

# Economic Development Financial Reference Manual

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Presented by:



The Florida Legislature  
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# Criteria Used to Measure Best States for Business

## Forbes Best States for Business Methodology 2011 (criteria given equal weight):

- Business Costs
- Labor Supply
- Regulatory Environment
- Economic Climate
- Growth Prospects
- Quality of Life

Florida's rank – 24th

## Beacon Hill Institute's State Competitiveness Report 2010 (criteria given equal weight):

- Government and Fiscal Policy
- Security
- Infrastructure
- Human Resources
- Technology
- Business Incubation
- Openness
- Environmental Policy

Florida's rank – 12th

## CNBC's Top States for Business 2011 (listed by weight, most to least):

- Cost of Doing Business
- Workforce
- Quality of Life
- Infrastructure & Transportation
- Economy
- Education
- Technology and Innovation
- Business Friendliness
- Access to Capital
- Cost of Living

Florida's rank – 18th

# What is Local Economic Development?

The purpose of local economic development is to build up the **economic capacity of a local area to improve its economic future and the quality of life** for all. It is a process by which public, business, and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.



In the broadest sense, economic development policies encompass three major areas:

- Government efforts to meet broad economic objectives such as high employment, price stability, and sustainable growth through monetary and fiscal policies, regulation of financial institutions and access to credit, and favorable trade and tax policies.
- Programs that provide infrastructure and services such as highways, parks, affordable housing, crime prevention, and K-12 education.
- Job creation and retention through specific efforts such as downtown and neighborhood development, small business development, workforce development, business retention and expansion.



# Numerous Revenue Sources Available to Fund Local Economic Development Efforts

**General-purpose revenue sources whose uses are entirely or, for the most part, at local discretion.**

- County general fund revenues totaled \$12.2 billion in LFY 2008-09.
- Municipal general fund revenues totaled \$9.4 billion in LFY 2008-09.

**Revenue sources whose proceeds can be used to fund local infrastructure projects generally.**

- Examples include federal and state assistance programs, impact fees, local discretionary sales surtaxes, local option fuel taxes, and special assessments.

**Revenue sources whose proceeds can be used to fund local economic development efforts specifically.**

- Examples include convention development taxes, federal and state assistance programs, local business taxes, and tourist development taxes.

# Revenue Sources Available to Fund Local Infrastructure (Based on Home Rule Authority)

**Impact Fees**...charges imposed by local governments against new development to provide for capital facilities' costs made necessary by population growth.

- Reported Impact Fee Revenue Collections:
  - County governments: \$207 million in LFY 2008-09 (n=40).
  - Municipal governments: \$139 million in LFY 2008-09 (n=181).
  - School districts: \$87 million in SFY 2010-11 (n=28).
- The majority of county and municipal government-imposed impact fees generate revenues to fund physical environment and transportation infrastructure.
- Revenue collections have decreased significantly in recent years due to the housing bust and local government efforts to freeze, reduce, or repeal impact fees in light of economic conditions.



# Revenue Sources Available to Fund Local Infrastructure (Based on Home Rule Authority)

**Special Assessments**...charges imposed by local governments against property to fund the construction and maintenance of capital facilities and certain services.

- Reported Special Assessment Revenue Collections:
  - County governments: \$504 million in LFY 2008-09 (n=52).
  - Municipal governments: \$291 million in LFY 2008-09 (n=106).
- The majority of county and municipal government-imposed special assessments generate revenues to fund local service provision rather than capital facilities.
- Although still trending positive, revenue collections have slowed in recent years.



# Revenue Sources Available to Fund Local Infrastructure (Based on Statutory Authority)

**Local Discretionary Sales Surtaxes**...eight separate levies [s. 212.055, F.S.] that can be imposed by county governments or school districts to fund a variety of local infrastructure, public health, or public safety needs depending on the particular levy. Total tax rate varies by county from 1.5% to 3.5%.

- In CY 2012, 48 county governments will levy at least one surtax and only Madison County and 15 school districts will exercise all possible taxing authority.
- Total Realized and Unrealized Surtax Revenues in LFY 2011-12:
  - Realized: county governments, \$1.3 billion; school districts, \$346 million.
  - Unrealized: county governments, \$6.2 billion; school districts, \$1.0 billion.
- Proceeds from the following surtaxes generate revenues to fund physical environment and transportation infrastructure: 1) Charter County and Regional Transportation System Surtax, Local Government Infrastructure Surtax, Small County Surtax, and School Capital Outlay Surtax.
- As the sole method of authorization for several different surtaxes, voter approval in a countywide referendum may hamper increased utilization of this funding source.





# Revenue Sources Available to Fund Local Infrastructure (Based on Statutory Authority)

**Local Option Fuel Taxes**...three separate levies, totaling a maximum of 12 cents per gallon on motor fuel (i.e., gasoline), that can be imposed by county governments to fund transportation infrastructure needs.

