



Metro Orlando
Economic Development Commission

2011 Legislative Agenda

BOARD APPROVED
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METRO ORLANDO EDC
2011 LEGISLATIVE AGENDA
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2011 EDC LEGISLATIVE AGENDA SUMMARY

1. **Research & Development Tax Credit:** Endorse the creation of a Florida R&D Tax Credit to improve the state's business climate for growth-generating R&D activity.
2. **Enterprise Florida Funding, Incentives:** Support Enterprise Florida (EFI) funding and key incentive programs that focus on attracting and retaining businesses, such as: the Quick Response Training Program (QRT); Florida's Economic Development Transportation Fund (Road Fund); Florida's Economic Development TOOL KIT, including funding the Innovation Incentive and the Qualified Target Industry Tax Refund Program (QTI); the Florida Research Commercialization Matching Grant Program; incentives and programs targeted to developers or manufacturers of alternative energy/green building technology and equipment; and Florida's Quick Action Closing Fund (QAC). Additionally, support the economic development legislative efforts of Enterprise Florida, the Florida Chamber, the Florida Economic Development Council, and BioFlorida.
3. **Ad Valorem Tax Exemption / Tax Abatement:** Support updating and expanding the current Ad Valorem Tax Exemption Law (F.S. 196.1995) to include growing high-wage industries in addition to manufacturing for qualified new or expanding businesses.
4. **Florida Infrastructure Fund:** Support legislation expanding the Florida Opportunity Fund (FOF) through the creation of FOF Infrastructure Fund Partnership, a \$350 million Florida-focused infrastructure investment program.
5. **Entertainment, Film, & Digital Media Tax Credit:** Encourage continued legislative support and funding of the multi-year Florida Film & Entertainment Industry Financial Incentive Program.
6. **Space Business Incentives Act:** Support legislation that will attract space-related business, promote job creation, and retain shuttle workers who may be laid off. This includes a fully transferable net operating loss tax credit and a non-transferable corporate income tax credit.
7. **Aerospace Jobs Retention Tax Credit:** Support the creation of a tax incentive for job creation in the aerospace sector.
8. **Transportation Trust Fund:** Support the protection of the Transportation Trust Fund from being used for non-transportation related expenses.
9. **Improved Flexibility for Local Option Transportation Funding Sources:** Support improved flexibility for existing local option transportation funding sources.
10. **Local Option Rental Car Surcharge:** Support a local option rental car surcharge to fund future transit-related projects, including commuter rail.
11. **Statewide Rail System:** Support legislation necessary to develop a comprehensive, statewide rail system.
12. **Qualified Targeted Industry Program Statute Change:** Support changing of the Qualified Targeted Industry Program (QTI) statute to allow cities to submit verification of wage levels for QTI projects.

13. **Life Science Funding:** Support legislation that will foster a favorable environment for bio tech and other life science companies, including: full funding in the 2010-11 budget, and as needed going forward in future budgets, for the University of Central Florida (UCF) and Florida International University (FIU) Colleges of Medicine; full funding for the Courtelis Facilities Matching Grants Program; UCF's request for funding for life science academic programs and research; support for the University of Florida's new facility in Medical City; and support for funding for the Bankhead-Coley Cancer Research and King Biomedical Research Programs.
14. **Research & Development Funding and Retention:** Support a strategy that advances the investment in universities as the foundation for Florida's economic recovery. This includes investments in technology transfer, incubation, life sciences research and development, graduate support and targeted degree production, as outlined in the State University System of Florida's Board of Governors "Building Florida's Knowledge Economy" plan.
15. **Economic Gardening:** Building on recent efforts, support legislation funding and enhancing state-wide economic gardening efforts, including technical assistance and business loans.
16. **Workforce Initiatives, Incentives:** Support legislation that will provide funding for the enrollment growth of the Florida College System in order to ensure student access and meet workforce needs; the Florida Legislature should seek models of capital and operating dollar allocations that reduce inequities in system funding. Also, support the 2+2 Direct Connect program between the University of Central Florida and Brevard Community College, Lake-Sumter Community College, Seminole State College, and Valencia Community College, including funding for joint use facilities. Support matching programs for the Florida College System, including the Florida College System's Facilities Enhancement Challenge Grant Program and the Philip Benjamin Matching Program.

