



The Florida Legislature
Office of Economic and
Demographic Research
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Economic Development Incentives Report

A summary of the local governments' responses to the new reporting requirements outlined in sections 125.045 and 166.021, Florida Statutes.

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Summary

The 2010 Legislature passed Committee Substitute for Senate Bill 1752 (Chapter 2010-147, Laws of Florida) relating to economic development. Sections 1 and 2 of the legislation amended sections 125.045 and 166.021, Florida Statutes, and imposed new economic development reporting requirements on county and municipal governments.

Per the legislation, the Office of Economic and Demographic Research (EDR) as the successor to the Legislative Committee on Intergovernmental Relations compiled the data submitted by local governments and produced the ensuing report. The report shows the total of each class of economic development incentives provided by each county and municipal government and a total for all counties and all municipalities, respectively. Pursuant to the new law, EDR will provide a copy of this report to the Governor's Office of Tourism, Trade, and Economic Development and any other interested parties. This report will also be posted to EDR's website at <http://edr.state.fl.us>

Results

A survey form for reporting the economic development incentives information was made available to all local governments for completion between mid-October 2010 and late January 2011. Emails were sent to local fiscal managers and directors providing information on the law change and directions for completing the survey. A total of 74 local governments completed the survey, 38 counties and 36 municipalities.

Respondents were asked to report incentives by class and type. A detailed description of each class can be found in the Glossary at the end of the report.

- Direct Incentives – monetary assistance provided to one or more businesses or through an organization authorized by the local government. Direct incentives include grants, loans, equity investments, loan insurance and guarantees, and training subsidies.
- Indirect Incentives – grants or loans provided to businesses or community organizations that provide support to businesses or promote business investment or development.
- Fee-based or Tax-based Incentives – Tax or fee credits, refunds, exemptions, or property tax abatement or assessment reductions.
- Below Market Rate Leases or Deeds for Real Property – provided to businesses from the local government.

Of the 37 counties that submitted surveys, 10 counties did not issue economic development incentives which met the statutory reporting requirement (incentives greater than \$25,000 during the previous fiscal year¹). Even so, 2 of the 10 counties chose to voluntarily report its incentives. Incentives in the amount of \$84.4 million were reported by the counties that completed this

¹ These counties included Bradford, Calhoun, Desoto, Franklin, Madison, Monroe, Volusia, and Wakulla. Alachua and Walton counties chose to report their incentives.

survey. The largest percentage of the incentives granted was in the form of indirect incentives accounting for \$40.5 million of the total incentives (47.9%). Of interest, more counties gave more businesses direct incentives such as grants, but the dollar value was lower. Finally, only Santa Rosa and Sarasota counties have taken advantage of all four classes of incentives.

Of the 35 municipalities that reported, 15 municipalities did not issue economic development incentives which met the statutory reporting requirement (incentives greater than \$25,000 during the previous fiscal year²). However, 3 of these municipalities chose to voluntarily report their incentives. Incentives in the amount of \$60.7 million were reported by the municipalities that completed this survey. The largest percentage of the incentives granted was in the form of fee and tax credits, accounting for \$36.8 million of the total incentives (60.7%).

Note: The value of property tax assessment reduction was calculated to reflect the value of the reduction in property tax, not the value of the assessment reduction.

² These municipalities included Belleair Shore, Boca Raton, Callaway, Cape Coral, Caryville, Clermont, Destin, Freeport, Live Oak, Lynn Haven, Oakland, Panama City, Pinellas Park, Pomona Park, and Starke. Saint Petersburg, Bunnell, and Plant City chose to report their incentives.

Counties

Total Incentives

Incentive	# of counties that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentives	Avg. per business
Direct Incentives	23	\$29,675,804	35.1%	125	\$237,406
Indirect Incentives	15	\$40,450,510	47.9%	62	\$652,428
Fee or Tax Based Incentives	17	\$12,774,650	15.1%	111	\$115,087
Below market lease/deeds	3	\$1,541,679	1.8%	4	\$385,420
Total		\$84,442,643	100.0%	302	\$279,611