- Ninth-Cent Fuel Tax [s. 336.021, F.S.]
  - Optional rate of 1 cent per gallon on motor fuel. Rate on diesel fuel equalized statewide at 1 cent per gallon.
  - In CY 2012, 51 counties imposing tax on motor fuel. In LFY 2011-12, \$81 million realized; \$16 million unrealized.
- 1 to 6 Cents Fuel Tax [s. 336.025, F.S.]
  - Optional rate of up to 6 cents per gallon on motor fuel. Rate on diesel fuel equalized statewide at 6 cents per gallon.
  - In CY 2012, 66 counties @ 6 cents; Franklin County @ 5 cents. In LFY 2011-12, \$540 million realized; \$55,447 unrealized by Franklin County.
- 1 to 5 Cents Fuel Tax [s. 336.025, F.S.]
  - Optional rate of up to 5 cents per gallon on motor fuel. No tax on diesel fuel.
  - In CY 2012, 2 counties @ 2 cents; 2 counties @ 3 cents; and 20 counties @ 5 cents. In LFY 2011-12, \$174 million realized; \$207 million unrealized.



# Revenue Sources Available to Fund Local Economic Development Efforts

**Convention Development Taxes**...three county governments (Duval, Miami-Dade, and Volusia) are eligible to levy a tax on transient rental transactions. The maximum tax rates are either 2 or 3 percent depending on the particular levy.

- Total Realized and Unrealized Tax Revenues in LFY 2011-12:
  - Consolidated County Tax @ 2% [s. 212.0305(4)(a), F.S.]
    - Duval County: \$4.7 million realized. No unrealized revenue.
  - Charter County Tax @ 3% [s. 212.0305(4)(a), F.S.]
    - Miami-Dade County : \$39 million realized. No unrealized revenue.
  - Special District, Special, and Subcounty Tax @ 3% [s. 212.0305(4)(c)-(e), F.S.]
    - Volusia County: \$7.0 million realized. No unrealized revenue.
- Generally, the tax proceeds may be used for capital construction of convention centers and other tourist-related facilities as well as tourism promotion. However, the authorized uses vary by levy.



# Revenue Sources Available to Fund Local Economic Development Efforts

**Local Business Tax**...county and municipal governments are eligible to levy the tax, authorized in Ch. 205, F.S., for the privilege of engaging in or managing any business, profession, or occupation within their respective jurisdictions.

- Reported Local Business Tax Collections:
  - County governments: \$32 million in LFY 2008-09 (n=35)
  - Municipal governments: \$120 million in LFY 2008-09 (n=269)
- Although the tax proceeds are considered general revenue for the county or municipality, county business tax revenues may be used for overseeing and implementing a comprehensive economic development strategy. [s. 205.033(7), F.S.]
- Several bills (SB 760, HB 1063, and HB 4025) have been filed for the 2012 legislative session, which would repeal the local business tax effective July 1, 2012.



# Revenue Sources Available to Fund Local Economic Development Efforts

***Tourist Development Taxes***...eligible county governments may be able to impose up to five separate taxes on transient rental transactions. Total tax rate varies by county from 1% to 6%.

- Authorized Tax Levies:
  - 1 or 2% Tax [s. 125.0104(3)(c), F.S.]: 62 of 67 eligible counties levy
  - Additional 1% Tax [s. 125.0104(3)(d), F.S.]: 45 of 56 eligible counties levy
  - 1% Professional Sports Franchise Facility Tax [s. 125.0104(3)(l), F.S.]: 35 of 67 eligible counties levy
  - 1% High Tourism Impact Tax [s. 125.0104(3)(m), F.S.]: 3 of 5 eligible counties levy
  - 1% Additional Professional Sports Franchise Facility Tax [s. 125.0104(3)(n), F.S.]: 20 of 65 eligible counties levy
- Total Realized and Unrealized Tax Revenues in LFY 2011-12:
  - Realized: \$ 536 million. Unrealized: \$38 million.
- Generally, the tax proceeds may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance. However, the authorized uses vary by levy.



# Budgeted Programs To Assist Non-State Entities with Economic Development and/or Infrastructure Funding

Appropriations  
of Budgeted  
Programs Totaled  
\$1.78 Billion

- Agency for Persons with Disabilities: 1 program
- Agency for Workforce Innovation: 2 programs
- Executive Office of the Governor: 24 programs
- Dept. of Agriculture and Consumer Services: 4 programs
- Dept. of Children and Families: 2 programs
- Dept. of Community Affairs: 3 programs
- Dept. of Elder Affairs: 1 program
- Dept. of Environmental Protection: 5 programs
- Dept. of Highway Safety and Motor Vehicles: 1 program
- Dept. of Revenue: 16 programs
- Dept. of State and Secretary of State: 4 programs
- Dept. of Transportation: 22 programs
- Florida Housing Finance Corporation: 3 programs
- **Total: 88 programs**



Additionally, there are 287 federal programs that provide assistance to non-federal entities for community, economic, and regional development; construction, renewal, and rehabilitation; public works; and transportation.

# Incentives – Corporate Income Tax

## Jobs for the Unemployed Tax Credit

- Provides a \$1,000 tax credit to a target industry business for each regular, full-time employee who
  - Works for at least 12 months.
  - Was unemployed for at least 30 days at the time of hiring.
  - Was hired on or after July 1, 2010.
  - The credit may be carried forward for one year.
- Reference: Section 220.1896, Florida Statutes

FY 2012/13 – capped at \$5m

## Enterprise Zone Jobs Credit

- Allows a credit to a business located in an enterprise zone that increases the total number of full-time jobs over 12 months.
- The credit is 20% of the actual monthly wages paid in this state to each new employee hired into a newly-created job. The percentage of the actual monthly wages paid could be greater than 20%, depending on certain circumstances.
- The credit may be carried forward for five years.
- Reference: Section 220.181, F.S.