2011 EDC LEGISLATIVE AGENDA DETAILS

1. Research and Development (R&D) Tax Credit

EDC GOAL/POSITION

Endorse the creation of a Florida R&D Tax Credit to improve the state's business climate for growth-generating R&D activity.

BENEFITS

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. This tax credit would also aid in the attraction and retention of developers and manufacturers of green technology and equipment.

Research and development (R&D) has become the underlying source of wealth in the 21st century because of the ideas and technologies generated that spur productivity and economic growth. From an economic development perspective, tax credits are proven to **incentivize corporate research and development**. 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. In fact, many studies have demonstrated clearly that for every **\$1 invested into R&D, there is a definitive return to the economy of at least \$3**.

Research by the Federal Reserve indicates that **state tax credit programs are nearly as important to corporate development as the federal tax credit program**. In a typical state, the tax credit program has been shown to increase general, company-funded research and development within a state, often enhancing the state's competitiveness by enabling it to draw economic development from other states.

While looking at the benefits of the R&D Tax Credit, **it is also important to consider the financial and job loss that comes from NOT having the tax credit**. For an example, consider the Federal R&D Tax Credit, which lapsed in December 2007. According to analysis from the National Science Foundation, Small Business Administration, and the Progressive Policy Institute, **the R&D credit would have sparked more than \$18.594 billion in economic activity in 2008**. It has since been reinstated.

BACKGROUND

More market sensitive than other sources of development, R&D companies generate the main body of growth-simulating innovations. Recognizing this – and the success of the Federal R&D Tax Credit – 35 states have created state-level R&D tax credit programs.

California's tax credit had a revenue impact of \$120 million in 1996; Pennsylvania's had an impact of \$71 million in 2004. Without a state research and development tax credit, Florida lags behind other states in corporate development. The competition is fierce; if we are to continue to move forward in a globally based economy, Florida must enhance its R&D tax credit program.

2. Enterprise Florida Funding and Incentives

EDC POSITION

Support Enterprise Florida funding, including key incentive programs that focus on attracting and retaining businesses. *Enterprise Florida and its initiatives and incentives are vital to the success of the Metro Orlando EDC and economic diversification throughout Florida.*

2011 EFI funding and incentives:

- ❖ **Support full funding for EFI's operations, including marketing.**

- ❖ **Support funding Florida's Economic Development TOOL KIT, including the Innovation Incentive, the Qualified Target Industry Tax Refund Program, and the Florida Research Commercialization Matching Grant Program. Also, support incentives and programs targeted to attract or retain developers or manufacturers of alternative energy/green building technology and equipment.**

BENEFITS

The average ROI for all projects is \$14 for every \$1 invested. Incentive ROI breakdown*:

**Source: A Study to Evaluate Florida's Economic Development Programs, Interim Project Report – Spring 2008, Florida House of Representatives Economic Expansion and Infrastructure Council Committee on Economic Development*

- **Innovation Incentive:** The three projects approved in the 2006-07 fiscal year are projected to generate more than **\$476 million** in state revenue over 20 years and **9,643** direct, indirect, and spin-off jobs.

- **Qualified Target Industry Tax Refund Program (QTI):** The 10-year ROI is **\$16 for every \$1** of state investment. Requires a local match and 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.

- **Qualified Defense Contractors Tax Refund Program (QDC):** The 10-year ROI is **\$14 for every \$1** of state investment. This is a refund for defense contractors for activities including consolidating defense contracts, acquiring new contracts, or converting to civilian production.

- **Brownfield Redevelopment:** Without QTI, created **2,668 jobs** from 1997-2007 with an estimated 10-year ROI of **\$21 for every \$1** of state investment; with QTI, created **4,526 jobs** from 1997-2007 with an estimated 10-year ROI of **\$15 for every \$1** of state investment. This incentive is for industrial or commercial sites underutilized due to actual / perceived environmental contamination.

