

## Florida Economic Development Council (FEDC) 2009 Legislative Agenda

### **Introduction:**

This Legislative Priorities Agenda represents the Florida Economic Development Council's (FEDC) positions on economic development issues, especially as they relate to the state's annual legislative session. This document is intended to guide the FEDC Board, members and statewide stakeholders with respect to specific legislative priorities and legislation. It is subject to modification as new legislation is introduced.

This summary is prepared by the FEDC's Legislative Affairs Committee and is reviewed by and voted on by the FEDC Board of Directors. A glossary of terms is attached.

### **KEY POSITION STATEMENTS** (in no particular order or hierarchy):

1. FEDC supports efforts that promote visioning at the state, regional and local levels, and the creation of mechanisms for implementing those visions. The state's vision should set the framework for the future growth and diversification of Florida's economy, including the Governor's Blueprint for Florida's Innovation Economy
  - a. Pursuing innovation and productivity as the foundation for global competitiveness and economic prosperity.
  - b. Calling for innovation and productivity from exiting businesses of all sizes, as well as newcomers and start-ups.
  - c. Balancing "outside in" recruitment efforts with "inside out" nurturing of home-grown businesses.
  - d. Breaking down of the silos of government so that all agencies find their role in economic development.
  - e. Focusing on six economic "drivers" as a common framework to unify state-wide economic development planning and action.
    - i. Florida's Six Economic "Drivers"
      1. **Sustainable Growth** – preserving quality of life for all Floridians and future generations.
      2. **Competitive Business Climate** – favoring low tax structures and reducing constraints.
      3. **Multi-modal Infrastructure** – enhancing safe and efficient space, sea and land-based transportation
      4. **Research & Development** – creating new products and processes in our universities/institutes.
      5. **Entrepreneurial Systems** – connecting businesses with information resources and capital.
      6. **World-Class Talent** – investing in education and workforce training.
2. FEDC supports measures that address the fiscal stability within Florida and sustainable funding for economic development programs that provide enhancements to the Florida's economic infrastructure.
3. FEDC supports economic development initiatives in the Rural Area's of Critical Economic Concern and specific programs that enhance the Catalyst Project program in these areas.
4. FEDC supports measures that will make property insurance, as well as healthcare insurance, more affordable to Florida businesses.
5. FEDC supports legislation targeted at increasing transportation infrastructure development through enhanced planning and increased funding. FEDC further encourages legislation that builds effective public/private partnerships that allow for advancement of the implementation of needed transportation infrastructure at the state, regional and local levels.

## FEDC PRIORITIES:

1. **Support funding for Florida's Economic Development Transportation Fund (Road Fund) without offsets for individual projects at \$20 million.** *This is one of Florida's oldest and most successful economic development incentive programs and is designed to keep our state competitive in attracting high wage jobs. Because of rising costs and increased project activity, more allocation is needed in order to improve our competitiveness.*
2. **Provide two-year job creation extension for qualified companies approved for Qualified Target Industry Tax Refund program, et. al.** *As a result of the economic downturn, there may be several companies that may not be able to meet job creation requirements as originally anticipated and contracted in the state incentive programs. As a result, qualified businesses that have clearly demonstrated that they are being negatively impacted by the economy may be provided a two-year extension for their job creation requirements.*

## FEDC SUPPORT:

### ECONOMIC DEVELOPMENT STIMULUS & INVESTMENTS PROGRAMS

1. **Support funding Florida's Economic Development TOOL KIT including funding for the Rural Community Development at \$1.3 million, Economic Development QTI/QDC at \$21.1375 million, Military Base Protection at \$1 million, Space, Defense & Rural Infrastructure Programs at \$6.2 million, and Economic Gardening at \$10 million.** *These incentives (investments) are critical after a community is "short listed" in the site selection process. Short list competitors are usually equal and incentives offered by the competing states often "tip the scale" toward a single location.*
2. **Targeted Opportunities Tax Refund on Business Machinery and Equipment: Reduce Threshold.** *Currently the cost of a piece of equipment or a business machine must exceed \$5,000 before a refund of sales taxes paid can be applied for as part of the Enterprise Zone program. The incentive would have more value if the purchase price threshold was reduced to \$2,500. OPPAGA proposed a similar recommendation, down to \$500, in Report 05-54 as a mechanism for increasing the value of the incentives offered to businesses for locating in an enterprise zone.*
3. **Support funding of Florida's Quick Action Closing Fund at \$50 million.** *A number of states including Virginia, North Carolina, South Carolina, Georgia, Tennessee, Texas, and Pennsylvania have closing funds available for use in highly competitive job creation situations. Having a closing fund would ensure, as provided in section 288.1088, Florida Statutes, that sufficient resources are available to respond to extraordinary economic opportunities and to compete effectively for high-impact business facilities, critical private infrastructure in rural areas, and key businesses in economically distressed urban or rural communities.*
4. **Through formal alliances with the Governor's Office of Film & Entertainment and the Florida Chamber, support legislation renewing and enhancing the current Entertainment Incentive at \$15 million.** *The Film and Entertainment Industry is important to Florida's economy as a major driver of employment and personal income, attracting revenue from other states and countries to be spent locally on wages and film and entertainment production services. When a major studio shoots a big budget film on location it can inject, according to the Motion Picture Association of America (MPAA), as much as \$225,000 per day into the location's economy. Major motion pictures and television series that clearly feature Florida locations also market the state as a tourist destination. The Florida Film & Entertainment Industry, which includes video game production, is forecasted to grow faster than other targeted industry clusters within the state of Florida. In 2007 the average salary for this sector in Florida was \$57,700. The estimated economic impact grew from nearly \$27 billion in 2003 to \$29 billion in 2007. Currently responsible for over 207,000 jobs in the state, a 3.7% increase from 2003, this industry sector generates*