FY 2012/13 – \$.70m

## Rural Job Tax Credit

- Provides an incentive for eligible businesses, located within designated rural counties, to create new jobs.
- The tax credit can range from \$1,000 to \$1,500 per qualified employee.
- A business may receive up to \$500,000 in tax credits during any one calendar year for its efforts in creating jobs.
- The credit may be carried forward for five years.
- Reference: Section 220.1895, F.S., s. 212.098,

FY 2012/13 – \$.01m

## Urban High-Crime Area Job Tax Credit

- Provides an incentive for eligible businesses, located within designated urban areas, to create new jobs.
- The credit can range from \$500 to \$2,000 per qualified employee.
- The credit may be carried forward for five years.
- References: Section 220.1895, F.S., s. 212.097, F.S.

## FL Employees And Fed Employment Credits

- Provides a deduction for the amount of wages and salaries paid to Florida employees for the taxable year for which no deduction is allowed under s. 280C(a) of the Internal Revenue Code (relating to credit for employment of certain new employees).
- Reference: Section 220.13(1)(b)3., F.S.

# Incentives – Corporate Income Tax (cont.)

## Enterprise Zone Property Tax Credit

- The credit is available to a corporation that does one of the following in an enterprise zone:
  - Creates a new business with five or more new jobs.
  - Expands an existing business and creates five or more new jobs.
  - Rebuilds an existing business that suffered damage in an emergency.
- The credit is computed on 96% of ad valorem taxes levied for operating purposes, not including debt service.
- The credit may be carried forward for five years.
- References: Section 220.182, F.S. and Enterprise Florida

FY 2012/13 – \$2.3m

## Entertainment Industry Tax Credit

- Credit must be approved by the Office of Tourism, Trade, and Economic Development (OTTED) under the guidelines in s. 288.1254, F.S.
- The credit may be carried forward for five years.
- References: Section 220.1899, F.S., s. 288.1254, F.S. and Governor's Office of Film and Entertainment

FY 2012/13 – \$7.5m

## New Markets Tax Credit

- Provides a credit equal to 39% of the purchase price of a qualified investment as defined in s. 288.9913(9), F.S.
- A partner, member, or shareholder of a partnership, limited liability company, subchapter S corporation, or other pass-through entity may claim the credit under an agreement among the partners, members, or shareholders.
- The credit may be carried forward for five years.
- Reference: Section 288.9916, F.S.

## Capital Investment Tax Credit

- The credit is available to businesses in a designated high-impact sector (e.g., silicon technology, transportation industries, or solar panel manufacturing facilities).
- The business must establish a qualified project which results in a cumulative capital investment of at least \$25 million.
- The project must be certified by the Office of Tourism, Trade, and Economic Development (OTTED).
- An annual credit may be claimed for up to 20 years in an amount equal to 5% of the eligible capital costs generated by a qualifying project.
- References: Section 220.191, F.S., TIP 98C01-06, TIP 08C01-04

FY 2012/13 – \$14.3m

# Incentives – Corporate Income Tax (cont.)

## Credit for Contributions to SFOs

- The allowed credit is 100% of the eligible contributions made during the taxable year, up to 75% of the tax due after the application of all other credits.
- The credit may be carried forward for three years.
- References: [Section 220.1875, F.S.](#), [s. 1002.395, F.S.](#)

FY 2012/13 – \$56.0m

## Community Contribution Tax Credit

- Allows a credit of 50% of a qualified community contribution to an eligible sponsor for a project as defined in s. 220.03(1)(t), F.S.
- The annual amount granted is up to \$200,000 per business.
- The credit may be carried forward for five years.
- Reference: [Section 220.183, F.S.](#)

FY 2012/13 – \$13.0m

## State Housing Tax Credit

- Provides a credit to private corporations that build low-income housing projects in urban areas.
- A credit of up to 9% is allowed of the eligible basis of any designated project for each year of the credit period for a taxable year.
- Reference: [Section 220.185, F.S.](#)

FY 2012/13 – \$2.3m

## Contaminated Site Rehabilitation Tax Credit

- Provides a credit to taxpayers that voluntarily rehabilitate brownfield sites or sites contaminated with dry-cleaning solvent.
- The credit must be approved by the Florida Department of Environmental Protection.
- The credit is for 50% of rehabilitation costs, up to \$500,000 per site per year.
- The credit may be carried forward for five years.
- References: [Section 220.1845, F.S.](#)

FY 2012/13 – \$2.3m

## Hazardous Waste Facility Tax Credit

- Provides a credit to the owner of any commercial hazardous waste recycling facility that incurs expenses for hydrologic, geologic, or soil site evaluations and permit fees required by the Florida Department of Environmental Protection. The credit is equal to the amount of expenses incurred.
- Also provides a credit to the owner of any commercial hazardous waste recycling facility permitted by the Florida Department of Environmental Protection equal to 5% of the cost of stationary facility equipment placed in service during the taxable year and used for the recycling of hazardous wastes.
- The credit may be carried forward for five years.
- Reference: [Section 220.184, F.S.](#)