- **High Impact Performance Incentive (HIPI):** The estimated 10-year ROI is **\$11 for every \$1** of state investment, with 2,230 jobs created or retained with average wage of \$165,123 between 1997 and 2007. HIPI is a grant used to attract and grown major high impact facilities.

- **Urban Job Tax Credit program:** The program provides tax credits to eligible businesses located within one of the 13 urban areas designated by OTTED and hiring a specific number of employees.

BACKGROUND

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. Currently, all incentives would apply to “green” technology manufacturers/developers, but having a targeted incentive or program would increase the competitiveness of the state in attracting and retaining these companies.

- ❖ **Support funding for the Quick Response Training Program (QRT) Program at \$5 million.**

BENEFITS

QRT: Since it began, the Quick Response Training Program has provided customized training for over 100,608 employees for more than 303 businesses and industries throughout Florida. And, for every \$1 of state investment, there is \$13 of private investment. The Quick Response Training Program (QRT) provides grant funding for customized training to new or expanding businesses. Through this customer-driven program, Florida is able to effectively retain and attract businesses creating new high-quality jobs. The program is structured to be flexible and to “respond quickly” to meet the business’s training objectives. Workforce Florida, Inc. administers the program.

- ❖ **Support funding for Florida’s Economic Development Transportation Fund (Road Fund), without offsets for individual projects.**

BENEFITS

Led to the **creation or retention of 17,664 jobs from 2000-2008**. 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.

- ❖ **Support funding of Florida’s Quick Action Closing (QAC) Fund.**

BENEFITS

QAC Fund: Created/retained 9,028 jobs from 1999-2007 with a projected 10-year ROI of **\$23 for every \$1** of state investment. The Quick Action Closing Fund provides the highest payback ratio.

BACKGROUND

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.

Other economic development support items:

- ❖ **Support Enterprise Florida, the Florida Economic Development Council, the Florida Chamber, and BioFlorida’s economic development legislative efforts.**

3. Ad Valorem Tax Exemption / Tax Abatement

EDC GOAL/POSITION

Support updating and expanding the current Ad Valorem Tax Exemption Law (F.S. 196.1995) to include growing high-wage industries in addition to manufacturing for qualified new or expanding businesses.

BACKGROUND

At a special election in October 1980, amid the then-most severe economic recession since the 1930s, the Florida electorate approved a state constitutional amendment (Art. VIII, s3[c]) that empowers local governments to grant ad valorem tax exemptions to encourage economic development and spur job growth. The enabling legislation for the amendment (F.S. 196.1995) provides that counties and municipalities may grant exemptions from real and personal property taxes, for up to ten years, to qualifying “new” or “expanding” businesses. Local governments must first hold a referendum before they may grant exemptions under the law. Once approved, the referendum is valid for 10 years and may be removed.

Under the law, a new business must fall into at least one of the following categories: a manufacturer that creates 10 or more jobs; a business that creates 25 or more jobs and that will derive at least half of its revenue from operations at the start-up facility; a business “newly domiciled” in Florida that opens an office here with at least 50 employees; or a qualified business in an enterprise zone or brownfield area.

An expanding business must be: a manufacturer that creates 10 or more new jobs; a business that establishes 25 or more new jobs and derives at least half of its revenue from the exempt facility provided the business also plans to increase its overall employment at the facility by at least 10% or increase its “productive output” by at least 10%; or a qualified business in an enterprise zone or brownfield area.

Three decades ago, when the amendment and enabling law were passed, General Motors had a domestic market share of 35%, the personal computer as we now know it hadn't been invented, and many of the high-wage jobs of today did not exist. Industry has moved on, but unfortunately we find ourselves once again in the worst economic crisis we've known since the Great Depression without the right tools needed for success. **This widget-era exemption law needs to be updated and revised.**

PROPOSED REVISIONS

Go Beyond Manufacturing Businesses: For the definitions of both new and expanding businesses that add 10 or more jobs (s. 196.012[15][a][1] and s. 196.012[16][a][1]), expand beyond manufacturing and include more contemporary enterprises including: modeling and simulation; digital media; film production and distribution; computer programming; software development; biomedical research; distribution centers or facilities; aerospace; engineering; headquarters; agribusiness; and the like.