By Incentive

Direct Incentives	# of counties that granted direct incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	21	\$27,705,603	93.8%	95	\$ 291,638
Loans					
Equity Investment					
Loan Insurance					
Loan Guarantees					
Training	3	\$1,135,399	3.8%	13	\$ 87,338
Other	3	\$710,214	2.4%	10	\$ 71,021
Total		\$29,551,216	100%	23	\$ 1,284,835

Indirect Incentives	# of counties that granted indirect incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	12	\$36,951,113	91.2%	57	\$ 648,265
Loans					
Other	5	\$3,569,919	8.8%	16	\$ 223,120
Total		\$40,521,032	100%	73	\$ 555,083

Fee or Tax Based Incentives	# of counties that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Credits	2	\$390,062	3.1%	4	\$97,516
Refunds	6	\$471,103	3.7%	27	\$17,448
Exemptions	3	\$252,631	2.0%	13	\$19,433
Property Tax Abatement	7	\$10,785,879	84.4%	65	\$165,937
Property Tax Reduction	1	\$635,593	5.0%	1	\$635,593
Other	1	\$239,381	1.9%	1	\$239,381
Total		\$12,774,650	100%	67	\$190,666

By Incentive (cont.)

Below Market Leases or Deeds	# of counties that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Leases	2	\$1,032,800	67.0%	2	\$516,400
Deeds	2	\$508,879	33.0%	2	\$254,440
Total		\$1,541,679	100%	4	\$385,420

Incentives Geared towards certain industries

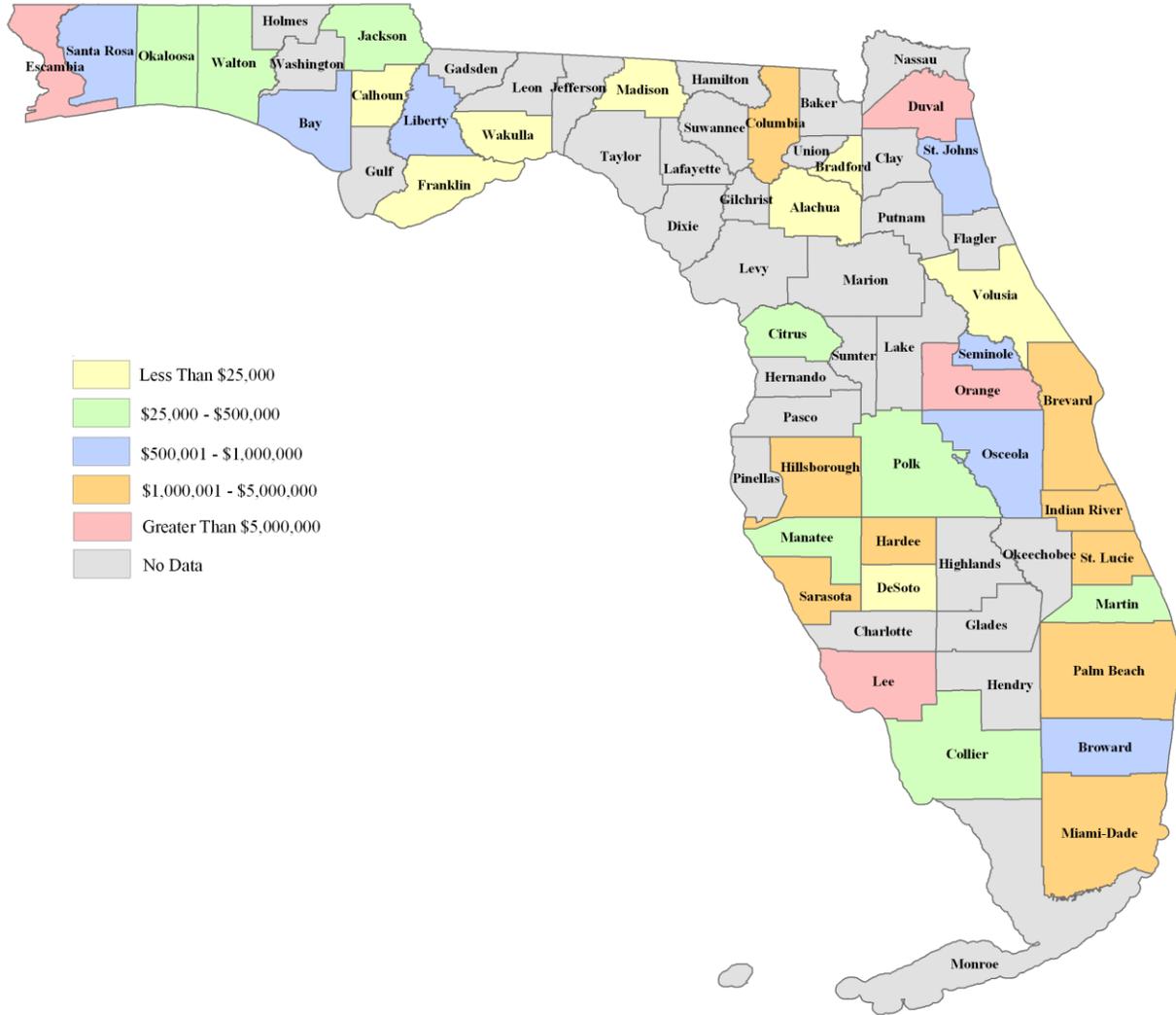
Industry Type	# of counties that gear their incentives towards that industry
Manufacturing	20
Corporate Headquarters	19
Professional Services	14
Research and Development	18
Information Technology	19
Financial Services	16
Multi-state/multi-national distribution	16
Business Services	16
Other ³	14