FY 2012/13 – \$0.2m



# Tax Incentives – Sales Tax

## Miscellaneous Exemptions

- **New or Expanding Business**
  - Applies to property that has depreciable life of 3 years or more.
  - Machinery for a new business must be ordered before the start of productive operations and received within 12 months.
  - Expanding businesses must show a minimum 10% increase in productive output. Not required for spaceport businesses.
  - Reference: Section 212.08(5)(b), Florida Statutes FY 2010-11 – \$41.7m
- **Machinery and Equipment to Produce Electricity or Steam** FY 2010-11 – \$0.4m
- **Certain Repair and Labor Charges** FY 2010-11 – \$10.3m
- **Pollution Control Machinery and Equipment** FY 2010-11 – \$11.2m
- **Semiconductor, Defense or Space Technology** FY 2010-11 – \$2.4m
- **Research or Development Costs** FY 2010-11 – \$16.0m
- **Electricity or Steam Purchased for Manufacturing** FY 2010-11 – \$76.6m
- **Boiler Fuels** FY 2010-11 – \$43.9m
- **Resource Recovery Equipment (Refund)** FY 2010-11 – \$0.2m
- **Solar Energy Systems** FY 2010-11 – \$1.3m
  - References: Section 212.08, sec. 212.052, Florida Statutes

# Tax Incentives – Sales Tax (cont.)

## **Motion Picture or Video Equipment Used in Motion Picture or Television Production Activities and Sound Recording Equipment Used in the Production of Master Tapes and Master Records**

- Exemption on the purchase or lease of certain motion picture or video equipment and second recording equipment used only as an integral part of the production activities in Florida.
- Property must have a depreciable life of 3 years or more.
- Production companies with a certificate of exemption issued under s. 288.1258, F. S., are eligible.
- References: Section 212.08(5)(f), F.S., The Governor's Office of Film and Entertainment FY 2010-11 – \$25.2m

## **Entertainment Industry Financial Incentive Program**

- Credit must be approved by the Office of Tourism, Trade, and Economic Development (OTTED) under the guidelines in s. 288.1254, F.S.
- The credit can be carried forward for 5 years.
- References: Section 212.08(5)(g), F.S., The Governor's Office of Film and Entertainment \$254m over 5 years of program

## **Manufacturing and Spaceport Investment Incentive Program**

- Provides a refund on eligible equipment purchases used in the manufacturing, processing, compounding, or production of tangible personal property for sale or for exclusive use in spaceport activities.
- The maximum amount is \$50,000 in state sales and use tax in a single year.
- Refund must be approved by the Office of Tourism, Trade, and Economic Development (OTTED).
- References: Section 288.1083, F.S. FY 2010-11 – \$0.2m

# Tax Incentives – Sales Tax (cont.)

## Florida's Enterprise Zone Program

### Enterprise Zone Jobs Credit

- Businesses that increased the number of full-time employees from the average of the previous 12 months, or added at least five new full-time employees, are eligible for the credit.
- The new employees may be leased employees.
- Credit is allowed for up to 24 consecutive months.
- Credit is limited to the amount due on each return. No refund or carry-forward is allowed.
- Amount of credit depends on employee category and the percentage of full-time employees who are residents of a Florida enterprise zone.
- A business cannot claim the credit against sales and use tax if it has already claimed it for corporate income tax.
- References: Section 212.096, F.S., Enterprise Florida FY 2010-11 – \$5.7m

### Business Property Used in an Enterprise Zone (Refund)

- Eligible property includes office and warehouse equipment, and some industrial machinery and equipment.
- Property must be used only in an enterprise zone for at least 3 years.
- Refund is subject to a minimum and maximum dollar amount.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.
- References: Section 212.08(5)(h), F.S., Enterprise Florida FY 2010-11 – \$1.4m

### Electrical Energy Used in an Enterprise Zone (Exemption)

- Exemption for municipal utility taxes for up to 5 years.
- Percentage of exemption may be increased from 50% to 100% based on the percentage of full-time employees who are residents of a Florida enterprise zone.
- References: Section 212.08(15), F.S., Enterprise FY 2010-11 – \$0.4m

### Building Materials Used in the Rehabilitation of Real Property Located in an Enterprise Zone (Refund)

- Eligible recipient may be one of the following: owner, lessee, lessor, nonprofit community-based organization, city, county or other governmental organization.
- Amount of refund is subject to a minimum and maximum dollar amount.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.
- Only one refund is allowed for each parcel of real property.
- References: Section 212.08(5)(g), F.S., Enterprise Florida FY 2010-11 – \$54.0m

# Incentives – Insurance Premium Tax

**Related to Jobs:** Provides a credit against insurance premium taxes and fees for up to 15 percent of the salary of employees of the affiliated group of corporations who:

- Perform insurance-related activities,
- Are located or based within this state, and
- Are covered by Chapter 443, F.S. (Unemployment Compensation).
- Reference: Section 624.509(5), Florida Statutes
- FY 2012-13 – \$246.3m



# Economic Development Incentives Report- Annual survey of Local Governments

- Legislation enacted during the 2010 Regular Session requires local governments to report economic development incentives granted during the local fiscal year to EDR. Specifically, local governments that have granted economic incentives in excess of \$25,000 during the fiscal year must report to EDR by January 15, and annually thereafter, economic incentives, by class of incentive, given to businesses during the local fiscal year. (Municipalities having annual revenues and expenditures less than \$250,000 are excluded from this reporting requirement.)
- Local governments were asked to report their incentives through an online survey maintained by EDR.
- 38 counties and 36 municipalities completed the survey for LFY 09/10.

