

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Commerce and Tourism Committee

BILL: SB 1632

INTRODUCER: Senator Lynn

SUBJECT: Florida Industrial Development Corporation

DATE: April 5, 2011

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pugh	Cooper	CM	Favorable
2.			BC	
3.				
4.				
5.				
6.				

I. Summary:

Chapter 289, F.S., approved by the Legislature in 1961, created a process by which Florida residents, businesses, and financial institutions could create a Florida Industrial Development Corporation (FIDC) with the power to issue revenue bonds for economic development projects. It appears that only two FIDCs have been created, and both have dissolved, according to the state Division of Corporations. Despite a statutory reporting requirement, there also appears to be no information about these FIDCs' activities.

SB 1632 repeals ch. 289, F.S., and deletes cross-references to it in other statutes.

The repeal of ch. 289, F.S., will not impact other industrial development revenue bond programs created for local governments and for the Office of Tourism, Trade, and Economic Development, or managed by Enterprise Florida, Inc., (EFI).

SB 1632 repeals ss. 289.011, 289.021, 289.031, 289.041, 289.051, 289.061, 289.071, 289.081, 289.091, 289.101, 289.111, 289.121, 289.131, 289.141, 289.151, 289.161, 289.171, 289.181, 289.191, and 289.201, F.S., and amends ss. 212.08, 220.08, 220.183, 220.62, 440.491, and 658.67, F.S.

II. Present Situation:

The Legislature in 1961 passed HB 1508¹ (ch. 61-177, L.O.F.) that created ch. 289, F.S., the Florida Industrial Development Corporation. The chapter established a process by which a minimum of 25 Florida “persons” (meaning individuals and businesses) could file incorporation documents with the state Division of Corporations for the purposes of issuing industrial revenue bonds. The chapter specified the powers and duties of an FIDC, which could have a duration of 50 years unless its board of directors dissolved it. Each FIDC was to make annual reports to what is now the Office of Financial Services of the state Financial Services Commission,² which also was statutorily directed to annually examine each FIDC’s financial records. The FIDCs were specifically prohibited, pursuant to s. 289.161, F.S., from pledging the credit of the state of Florida when issuing revenue bonds.

Information about how many FIDCs actually were formed, whether they issued any bonds, and if so, what types of projects were financed, is lacking. Staff of the Office of Financial Services can find no documentation that the required examinations were conducted, nor copies of any annual reports. The state Division of Corporations Sunbiz database lists two entities that may be FIDCS – the Industrial Development Corporation of Florida, created in 1961 and dissolved in 1991, and the Florida Industrial Development Corporation, created in 1979 and dissolved in 1980 – but there is no absolute certainty that these entities were created pursuant to ch. 289, F.S.

The last time any section of this chapter was amended was in 2003, to update obsolete references.

Since the creation of ch. 189, F.S., the Legislature has passed legislation facilitating the creation of other bond financing entities focused on economic development, including the Florida Development Finance Corporation, in Part IX of ch. 288, F.S., and managed by EFI, and Parts II, III and VI of ch. 159, F.S., which allows local governments and local authorities to issue revenue bonds.

III. Effect of Proposed Changes:

Section 1: Repeals all the sections in ch. 289, F.S., relating to the Florida Industrial Development Corporation. This removes the statutory provisions related to: the incorporation of an industrial development corporation; the FIDC’s special corporate powers; authorized financial transactions; membership of financial institutions; powers of stockholders and members; procedures for amending the articles of incorporation; the conduct of corporation business and affairs; requirements for saving a portion of annual earned surplus; requirements for meetings; corporate existence; dissolution; credit of the state; Federal Small Business Investment Act; tax exemptions; credits or privileges; required periodic examinations; and the \$50 annual occupational license tax for industrial development corporations.

Section 2: Amends s. 212.08, F.S., to remove a cross-reference.

¹ Sponsored by young legislators Lawton Chiles (future U.S. Senator and Florida Governor) and Don Fuqua (future U.S. Congressman)

² This commission is comprised of the Governor and Cabinet.

Section 3: Amends s. 220.183, F.S., to remove a cross-reference.

Section 4: Amends s. 220.62, F.S., to remove a cross-reference.

Section 5: Amends s. 440.491, F.S., to remove a cross-reference.

Section 6: Amends s. 658.67, F.S., to remove a cross-reference.

Section 7: Specifies an effective date of July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