³ Other industries that counties have their incentives geared towards are: Aviation/Aerospace, Health & Life Sciences, Computer Sciences, Logistics and Distribution, Healthcare, Building Systems, Medical Devices, Renewable Energy, Bioscience, Agri-technology, Arts, Sports, Maritime, Manufacturing, Modeling and Simulation, Cleantech, Tourism/Recreation/Entertainment, Transportation

Responses by County

County	Total Direct	Total Indirect	Total Fee and Tax Based	Total Below Market Lease or Deeds	Total Incentives
Alachua			\$23,917		\$23,917
Baker					0
Bay			\$860,782		\$860,782
Bradford					0
Brevard		\$1,500,050	\$216,186		\$1,716,236
Broward	\$176,325	\$774,650			\$950,975
Calhoun					0
Charlotte					0
Citrus	\$72,000				\$72,000
Clay					0
Collier	\$47,668	\$400,000			\$447,668
Columbia			\$1,208,527		\$1,208,527
De Soto					0
Dixie					0
Duval	\$5,194,379	\$98,940			\$5,293,319
Escambia	\$500,000	\$1,049,219	\$3,916,704		\$5,465,923
Flagler					0
Franklin					0
Gadsden					0
Gilchrist					0
Glades					0
Gulf					0
Hamilton					0
Hardee	\$3,000,000		\$203,174	\$7,379	\$3,210,553
Hendry					0
Hernando					0
Highlands					0
Hillsborough	\$2,865,768	\$845,841	\$268,756		\$3,980,365
Holmes					0
Indian River	\$452,951	\$692,099			\$1,145,050
Jefferson					0
Lafayette					0
Lake	\$149,000				\$149,000
Lee	\$11,441,300				\$11,441,300
Leon					0
Levy					0
Liberty			\$635,593		\$635,593
Madison					0
Manatee	\$139,277	\$231,000			\$370,277
Marion					0
Martin	\$60,000				\$60,000
Monroe					0
Miami-Dade	\$2,766,309		\$476,877		\$3,243,186
Nassau					\$0
Okaloosa			\$199,609		\$199,609
Okeechobee					0
Orange	\$355,003	\$31,922,887			\$32,277,890
Osceola	\$547,762				\$547,762
Palm Beach	\$702,522	\$1,411,584	\$35,264		\$2,149,370
Pasco					0
Pinellas					0
Polk	\$109,000		\$62		\$109,062
Putnam					0
St. Johns	\$421,152	\$217,200	\$2,554		\$640,906
St. Lucie	\$48,900	\$250,000	\$4,083,070		\$4,381,970
Santa Rosa	\$3,000	\$464,040	\$14,193	\$504,000	\$985,233
Sarasota	\$118,488	\$350,000	\$239,381	\$1,030,300	\$1,738,169
Seminole	\$490,000		\$390,000		\$880,000
Sumter					0
Suwannee					0
Taylor					0
Union					0
Volusia					0
Wakulla					0
Walton	\$15,000	\$243,000			\$258,000
Washington					0
Total	\$29,675,804	\$40,450,510	\$12,774,649	\$1,541,679	\$84,442,642

County Responses Map



Counties that indicated that they were not required to remit the survey are included with the counties who reported incentives less than \$25,000.