A summary of the results is on EDR's website:

(<http://edr.state.fl.us/Content/local-government/reports/index.cfm#incentives-report>).

References: Sections 125.045, s.166.021, F.S.



# Types of Offered Incentives

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

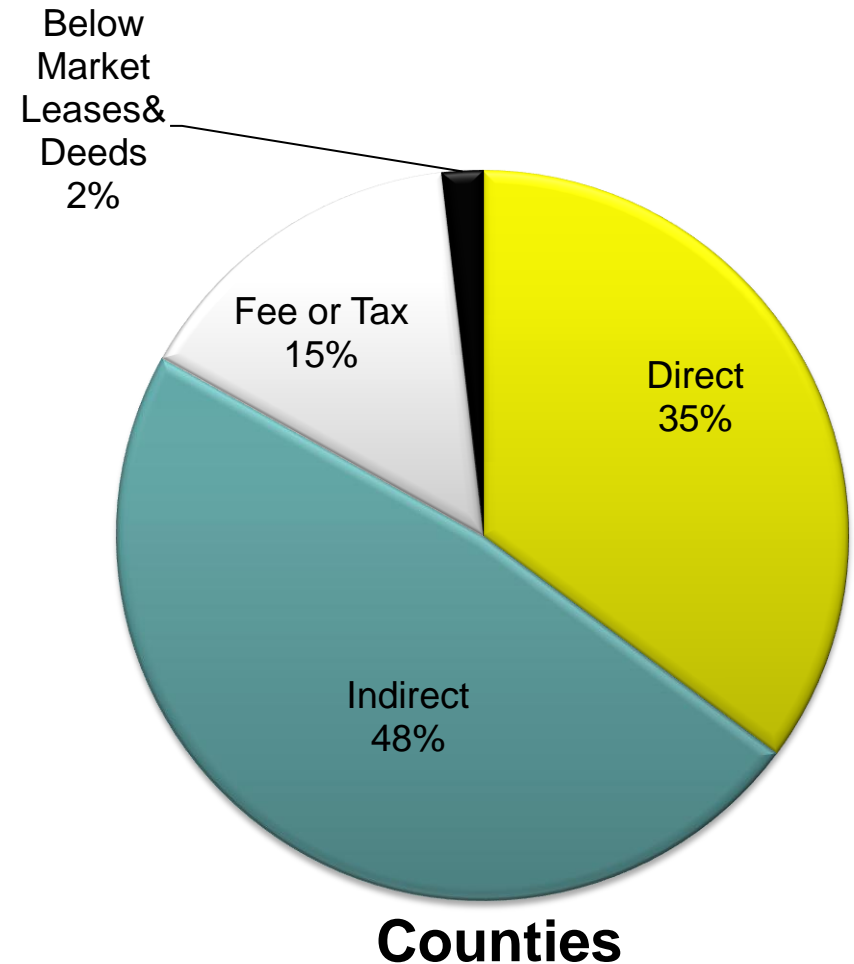
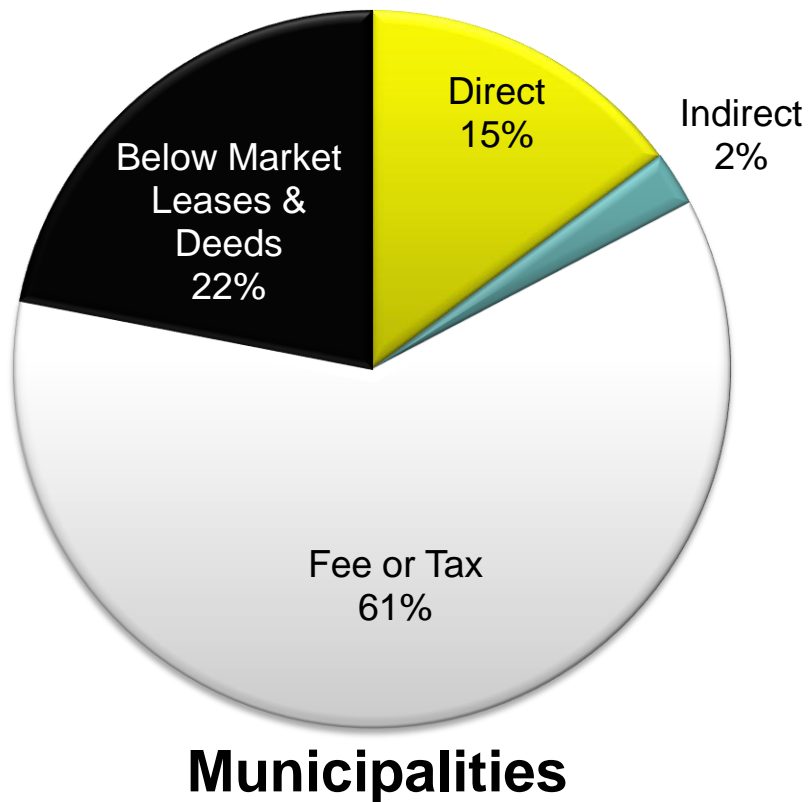
- Direct Incentives – monetary assistance provided to one or more businesses or through an organization authorized by the local government. Direct incentives include grants, loans, equity investments, loan insurance and guarantees, and training subsidies.
- Indirect Incentives – grants or loans provided 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.