Eliminate “Sales Factor” Requirement: The requirement (s. 196.012[15][a][2] and s. 196.012[16][a][2]) that a new or expanding business that adds 25 or more jobs must also derive at least half of its revenue locally no longer makes sense in a global economic environment. If, for example, an electronic simulation firm wants to add 50 jobs in a community, it should not matter that the bulk of its sales are abroad.

Provide Local Governments with More Flexibility and Discretion:

- ***Charter Counties.*** Current law (s. 196.1995[1]) requires the referendum be approved by either a majority vote of the board or governing authority of the local government or by a citizens petition signed by at least 10% of the local electorate. In some charter counties, however, important citizen initiatives, such as the proposed repeal of an ordinance, may proceed with the approval of a less than 10% (in Orange County, for example, the threshold is 7%). The bill modified the 10% requirement for charter counties by permitting a lower citizen approval threshold if the county's charter similarly provides for a lower threshold for the enactment or repeal of ordinances.
- ***Clarify Referendum Language.*** The ballot language currently used in the statute (s. 196.1995[2] and s. 196.1995[3]) mentions that property tax exemptions and references the relevant section of the Florida constitution (Art. VII, s. 3), but does not mention that the exemptions are intended to create jobs. In order to better inform citizens why the referendum is being proposed, the ballot language has been revised accordingly.
- ***Clarify that Approved Referenda Remain Valid.*** Add language that would clarify that local governments that have already held or are in the process of holding referenda under this section may avail themselves to the benefits of the revised law without having to hold another referendum.
- ***Provide Discretion to Consider Important Economic Factors.*** Some opinions issued by the Florida attorney general's office during the 1980s suggest that local governments have broad discretion to consider, while evaluating applications, such factors as the size of business, average wage, capital investment, environmental impacts, or other relevant criteria. To remove any doubt about the issues, local governments should be expressly given the authority to consider all relevant business factors.
- ***Provide Discretion to Enter Into Exemption Agreements.*** It is not clear under present law that local governments have explicit authority to flesh out the terms of their agreements with approved businesses through a binding contract. Desired legislation would add this authority.

TO NOTE

Exemptions are not automatic: Even if a business meets all relevant criteria for property tax exemption, the governing authority of the local government must still decide in its discretion that it wants to provide the exemption.

Open and Fair Process: All exemptions to qualified applicants must be granted through an ordinance process – no exemption can be granted without public discussion and debate about each application.

Extent of the Exemption – Schools Not Impacted: The exemption applies only to improvements to real estate (not to the land value) and to tangible personal property. If granted, the exempted value would apply exclusively to the county and/or municipal operating millage. It would not apply to county and municipal debt, schools, and other taxing authorities.

Exemption Does Not Diminish Existing Tax Revenue: The exemption would apply only to new or expanded property, not to existing property.

4. Florida Infrastructure Fund

EDC GOAL/POSITION

Support legislation expanding the Florida Opportunity Fund (FOF) through the creation of FOF Infrastructure Fund Partnership, a \$350 million Florida-focused infrastructure investment program.

BACKGROUND*

In 2007, the Florida legislature authorized the creation of The Florida Opportunity Fund, Inc. (FOF) for the purpose of encouraging an increase in the amount of venture capital funding available to Florida businesses. The FOF's mandate was expanded in 2009 to make direct investments in individual businesses and infrastructure projects that will benefit Florida.