nearly \$500,000,000 in tax revenues annually, up an estimated 5.5% from 2003. As Florida reduced its Entertainment incentive appropriation by 80% in 2008/2009, other states, including Georgia, Louisiana, New Mexico, New York, and Michigan, increased and enhanced their incentives to capitalize on the swift and significant fiscal impact in a time of economic instability. This poses a real threat to Florida's ability to attract productions that retain our workforce. In addition, attempts to attract or expand infrastructure are negatively impacted as they require a steady flow of productions to sustain operations. This legislation will allow Florida to further develop and sustain the workforce and infrastructure for film, entertainment and digital media production. It also modifies the current program to be monetized as a transferable tax credit instead of the current cash rebate approach.

5. **Tax Credit for Computer Equipment.** As Florida's agenda is to diversify the economic base with high tech industries, many companies in these industries have noted that the significant investment in this equipment in Florida is not eligible as a tax credit. As we do for manufacturing equipment, computer equipment needs to be added as an eligible tax credit item.
6. **Rural Economic Development - Rural Catalyst Project.** The 2004 statewide strategic plan for economic development, "Roadmap to Florida's Future" provides a rural priority; a rural rainmaker or catalyst project within each of the state's three designated Rural Area of Critical Economic Concern (RACEC). The 2005 Legislature provided funding to determine the appropriate target industry clusters in each RACEC, locate appropriate sites, help move those sites to being ready for construction (i.e. infrastructure planned for, funding identified and preclearance permitting completed.) and to market those sites. To date target industry clusters have been identified, sites have been prioritized and the initial preclearance permitting meeting has been held with the agencies of the Rural Economic Development Initiative (REDI). However, there is no explicit direction by the legislature for these regional rural catalyst projects to be reviewed and treated with deference as a reward to the counties and municipalities for working together as a region to develop a job creating center within a RACEC.

A number of the REDI agencies felt that it would be appropriate and helpful to have specific statutory language allowing the reward of the Rural Catalyst process for the projects recognized and endorsed as Rural Regional Catalyst Projects within RACECs, while adhering to the goals and mission of each agency. Codification of the Rural Catalyst Project will provide State agencies the direct approval to push all program and policy guidelines out to the fullest extent possible and provide the greatest level of technical assistance available to those approved Rural Catalyst Projects. Specifically, the following changes are being requested:

- a. Codify the Rural Catalyst Project Process within the Rural Areas of Critical Economic Concern; instructing REDI agencies to use all resources for these projects including comprehensive planning needs associated with this effort; economic development and planning objectives and permitting agencies for technical assistance and timeliness in review.
- b. Allow grants from the Rural Infrastructure Fund program to increase from 30 to 40 percent of project costs if the project is a Rural Catalyst Project and add Broadband as an authorized infrastructure.
- c. Allow for match to be waived from the pre-clearance program for Rural Catalyst Projects.
- d. Modify the definition of a rural county by increasing from 100,000 to 125,000 the population for counties contiguous to a county with a population of less than 75,000.