# Survey Results for LFY 09/10

- Reporting counties issued \$84.4 million in incentives for economic development.
- Reporting municipalities issued \$60.7 million in incentives for economic development.
- Indirect incentives given to local government entities or organizations supporting and promoting business investment or development in the amount of \$40.5 million were the most popular incentive issued by counties.
- Municipalities issued the most incentives in the form of fee and tax credits in the amount of \$36.8 million.



# Local Incentive Categories





# Florida's Special Districts

There are 1,619 active special districts in Florida funded primarily from charges for services and ad valorem taxes. They may be categorized as follows:

- Districts that help attract businesses and retail establishments by redeveloping, improving, and maintaining commercial areas and facilities;
- Districts that allow new residential, commercial, and industrial developments to occur through financing, building, and maintenance;
- Districts that provide major infrastructure and facilities serving large areas, such as airports, roads, bridges, expressways, sea ports, waterways, and utility systems;
- Districts that protect life and property by providing fire control and rescue, flood control, and emergency medical services; and
- Districts that help make Florida a desirable place to live, work, and visit by providing civic, health, educational, conservation, parks, sports, and recreational facilities.



# Community/Economic Development

Of active special districts, the largest categories addressing community/economic development (first two categories from previous page) are:

- Community redevelopment agency (CRA) districts – 205; and
- Community development districts (CDD) – 574.

In addition, there are other categories of special districts that focus primarily on community/economic development. Some examples are:

- Industrial development districts – 24;
- Downtown development/improvement districts – 14;
- Municipal-type services and improvements – 12;
- Economic development districts - 10;
- Infrastructure development districts – 10;
- Capital improvement districts - 4; and
- Business improvement districts – 1.



*For more information on special districts see:* <http://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/>

# CRA's/Funding

Community Redevelopment Agencies (Part III, Ch. 163, F.S.), are mechanisms that may be formed by cities and counties for eliminating, reducing, or *preventing* areas of slum and blight or crime, or for the provision of affordable housing to residents of low or moderate income.

Slum and blighted areas are defined in law to generally include a multitude of conditions that are more severe than in other areas of the respective city or county.

CRA activities are generally funded from increments of annual ad valorem taxes that result from growth in property values occurring following establishment of the community redevelopment area.





# CDD's/Funding

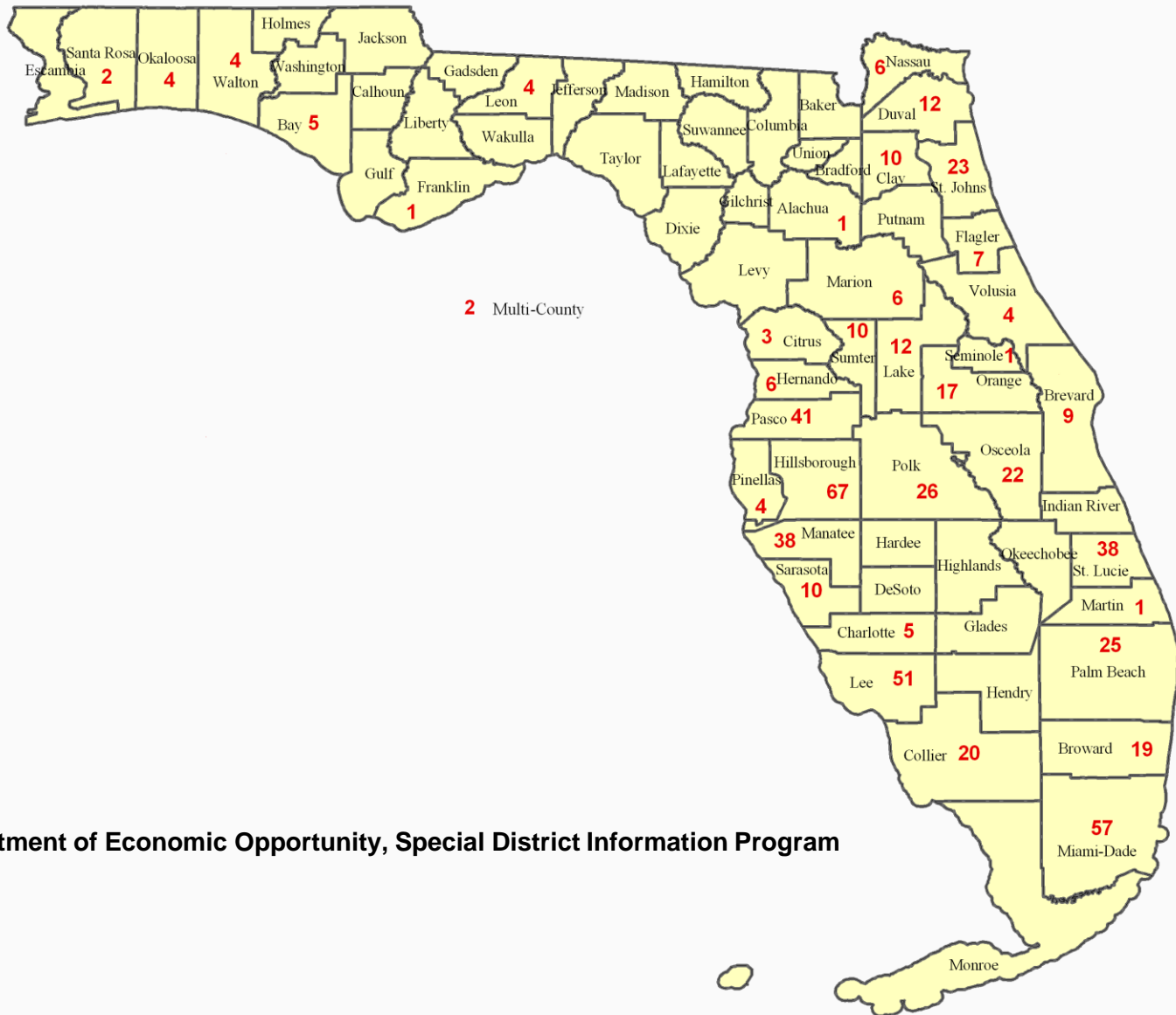
The purpose of Community Development Districts (Ch. 190, F.S.) is to provide a mechanism for independently managing and financing basic community development services relating to the delivery of capital infrastructure necessary to serve projected growth without overburdening other governments (and their taxpayers).

