

15 (i) A detailed explanation of why the innovation
16 incentive is needed to induce the applicant to expand or
17 locate in the state and how the incentive will close, or help
18 to close, the competitive gap impeding the applicant's
19 decision to locate or expand in this state.

20 (j) If applicable, an estimate of the proportion of
21 the revenues resulting from the project which will be
22 generated outside this state.

23 (5) To qualify for review by the office, the applicant
24 must, at a minimum, establish the following to the
25 satisfaction of Enterprise Florida, Inc., and the office:

26 (a) The jobs proposed to be created under the
27 application must pay an estimated annual average wage equaling
28 at least 130 percent of the average private-sector wage in the
29 area where the applicant is to be located or the average
30 private sector wage in the state. The office may waive this
31 average wage requirement or at the request of Enterprise

1 Florida, Inc. The wage requirement may only be waived for a
2 project located in a brownfield area designated under s.
3 376.80, in a rural city or county as defined in s. 288.106, or
4 in an enterprise zone, and only when the merits of the
5 individual project or the specific circumstances in the
6 community in relationship to the project warrant such action.
7 If Enterprise Florida, Inc., makes such a recommendation, the
8 recommendation must be transmitted in writing to the office,
9 and the specific justification for the waiver recommendation
10 must be explained. If the director elects to waive the wage
11 requirement, the waiver must be stated in writing and the
12 reasons for granting the waiver must be explained.

13 (b) A research and development project must:

- 14 1. Serve as a catalyst of an emerging or evolving
15 cluster;
16 2. Demonstrate a plan for significant higher education
17 collaboration;
18 3. Provide the state, at a minimum, a break-even
19 return on its investment within a 20-year period; and
20 4. Be provided with a one-to-one match from the local
21 community. The match requirement may be reduced or waived in
22 rural areas of critical economic concern or reduced in rural
23 communities, brownfields, and enterprise.

24 (c) A Florida innovation business project, other than
25 a research and development project, must:

- 26 1.a. Result in the creation of at least 1,000 direct,
27 new jobs at the business; or
28 b. Result in the creation of at least 750 direct, new
29 jobs if the project is located in a rural county or city as
30 defined in s. 288.106 or in an enterprise zone.

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1 2. Have an activity or product that is within an
2 industry that is designated as a target industry business
3 under s. 288.106 or a designated sector under s. 288.108.

4 3.a. Have a cumulative investment of at least \$500
5 million within a 3-year period; or

6 b. Have a cumulative investment that exceeds \$375
7 million within a 3-year period if the project is located in a
8 rural county or city, as defined in s. 288.106, or in an
9 enterprise zone.

10 (6) Enterprise Florida, Inc., shall evaluate
11 individual proposals for innovation incentive projects and
12 forward recommendations regarding the use of appropriated
13 funds for such projects to the office. Such evaluation and
14 recommendation must include, but need not be limited to:

15 (a) A description of the type of operation, its
16 required facilities, and the associated product, service, or
17 research and development associated with the project.

18 (b) The number of full-time equivalent jobs that will
19 be created by the project, the total estimated average annual
20 wages of those jobs, and the types of business activities and
21 jobs likely to be stimulated by the investment.

22 (c) The cumulative investment to be dedicated to the
23 project within 3 years and the total investment expected in
24 the project if more than 3 years.

25 (d) The projected economic and fiscal impacts on the
26 local and state economies relative to investment.

27 (e) A statement of any special impacts the project is
28 expected to produce in a particular business sector in the
29 state or regional economy or in the state's universities and
30 community colleges.

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1 (f) A statement of any anticipated or proposed
2 relationships with state universities.

3 (g) A statement of the role the incentive is expected
4 to play in the decision of the applicant to locate or expand
5 in this state.

6 (h) A recommendation of the amount of the innovation
7 incentive that is needed to close a competitive gap, including
8 an explanation of why an incentive of that amount is needed to
9 induce the applicant to expand or locate in this state.