## RESEARCH & DEVELOPMENT

7. **Through formal alliances with the Florida Chamber, Enterprise Florida, and others, endorse the creation of a Florida R&D Tax Credit to improve the state's business climate for growth-generating R&D activity.** Florida has enjoyed success in attracting research institutes and further diversifying its economy. To truly leverage the investments that have been made and to move towards a more vibrant and entrepreneurial economy, it is imperative that a R&D tax credit be created for the state of Florida. Per Enterprise Florida, research shows that

*the federal credit is an effective tool for stimulating additional research and development which in turn leads to faster economic growth. It has also been shown to induce \$1-\$3 of investment for every dollar of taxes foregone.*

8. **Through formal alliances with the Florida Chamber, Enterprise Florida, and others, support the creation of the Florida Research Commercialization Matching Grant program at \$5 million annually to accelerate the commercialization of advanced technologies and create successful start-up companies in Florida.** *This program is designed to accelerate the commercialization of technology for start-up businesses, offering grant money to companies that have received Phase 2 grants from the Federal SBIR and STTR programs. The program would provide matching grants of up to 25% to Phase 2 awardees to help speed their commercialization processes.*
9. **FEDC supports the continued legislative support of the Florida Institute for the Commercialization of Public Research (the Institute) with \$10 million for the period of 2009-2014 for operations enabling development and funding of startup technology companies based on publically supported research.** *The Institute is Florida's One-Stop-Shop for investors, entrepreneurs and corporate partners who seek to identify new opportunities based on technologies developed through publicly-funded research. The Institute facilitates new venture creation through commercially-viable technologies in major industries that are driving the global economy, including, life science, information technology, aviation and aerospace, homeland security/defense, renewable energy, clean-tech, and other emerging sectors.*

## **BUSINESS CLIMATE**

10. **Support full funding for EFI's operations, including marketing, at \$11.95 million.** *As Florida's economic development agency, Enterprise Florida and its initiatives and incentives are vital to the success of economic development projects throughout the state.*
11. **Enhance business expansion/attraction programs to include Limited Liability Corporations (LLCs).** *Provide LLCs with the ability to use current tax incentives—made available to other corporations—by providing for the assignment of benefits among the associated partners of the LLC.*
12. **Update and replace all references for incentive programs in statutes from the old 1987 Standard Industrial Classification System (SIC) to the new 2007 North American Industrial Classification System (NAICS).** *Portions of the Florida Statutes dealing with incentives for business development continue to reference the Standard Industrial Classification System (SIC) that was replaced in 1997 by the federal government with the North American Industrial Classification System (NAICS). Replace all references to SIC with NAICS in State Statutes relating to incentive programs at the appropriate classification level.*
13. **Streamline & Expedite Permitting.** *Slow review and approval times by state agencies negatively impacts economic development projects. Align regulatory processes within all state agencies to ensure that permitting timelines are shortened and duplication is removed.*

## **MULTI-MODAL TRANSPORTATION**

14. **Implementation of commuter rail projects will result in overall social and environmental benefits, improve the quality of life in the state, stimulate economic growth, create new employment opportunities, and serve as a positive growth-management catalyst.** *Transportation options, cleaner air, and increased connectivity and partnership between communities benefit everyone. This will become an integral part of Florida's balanced transportation system and, with concurrent development of improvements to roadways and bus transit, will greatly enhance the mobility of the traveling public. Commuter rail is good for*

*business, as it spurs economic development by allowing business, research, and education centers to tap into geographically broader talent pools.*

## **WORKFORCE DEVELOPMENT**

- 15. Support the Quick Response Training Program (\$5 million) and the Incumbent Worker Training Program (\$2 million).** *The best investment we can make is in our workforce. Training programs, such as QRT and IWT ensures that Florida has an available and appropriately skilled workforce to meet the demands of our growing high wage employers.*

## **AVIATION & AEROSPACE**

- 16. Support the Commercial Launch Zone and Space and Aerospace Catalyst and Enhancement (SPACE) Act to further statewide economic development and job creation in the aerospace industry.** *These programs would allow Space Florida to be more competitive with other states when competing for business in the space and aerospace industry. Customers could not only be those in the business of launching rockets but also those that develop payload for those rockets which will bring entire new markets into play in Florida (i.e. pharmaceutical, biotechnology, etc.) The SPACE Act can be the catalyst to aid in replacing jobs that will be lost with the Space Shuttle retirement in 2010. In addition, the creation of the Commercial Launch Zone will provide the opportunity for communities throughout Florida to participate in and encourage job creation in the aviation and aerospace industry.*

### **Transportation**

**Transportation Infrastructure Finance and Innovation Act (TIFIA)** - is a credit program which will provide secondary and subordinate capital for up to one-third of project costs, and provide assistance such as direct loans, lines of credit or guarantees of private loans. The program is designed for large-scale projects (over \$100 million) of “National Significance.”

**Rural Area of Critical Concern (RACEC)** – is a designation by the State of Florida. Portions of Immokalee are included in the South Central RACEC. The Legislature has earmarked funding to help the three RACEC regions perform economic research, site selection, and marketing to produce a catalytic economic opportunity and a regional site within each RACEC.