CDD's can range in size from "compact , urban mixed use districts" located within a municipality and community redevelopment area (maximum of 75 acres) to those of less than 1,000 acres (established by a city or county ordinance) to districts of 1,000 acres or more (established by the Florida Land and Water Adjudicatory Commission). Examples of a couple of fairly well known CDD's are: the Villages in Lake and Sumter Counties and Celebration in Osceola County.

CDD's have the power to levy: ad valorem taxes up to 3 mils for operating purposes (and additional 2 mils if exercising powers specified in s. 190.012(2), F.S.); total benefit special assessments (for bonds and related expenses); and maintenance special assessments.



# Florida Active CDD's by County



**Source: Department of Economic Opportunity, Special District Information Program**



# Enterprise Zones

- Created in 1982 to encourage economic growth and investment in distressed areas, an Enterprise Zone is a specific geographic area targeted for economic revitalizing. Enterprise Zones encourage economic growth and investment in distressed areas by offering tax advantages and incentives to businesses locating within the zone boundaries.
- There are 62 approved zones that will be in effect until December 2015.



*For more information on enterprise zones see: <http://www.floridaenterprisezones.com/>*





# Enterprise Zones Incentives (s. 290.007, F.S)

## Jobs Tax Credit (Sales Tax): Rural Enterprise Zones

Allows a business located within a Rural Enterprise Zone to take a sales and use tax credit for 30 or 45 percent of wages paid to new employees who live within a Rural County. To be eligible, a business must create at least one new job. The Sales Tax Credit cannot be used in conjunction with the Corporate Tax Jobs Credit.

## Jobs Tax Credit (Sales Tax): Urban Enterprise Zones

Allows a business located within an Urban Enterprise Zone to take a sales and use tax credit for 20 or 30 percent of wages paid to new employees who reside within an enterprise zone. To be eligible, a business must create at least one new job. The Sales Tax Credit cannot be used in conjunction with the Corporate Tax Jobs Credit).

## Jobs Tax Credit (Corporate Income Tax): Rural Enterprise Zones

Allows a business located within a Rural Enterprise Zone to take a corporate income tax credit for 30 or 45 percent of wages paid to new employees who reside within a Rural County. To be eligible, a business must create at least one new job. The Corporate Tax Credit cannot be used in conjunction with the Sales Tax Credit.

## Jobs Tax Credit (Corporate Income Tax): Urban Enterprise Zones

Allows a business located within an Urban Enterprise Zone to take a corporate income tax credit for 20 or 30 percent of wages paid to new employees who reside within an enterprise zone. The Corporate Tax Credit cannot be used in conjunction with the Sales Tax Credit.

## Business Equipment Sales Tax Refund: Rural and Urban Enterprise Zones

A refund is available for sales taxes paid on the purchase of certain business property, which is used exclusively in an Enterprise Zone for at least 3 years.

## Building Materials Sales Tax Refund: Rural and Urban Enterprise Zones

A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an Enterprise Zone.

## Property Tax Credit (Corporate Income Tax): Rural and Urban Enterprise Zones

New or expanded businesses located within an enterprise zone are allowed a credit against Florida corporate income tax equal to 96% of ad valorem taxes paid on the new or improved property.

## Sales Tax Exemption for Electrical Energy: Rural and Urban Enterprise Zones

A 50% sales tax exemption is available to qualified businesses located within an Enterprise Zone on the purchase of electrical energy, if the municipality has reduced the municipal utility tax by at least 50%.

## Community Contribution Tax Credit Program: Rural and Urban Enterprise Zones

Allows businesses a 50% credit on Florida corporate income tax, insurance premium tax, or sales tax refund for donations made to local community development projects. Businesses are not required to be located in an enterprise zone to be eligible for this credit.

## Property Tax Exemption for Childcare Facilities: Rural and Urban Enterprise Zones

Provides an exemption from ad valorem property tax for licensed childcare facilities operating in areas designated as enterprise zones.