10 (i) A discussion of the efforts and commitments made
11 by the local community in which the project is to be located
12 to induce the project location or expansion in light of local
13 resources and abilities.

14 (j) A recommendation for specific performance criteria
15 the applicant would be expected to achieve in order to receive
16 payments from the fund and penalties or sanctions for failure
17 to meet or maintain performance conditions.

18 (k) For a research and development facility, an
19 evaluation and recommendation must include:

20 1. A description of the extent to which the project
21 has the potential to serve as catalyst for an emerging or
22 evolving cluster;

23 2. The percentage of match provided for the project;

24 3. A description of the extent to which the project
25 has or could have a long-term collaborative research and
26 development relationship with one or more universities or
27 community colleges in this state;

28 4. A description of the existing or projected impact
29 of the project on established clusters or targeted industry
30 sectors;

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1 5. A description of the project's contribution to the
2 diversity and resiliency of this state's innovation economy;
3 and

4 6. A description of the project's impact on
5 special-needs communities, including, but not limited to,
6 rural areas, distressed urban areas, and enterprise zones.

7 (7) The office may, in consultation with Enterprise
8 Florida, Inc., negotiate the proposed amount of an award for
9 any eligible applicant. In negotiating such award, the office
10 shall consider the amount of the incentive needed to close the
11 competitive gap in conjunction with other relevant applicant
12 impact and cost information and analysis as outlined in this
13 section. Particular emphasis shall be given to the potential
14 for the project to stimulate additional private investment and
15 high-quality employment opportunities in the state.

16 (8) Upon receipt of the evaluation and recommendation
17 from Enterprise Florida, Inc., the director shall recommend an
18 approval or disapproval of a project to the Governor. In
19 recommending approval of a project, the director shall include
20 proposed performance conditions that the project must meet in
21 order to obtain incentive funds and any other conditions that
22 must be met before the receipt of any incentive funds. The
23 Governor shall consult with the President of the Senate and
24 the Speaker of the House of Representatives before giving
25 approval for a project. Upon approval of a project, the
26 Executive Office of the Governor shall release the funds
27 pursuant to the legislative consultation and review
28 requirements set forth in s. 216.177.

29 (9) Upon approval by the Governor and release of the
30 funds as set forth in subsection (8), the director shall issue
31 a letter certifying the applicant as a qualified business. The

1 office and the business shall enter into an agreement that
2 sets forth the conditions for payment of incentives. The
3 agreement must include the total amount of funds awarded; the
4 performance conditions that must be met to obtain the award or
5 portions of the award, including, but not limited to, net new
6 employment in the state, average wage, and total investment;
7 demonstration of a baseline of current service and a measure
8 of enhanced capability; the methodology for validating
9 performance; the schedule of payments; and sanctions for
10 failure to meet performance conditions.

11 (10)(a) Funds allocated in the Innovation Incentive
12 account shall be invested under the direction of s. 17.57, and
13 any interest earned thereon shall be transferred from the
14 Economic Development Trust Fund to general revenue.

15 (11) Enterprise Florida, Inc., shall assist the office
16 in validating the qualified business's performance. At the
17 conclusion of the innovation incentive award agreement, or its
18 earlier termination, Enterprise Florida, Inc., shall, within
19 90 days, report the results of the innovation incentive award
20 to the Governor, the President of the Senate, and the Speaker
21 of the House of Representatives.

22 Section 2. For the 2006-2007 fiscal year, the sum of
23 \$250 million is appropriated from the General Revenue Fund for
24 transfer to the Economic Development Trust Fund within the
25 Office of Tourism, Trade, and Economic Development. Funds
26 transferred under this section are not subject to the service
27 charge set forth in s. 215.20, Florida Statutes. The sum of
28 \$250 million is appropriated for the 2006-2007 fiscal year
29 from the Economic Development Trust Fund within the Office of
30 Tourism, Trade, and Economic Development to be used to
31 implement this act. These funds in the Economic Development