Proposed Legislation: The attached legislation would authorize the creation of the FOF Infrastructure Fund Partnership, a \$350 million Florida-focused infrastructure investment program for the FOF (the "program"). The FOF would raise \$350 million of investment capital from private capital sources to fund the program. The legislation would also authorize the issuance of future contingent tax credits to guaranty the return of investment capital from the program to the program's investors. These year 2023 contingent tax credits would only be used to guarantee the principal investment to program investors, but not any profit. Currently, public entities receive grants, borrowed capital or issued bonds to pay for public infrastructure projects. Thus, the cost of the project to the public includes the amount of the grants and any interest paid on borrowings or bonds. Under this proposal, the principal and return would first be paid from the FOF's investment returns, rather than by the State. Infrastructure projects (such as roads, bridges, railways, ports, power stations, utilities, water, wastewater, solar, etc.) are lower risk and less volatile investments than many other investment alternatives, and they provide clear and absolute tangible benefit to Floridians. Assuming the program merely generates industry average investment returns, none of these contingent tax credits would be used. Although the credits are transferable and refundable, only in a downside scenario would the contingent tax credits be partially utilized in year 2023 or afterwards. Regardless of the return scenario, the program will yield substantial and sustainable infrastructure projects, with value that are multiples of the amount contingently guaranteed by the State's tax credits.

Implementation: The FOF will establish the Infrastructure Fund Partnership and serve as the general/managing partner of the program. The FOF is governed by an independent board and is administrated by Enterprise Florida (EFI) and independent investment managers. A separate independent trust would be established by EFI to issue and administer the future contingent tax credits in cooperation with the Department of Revenue. The trust will be governed by an independent board (comprised of members of OTTED and EFI) and administered by EFI.

BENEFITS

Based on an initial survey of potential infrastructure projects in Florida, the investable opportunity set over the next three to five years vastly exceeds the size of the proposed program. The creation of a \$350 million FOF infrastructure fund focused on Florida infrastructure opportunities would provide immediate and dramatic benefits to Florida's economy. This program could:

- Attract up to \$4 Billion of private capital to Florida from co-investors and project lenders;

- Create thousands of jobs in Florida via the infrastructure projects supported by the fund;
- Create permanent infrastructure assets in Florida;
- Alleviate budget pressure, by leveraging private capital to solve government needs. The current cash budget will not be impacted as the tax credits would be termed in year 2023 and may never be utilized;
- Generate results with potentially with no costs to the State. If the Fund is simply able to return the original investment capital to its investors, the tax credits will not be used. The State will only incur program costs in the event that the infrastructure fund does not return the original investment capital, and even those costs would not be incurred until 2023;
- Accelerate the deployment of infrastructure funds and speed the recovery of the Florida economy.

Infrastructure Program Comparison

Program Options	Government Financed Infrastructure	Florida infrastructure Opportunity Fund
Program Capital	\$350 million	\$350 million
Additional Investment Capital	None	\$1.4 billion (equity participation)
Additional Project Capital	None	\$2.25 billion (assuming < 60% project debt)
Total Infrastructure Capital	\$350 million	\$4 billion
Costs to Government	\$350 Million plus Interest Costs & Fees	NO short-term costs and potentially NO long-term costs
Project Selection and Operation	Government-run	Privately-managed
Job Creation 3,500	(assuming 10 jobs for \$1M)	40,000 (same assumption)
Current budget effect	\$350 million outflow	No short-term cost

*Source: Enterprise Florida, Inc.

5. Entertainment, Film, & Digital Media Tax Credit

EDC GOAL/POSITION

Encourage continued legislative support and funding of the multi-year Florida Film & Entertainment Industry Financial Incentive Program.

BENEFITS*

The film & digital media industry significantly impacts the economies of Florida and Metro Orlando. According to the Association of Film Commission International, each day of production can result in spending of up to \$260,000 for feature films, \$150,000 for commercials, and \$300,000 for network television series. The most recent economic impact numbers show that, for every \$1 spent on a production within Florida, the state sees an additional 95 cents in impact.