### **Workforce Housing**

**Sadowski Trust Fund** - enacted in 1992, this affordable housing legislation created a dedicated revenue source by increasing the documentary stamp tax by 20 cents. The monies from the doc stamp are split between the Florida Housing Finance Corporation and all counties and entitlement municipalities. The monies are split approximately 70/30 between local government and the state, respectively and utilized for affordable housing programs.

**Community Workforce Housing Innovation Program (CWHIP)** – enacted in 2006, CWHIP is an affordable housing pilot program to promote the creation of public-private partnerships to finance, build and manage workforce housing and requires the coordinated efforts of all levels of government as well as private sector developers, financiers, business interests and service providers.

### **Education**

**Small Business Development Center (SBDC) Network** - is a statewide partnership between higher education and economic development organizations dedicated to providing emerging and established business owners with assistance enabling overall growth and increased profitability that contributes to the economic prosperity of the state.

**Centers of Excellence** – are designed to bridge the gap between academia and industry and give university-produced innovations a helpful push toward commercial viability. The program should benefit industry by providing a stream of innovation from R&D resources normally too expensive for private enterprise. Meanwhile, university programs should reap benefits in the form of royalties, new workforce options (for graduates), training, and potential funding for future projects. Overall, the Centers will enrich Florida’s high-tech industries and help fulfill the State’s education, capital and workforce needs.

### **Economic Development**

**Qualified Target Industry Tax Refund (QTI)** - is available for companies that create high wage jobs in targeted high value-added industries. This incentive includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full-time equivalent job created; \$6,000 in an Enterprise Zone or rural county. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job. The local community where the company locates contributes 20 percent of the total tax refund. There is a cap of \$5 million per single qualified applicant in all years, and no more than 25 percent of the total refund approved may be taken in any single fiscal year. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

**Quick Response Training Incentives (QRT)** - is a customer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. A local training provider—community college, area technical center or university—is available to assist with application and program development or delivery. If the company has a training program, a state training provider will manage the training program and serve as the fiscal agent for the grant funds. Reimbursable training expenses include: instructors’/trainers’ salaries, curriculum development,

textbooks/manuals, and materials/supplies. This program is customized, flexible and responsive to individual company needs.

**Incumbent Worker Training Program (IWT)** - is a program that provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require training for existing employees.

**Economic Development Transportation Fund** - commonly referred to as the "Road Fund," is an incentive tool designed to alleviate transportation problems that adversely impact a specific company's location or expansion decision. These grants are limited to \$2 million and are awarded to the local government for public transportation facility improvements.

**Florida Research Commercialization Matching Grant Program** – is designed to help accelerate the commercialization of advanced technologies and help create successful start-up companies domiciled in Florida.

**Quick Action Closing Fund** – is a discretionary funding tool that helps diversify Florida's economy by enabling the state to respond quickly to extraordinary economic opportunities and compete effectively for projects that involve significant capital investment and the creation of hundreds of higher-wage jobs.

**Rural Infrastructure Fund** - is a resource available to rural communities in Florida to facilitate the planning, preparation and financing of infrastructure projects in rural communities which will result in job creation, capital investment, and the strengthening and diversification of rural economies by promoting tourism, trade and economic development. Eligible projects may also include improving any inadequate infrastructure that has resulted in regulatory action that prohibits economic or community growth or reducing the costs to community users of proposed infrastructure improvements that exceed such costs in comparable communities.

**Rural Community Development Revolving Loan Program** - provides financial assistance to local governments in the form of either a loan or loan guaranty. The purpose of the program is to provide financial assistance for a specific project that will lead to the creation of new jobs and increase the economic vitality and diversification of Florida's rural counties.

**Florida Innovation Incentive Fund** - was established to attract targeted research and development or "innovation business" projects that support the growth of high-technology innovation clusters and high-wage jobs in Florida.

**Florida Entertainment Incentive Financial Incentive Program** – commonly referred to as the "film incentive", this incentive is in its fifth year. It currently provides from 10 – 22% cash rebate on a qualified production's expenditures associated with Florida resident wages and services or supplied provided by Florida businesses and vendors (10% on wages only for digital media projects). There are three "queues" with different spending thresholds, limitations, requirements, and rebate percentages depending on the type of production. A 5% bonus is offered for "off-season" production (excluding digital media) and a 2% bonus is available to "family-friendly" production as defined by statute. Productions eligible to apply include motion pictures, television pilots, movies and series, commercials, music videos, independent films, and interactive digital media entertainment.