Municipalities

Total Incentives

Incentive	# of municipalities that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentives	Avg. per business
Direct Incentives	13	\$9,005,894	14.8%	71	\$126,844
Indirect Incentives	9	\$1,545,582	2.5%	29	\$53,296
Fee or Tax Based Incentives	13	\$36,840,208	60.7%	185	\$199,136
Below market lease/deeds	6	\$13,349,971	22.0%	45	\$296,666
Total		\$60,741,655	100.0%	330	\$184,066

By Incentive

Direct Incentives	# of municipalities that granted direct incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	11	\$8,757,158	98.9%	64	\$136,831
Loans					
Equity Investment					
Loan Insurance					
Loan Guarantees					
Training					
Other	1	\$96,965	1.1%	2	\$48,483
Total		\$8,854,123	100%	66	\$134,153

Indirect Incentives	# of municipalities that granted indirect incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Grants	6	\$1,111,051	71.9%	19	\$58,476
Loans					
Other	4	\$434,531	28.1%	12	\$36,211
Total		\$1,545,582	100%	31	\$49,857

Fee or Tax Based Incentives	# of municipalities that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Credits	2	\$28,364,141	77.1%	133	\$213,264
Refunds	5	\$202,508	0.6%	23	\$8,805
Exemptions	2	\$4,272,577	11.6%	11	\$388,416
Property Tax Abatement	4	\$3,710,419	10.1%	13	\$285,417
Property Tax Reduction					
Other	2	\$233,620	0.6%	3	\$77,873
Total		\$36,783,265	100%	183	\$201,001

By Incentive (cont.)

Below Market Leases or Deeds	# of municipalities that granted incentives	Total amount granted (\$)	%	Total # of businesses that received incentive	Total # of businesses that received incentive
Leases Deeds	6	\$13,349,971	100.0%	45	\$296,666
Total		\$13,349,971	100%	45	\$296,666

Incentives Geared towards certain industries

Industry Type	# of municipalities that gear their incentives towards that industry
Manufacturing	8
Corporate Headquarters	7
Professional Services	5
Research and Development	8
Information Technology	8
Financial Services	6
Multi-state/multi-national distribution	6
Business Services	5
Other ⁴	7

⁴ Other industries that counties have their incentives geared towards are: Enterprise Zone Businesses, Restaurants, Boutiques, Arts, Antiques & Tourism, Life Sciences, Digital Media, Operation Centers, State and Private College/University satellite campuses, Life and Bio Sciences

Responses by Municipality

Value (\$) of Incentives

Municipality	Total Direct	Total Indirect	Total Fee and Tax Based	Total Below Market Lease or Deeds	Total incentives
Bonita Springs			\$54,945		\$54,945
Brooksville			\$28,879		\$28,879
Davie	\$346,965				\$346,965
DeFuniak Springs	\$40,396		\$75,015		\$115,411
Deltona		\$25,619	\$25,619		\$51,238
Fort Walton Beach		\$32,000	\$24,021	\$247,347	\$303,368
Keystone Heights	\$41,228				\$41,228
Lake Park	\$95,530				\$95,530
Melbourne		\$10,000	\$64,010		\$74,010
Orlando	\$81,770	\$456,617	\$295,651		\$834,038
Ormond Beach	\$127,372		\$8050		\$135,422
Palm Bay	\$4,495,442		\$3,609,480	\$5,400,000	\$13,504,922
Pinellas Park	\$32,532		\$7,601		\$40,133
Port Saint Lucie	\$3,000,000	\$50,000		\$1,000,000	\$4,050,000
Saint Cloud	\$395,000				\$395,000
Saint Petersburg			\$20,550	\$1,107,637	\$1,128,187
Sanford	\$150,000				\$150,000
Sarasota		\$358,662		\$5,198,587	\$5,557,249
Tallahassee		\$100,000	\$4,302,716	\$396,400	\$4,799,116
Tampa	\$199,658	\$439,000	\$28,323,671		\$28,962,329
TOTAL	\$ 8,878,521	\$ 1,471,898	\$ 36,832,158	\$ 13,349,971	\$ 60,532,548

Issues:

The following issues were discussed with local government representatives.