In 2008, every dollar of film incentives provided by the state is associated with \$22 in additional gross state product and \$1.44 in additional tax revenue. In 2007, film and entertainment-related spending in Florida accounted for:

- \$17.9 billion in GSP (Florida's Gross State Product)
- \$8.5 billion in personal income
- \$498 million in tax revenue to Florida
- 207,800 jobs (direct and indirect)
 - Direct: In 2007, an estimated 101,897 individuals were directly employed within this industry at an average annual wage of \$57,700.
 - Indirect: Due to spending in the industry supply chain and industry payrolls, jobs were created in other parts of the Florida economy, including:
 - ◆ 28,620 jobs in professional and technical services
 - ◆ 26,520 jobs in information services
 - ◆ 11,870 jobs in construction
 - ◆ 10,810 jobs in retail trade

**Source: Florida Film and Entertainment Industry Economic Impact Analysis, UWF Haas Center for Business Research, 2008*

BACKGROUND

In 2010, the Florida Legislature passed the Florida Film & Entertainment Industry Financial Incentive Program, the state's most aggressive entertainment incentive legislation to date. Specifically, Florida is offering \$242 million in transferrable tax credits over five years, with \$53.5 million authorized for the 2010-2011 fiscal year, \$74.5 million for FY11-12, and \$38 million for the following three years. It is a 20 percent tax credit with two separate 5 percent bonus opportunities. This will induce over \$1.2 billion in direct spending by productions choosing Florida for their film, TV and digital media projects and address our clients' needs for continuity and certainty.

What other states are doing: Georgia offers a 20 percent tax credit for qualified productions, with an additional 10 percent tax credit if a Georgia promotional logo is included in the finished product. These incentives apply to qualified films, TV series, commercials music videos and video game productions. Connecticut offers a 30 percent tax credit with a cap of \$90 million.

6. Space Business Incentives Act

EDC GOAL/POSITION

Support legislation that will attract space-related business, promote job creation, and retain shuttle workers who may be laid off. This includes a fully transferable net operating loss tax credit and a non-transferable corporate income tax credit.

BACKGROUND

Currently, 97% of space-related market opportunity is outside of Florida; it is ours to capture. Space businesses design, engineer, test, or manufacturing space-related products in other states and then ship them into Florida, because it historically has been more cost effective. The lack of space-related incentives in Florida (which exist in other states) is a barrier to attracting space-related businesses. Space-related incentives would reach across Florida and include space-related business that locates in Florida and meets specific job creation and financial investment requirements. It is expected that legislation will be filed by Senator Altman and Representative Crisafulli.

The Incentives:

Fully Transferable Net Operating Loss Tax Credit

- Businesses may sell its net operating losses – those that have not otherwise been deducted from income for Florida tax purposes – to a Florida company for cash infusion into their business. The purchasing company can use that “purchase” as a tax credit.
- Cap of \$25 million annually and \$2.5 million per company

Non-transferable Corporate Income Tax Credit

- Corporate tax credit of up to 50-percent for a commercial space-related business
- Cap of \$10 million annually and \$1 million per company

To qualify for the incentives, and in order to claim the credit, companies must do the following within three years of the program commencing on July 1, 2011:

- Create or maintain a minimum of 35 jobs
- Invest a minimum of \$15 million in infrastructure development

7. Aerospace Jobs Retention Tax Credit

EDC GOAL/POSITION

Support the creation of a tax incentive for job creation in the aerospace sector.

BACKGROUND

Modeled after a very successful Oklahoma model, desired legislation creates a tax incentive for job creation in the aerospace sector and a tax credit for tuition reimbursement in order to stimulate the creation of high-wage jobs in the aerospace industry. There would be a \$2 million fiscal cap. Related bills filed during the 2009 Florida Legislative Session: HB 1539 (Workman) and SB 2572 (Altman).

8. Transportation Trust Fund

EDC GOAL/POSITION

Support the protection of the Transportation Trust Fund from being used for non-transportation related expenses.

BACKGROUND

Millions of dollars are diverted annually from the State Transportation Trust Fund for non-transportation purposes. Last year alone, \$213.6 million was removed from the trust fund to address general revenue needs.* Such diversions degrade the state's transportation system and impact Central Florida's competitiveness for federal discretionary funding.

**Source – METROPLAN Orlando, October 2010*

9. Flexibility for Local Option Transportation Funding Sources

EDC GOAL/POSITION

Support improved flexibility for existing local option transportation funding sources.

BACKGROUND

Local governments are authorized to levy up to 12 cents on every net gallon of motorfuel. Currently, revenue derived from 11 of the 12 cents is restricted to fund capital costs.* Revenue derived from all local option fuel taxes should be a potential funding source for capital and operations/management costs, allowing communities throughout the state the flexibility necessary to address specific transportation needs.