# Two Year Summary of Enterprise Zone Program

Category	2009/2010	2008/2009
New Businesses within a zone	7,559	3,104
New Jobs created within a zone	6,784	9,073
Businesses receiving technical assistance	9,056	11,708
State Incentives Approved	\$67,602,482	\$45,351,441
Local Incentives Approved	\$19,975,176	\$11,577,451
<b>Total State and Local Incentives Approved</b>	<b>\$87,577,658</b>	<b>\$56,928,892</b>



# Five Year Summary of incentives approved by the Department of Revenue

Category	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Jobs Tax Credit (Sales and Use Tax)	\$ 5,683,252	\$ 5,227,245	\$ 5,732,605	\$ 6,087,843	\$ 6,777,250
Jobs Tax Credit (Corporate Income Tax)	\$ 4,348,031	\$ 5,072,555	\$ 5,507,311	\$ 5,919,236	\$ 4,253,621
Property Tax Credit (Corporate Income Tax)	\$ 1,384,668	\$ 1,910,708	\$ 2,184,036	\$ 2,291,961	\$ 1,267,999
Building Materials** (Sales Tax Refund)	\$ 54,012,915	\$ 30,994,860	\$ 25,665,025	\$ 18,855,129	\$ 7,415,711
Business Equipment (Sales Tax Refund)	\$ 1,035,562	\$ 1,139,066	\$ 1,269,955	\$ 1,771,396	\$ 2,940,864
Electrical Energy (Sales Tax Exemption)	\$ 1,138,054	\$ 1,007,007	\$ 606	\$ 793,179	\$ 778,090
<b>Total State Incentives</b>	<b>\$ 67,602,482</b>	<b>\$ 45,351,441</b>	<b>\$ 40,359,538</b>	<b>\$ 35,718,744</b>	<b>\$ 23,433,535</b>
Number of Zones	59	56	56	56	55



\*\* During the 2010 Legislative Session, the Florida Legislature approved legislation that amended the definition of real property by excluding "condominiums". From FY 06/07 through FY 09/10, 88% of the building materials refunds went to condominiums.

# Qualified Target Industry Tax Refund Program (s. 288.106, F.S.)

The Qualified Target Industry Tax Refund incentive 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 from an appropriated amount set aside for this purpose. 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 Community (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;
- For businesses falling within a designated high impact sector or increasing exports of its goods through a seaport or airport in the state by at least 10 percent in value or tonnage in each year of receiving a QTI refund, add \$2,000 per job;
- For projects locating in a designated Brownfield area (Brownfield Bonus), add \$2,500 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.

# QTI Match Provided by Locals (LFY 10/11)

County	Ad Valorem	Local Financial Support
Alachua County	\$ -	\$ 41,750
Bay County	\$ 39,886	\$ 34,243
Brevard County	\$ 3,223	\$ 3,223
Broward County	\$ -	\$ 286,650
Duval County	\$ -	\$ 782,530
Escambia County	\$ 152,732	\$ 23,887
Flagler County	\$ -	\$ 3,119
Hillsborough County	\$ 37,625	\$ 166,250
Jackson County	\$ -	\$ 50,000
Lee County	\$ -	\$ 142,500
Leon County	\$ -	\$ 52,500
Manatee County	\$ -	\$ 9,278
Marion County	\$ -	\$ 48,279
Martin County	\$ -	\$ 6,750
Nassau County	\$ -	\$ 3,500
Orange County	\$ -	\$ 330,448
Osceola County	\$ -	\$ 1,000
Palm Beach County	\$ -	\$ 58,800
Pinellas County	\$ -	\$ 66,822
Polk County	\$ -	\$ 494
Santa Rosa County	\$ -	\$ 14,000
Seminole County	\$ -	\$ 58,773
Taylor County	\$ -	\$ 12,121
Volusia County	\$ -	\$ 8,300
<b>Grand Total</b>	<b>\$ 233,466</b>	<b>\$ 2,205,215</b>

Source: Department of Economic Opportunity

# Local Government Debt Outstanding

Reported Debt*					
Local Fiscal Year 2008-09	Total	Count	Min	Max	Average
Counties**	27,285,187,675	66	39,669	11,893,115,000	413,411,934
Cities	27,108,887,682	401	0	8,983,418,000	67,603,211
Special Districts	26,539,885,853	1,595	0	2,072,763,000	16,639,427
Other Entities	<u>7,419,633,249</u>	51	0	6,131,894,000	145,483,005
	88,353,594,459				

Subset of Spec Distr: CRAs	823,291,475
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\* Does not include school district debt.

\*\* Duval County debt is reported under City of Jacksonville in the cities total.



## For Additional Information...

Legislative Office of Economic and Demographic Research  
Phone Number: 850-487-1402  
<http://edr.state.fl.us/Content/local-government/index.cfm>

### Local Government Revenues

- Steven O’Cain, Melissa Hallaian, and Skip Burnside

### State Budgeted Programs for Economic Development

- Steven O’Cain

### Tax Incentives

- Melissa Hallaian

### Local Government Economic Incentive Report

- Melissa Hallaian

### Special Districts

- Skip Burnside

### CRAs

- Skip Burnside

### CDDs

- Skip Burnside

### Enterprise Zones

- Melissa Hallaian

### QTI Program

- Melissa Hallaian