- **Are Community Redevelopment Areas (CRAs) incentives required to be included in this survey?**
 - No, the reporting requirements in Sections 125.045 and 166.021, Florida Statutes, specify that a county or a municipality shall report economic incentives the county or municipality granted during the previous fiscal year. As the language specifies that only counties or municipalities must report, CRAs are not required to complete the survey. Economic incentives offered to a business within a CRA from a county or municipality should be included in the county's or municipality's report.
 - Community Redevelopment Areas are dependent special districts that are financed primarily through tax increment funding. Once approved, ad valorem taxes are calculated for a CRA for a base year and the value of all real property is frozen as of a fixed date. Any tax revenues from increases in real property value after the fixed date are deposited into the Community Redevelopment Agency Trust Fund. The funds through the tax increment financing must be used for specific redevelopment purposes in the CRA.

- **How to determine below market leases? Leases could be 20 or 99 year leases, measuring each parcel and their current value would be a cumbersome job.**
 - Advised using an average value for square footage.

- **What about leases for events that aren't solely economic incentives but bring in revenue (such as stadiums, downtown events, etc?)**
 - Advised to not include unless they are directly involved in economic development.

- **Do you use the date that incentives are committed or disbursed?**
 - Disbursed

- **Would a bond payment for construction count?**
 - If the bond was issued for an economic development agency or business.

- **Are there are consequences if the survey isn't filled out?**
 - Currently there is not.

- **Should an incentive granted to a non-profit who promotes business activity included?**
 - Yes, a recipient of an indirect incentive can include communities, financial institutions, universities, training providers and childcare providers. Funds can be tied to expansion projects, communities including infrastructure, training, highway access, airports, etc. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees.

GLOSSARY

Direct financial incentives provide direct monetary assistance to a business from the local government or through a local government funded organization. The assistance is provided through grants, loans, equity investments, loan insurance and guarantees. These programs generally address business financing needs but also may be invested in workforce training, market development, modernization, and technology commercialization activities. Cash grants provide the greatest flexibility and immediate benefit to the company by reducing capital outlays. However, loans, bonds, and equity financing are commonly used to make resources available with an expectation that the dollars will be returned for future investments. Another important category of direct financial incentives is in the area of training subsidies. Other forms of direct financial incentive include revolving loan funds, product development corporations, seed capital funds, and venture funds. These programs directly supplement market resources through public lending authorities and banks. *Direct financial incentives are typically discretionary.*

Indirect incentives include grants and loans to local government entities, non-profits, and community organizations to support and promote business investment or development. The recipients include communities, financial institutions, universities, community colleges, training providers, venture capital investors, and childcare providers. In many cases, the funds are tied to one or more specific business locations or expansion projects. Other programs are targeted toward addressing the general needs of the business community, including infrastructure, technical training, new and improved highway access, airport expansions and other facilities. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees. Indirect incentives may also be used to leverage private investment in economic development. For instance, linked deposit programs in which local government funds are deposited in a financial institution in exchange for providing capital access or subsidized interest rates to qualified business borrowers. *Indirect financial incentives are typically discretionary.*

Tax-based incentives use the tax code (or tax base) as the source of direct or indirect subsidy to qualified businesses. It is more stable and less visible than direct financial or indirect incentives because it does not typically require an annual appropriation. Tax-based incentives can be either discretionary or entitlements. While tax based incentives function like direct financial incentives, the ubiquitous use of these incentives justifies a separate categorization.

Tax-based incentives can be further classified into five sub-categories:

- CREDITS, which provide a reduction in taxes due, after verification that statutory or contractual terms have been met.
- REFUNDS, which provide a return on taxes paid, after verification that statutory or contractual terms have been met.
- EXEMPTIONS, which provide freedom from payment of a variety of taxes normally applied to certain business activities.

LOCAL PROPERTY TAX ABATEMENTS or ASSESSMENT REDUCTIONS, which reduce or decrease the assessed valuation of ad valorem taxes, to include real property and personal property. Because the ad valorem tax is a local government revenue source, the cost of the incentive is borne by local governments.