**Source – METROPLAN Orlando, October 2010*

10. Local Option Rental Car Surcharge

EDC GOAL/POSITION

Support a local option rental car surcharge to fund future transit-related projects, including commuter rail.

BACKGROUND

A \$2 per day, voter referendum-based local option rental car surcharge would generate \$40 million for critical transportation projects in the region and provide a dedicated funding source for future transit-related projects.

11. Statewide Rail System

EDC GOAL/POSITION

Support legislation necessary to develop a comprehensive, statewide rail system.

BACKGROUND

Decades of work at the Federal, state, and local level puts Florida in the enviable position of developing the initial segment of a national high speed rail network. Local rail projects, like SunRail, are also in the in the final stages of development. Any unresolved legislation necessary to advance passenger rail and support Florida's comprehensive, statewide rail system plan should be implemented.

12. Qualified Targeted Industry Program Statute Change

EDC GOAL/POSITION

Support changing of the Qualified Targeted Industry Program (QTI) statute to allow cities to submit verification of wage levels for QTI projects.

BACKGROUND

Legislation passed in 2010 requires municipalities to seek letters from the appropriate county regarding verification of wage levels for specific QTI projects, regardless of whether the County has any involvement in the project. Desired legislation would allow a municipality to submit verification if the county is not involved in the project.

13. Life Science Funding

EDC GOAL/POSITION

Support legislation that will foster a favorable environment for bio tech and other life science companies. *Florida has seen many recent successes in the life science industry, such as the recruitment of life science research institutes The Burnham Institute and SCRIPPS, as well as the creation of the University of Central Florida (UCF) College of Medicine and the Florida International University College of Medicine. It is important that we continue to build on these accomplishments and enhance the life science industry.*

Specific legislation/budget allocations include:

- ❖ **Maintain full funding in the 2011-12 budget, and as needed going forward in future budgets, for the University of Central Florida's (UCF) College of Medicine and the Florida International University's College of Medicine.**

BENEFITS

The UCF College of Medicine (CoM) is poised to provide a critical contribution to the further diversification of Central Florida's economy with the growing life-sciences cluster. An impact study conducted in 2006 indicated that the CoM was a catalyst to potentially create an additional 25,000 jobs, \$6.4 billion in economic activity, and almost \$2.3 billion in wages by 2017. In 2008, the study was updated and, even in a down economy, the estimated impact grew significantly – **by 2017 the UCF College of Medicine, combined with the adjacent community partners, will help create more than 30,000 jobs, \$2.8 billion in wages, and have a projected annual economic impact of \$7.6 billion***. This growth is an increasing reality that is evident with the establishment of The Burnham Institute for Medical Research, a new Veterans Affairs hospital, a University of Florida research facility, M.D. Anderson Cancer Center, and Nemours Children's Hospital all to be located in close proximity to the UCF's CoM at Lake Nona. The increased opportunities for medical education are critical to **addressing the growing physician shortage nationwide and providing economic benefits to Central Florida and state.**

**Source: Arduin, Laffer & Moore Econometrics*

BACKGROUND

The UCF and FIU Colleges of Medicine were established in 2006 to increase opportunities for medical education in Florida, address the growing physician shortage, and provide economic benefits to Central Florida and the state. UCF's College of Medicine opened in the fall of 2009.

- ❖ **Full funding for the Courtelis Facilities Matching Grants Program for the State of Florida and the University of Central Florida**

BENEFITS

This provides not only the facilities necessary to house the College of Medicine, but also is a 2-for-1 match for state funds – something vital to maximize the benefits of public and private partnerships – and an immediate cash flow into the economy.

BACKGROUND

Provides state matching funds to universities for private donations that construct academic classrooms or research facilities, which is critical for facilities such as the UCF and FIU Colleges of Medicine.

- ❖ **Support UCF's request for funding for life science academic programs and research, including full funding for the facilities matching grants program and support for the University of Florida's new facility in Medical City.**

BENEFITS

Funding for this initiative will be used to **expedite the building of a life science cluster** in Metro Orlando by further expanding medical and biomedical research efforts in the area, **spurring innovations** derived from the collaborative R&D effort.

BACKGROUND

This funding is used to further enhance academic and research partnerships between the university and local life science firms, building on the strengths and reach of both. Funds will be used to hire biomedical researchers, provide ongoing salary support for staff and invest in the equipment needed to further expand and enhance medical and biomedical research efforts.

- ❖ **Support funding for the Bankhead-Coley Cancer Research and King Biomedical Research Programs.**

BACKGROUND

Grants from these programs go toward important, long-term cancer and biomedical research and are utilized by life science research institutions statewide, including our own M.D. Anderson Cancer Research Institute and the Sanford-Burnham Medical Research Institute. They support the investments the state has made in the life science industry over the past five years and prevent our best and brightest researchers from leaving the state, providing high-wage jobs. They also bring in millions of dollars in additional funding into Florida. These programs are funded directly from Florida's legal settlement with the tobacco industry and from 2.5% of the state's tobacco products surcharge.

14. Research and Development (R&D) Funding and Retention

EDC GOAL/POSITION

Support a strategy that advances the investment in universities as the foundation for Florida's economic recovery. This includes investments in technology transfer, incubation, life sciences research and development, graduate support and targeted degree production, as outlined in the State University System of Florida's Board of Governors "Building Florida's Knowledge Economy" plan.

BACKGROUND

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 R&D funding for our research universities be increased.

Talent. Innovation. Infrastructure. Business Climate. Governance. Quality of Life. The Florida Chamber's "**Six Drivers for a New Florida**" serve as the pillars on which Florida's future depends, and are consistent with the efforts of key organizations throughout the state to move Florida forward in these tough times. While each of these drivers can be tied to investment in higher education, **talent and innovation stand out as two areas in which the education community can be one of the biggest contributors.**

Talent: In the world of economic development, talent equates to a **skilled and competitive workforce.** Companies need people who are ready-to-work, as well as a nimble educational system that can provide specific job training. Universities, and indeed all educational institutions, could ensure a ready workforce by increasing the number of associate, baccalaureate, graduate, and postgraduate degrees in high-demand fields through targeted scholarships for students entering science, technology, engineering, and mathematics (STEM) fields. Additionally, in order to eliminate the deficit of trained healthcare professionals in the state and leverage the state's investment in colleges of medicine throughout the state, more medical residency positions need to be created. Doing so will assist in retaining Florida medical school graduates – 62 percent of which left Florida to do their residencies elsewhere last year.

Innovation: Not only are universities historically at the forefront of promoting the commercialization of innovative ideas, but these **innovative ideas are also revenue generators:** Florida universities generate \$2.7 billion in sales of their products, while exceeding \$1.6 billion in research expenditures. These products begin in the university incubation systems, underscoring their importance in the partnership between education and economy building. Incubators provide an environment where start-up companies are nurtured and provide support to develop and evaluate business plans for innovations, hire initial staff, and prove product effectiveness before "graduating" to public environments. The Florida High Tech Corridor Council has invested approximately \$4 million that has enabled the University of Central Florida Incubator Network to provide an environment for the creation of 130 companies and more than 1,500 jobs with an average payroll of \$60,000, resulting in a verified regional economic impact of \$250 million. Funding for programs such as these must be continued and enhanced.

The **Centers of Excellence/World Class Scholars Program** also continues to be successful in attracting nationally-recognized faculty in STEM areas. On a competitive basis, Florida should provide funds to **expand Florida's most productive existing Centers of Excellence and new Centers.** From the legislature's investment to date, the Centers of Excellence have generated more than \$72 million in competitive grants and external funding, created 14 start-up companies, attracted \$22 million in venture capital funding, generated more than \$340,000 in licensing revenue, and created nearly 400 full-time jobs in addition to more than 40 positions for graduates of the university system.

State University System of Florida’s Board of Governors “Building Florida’s Knowledge Economy”

Vision: To create a new Florida economy based on knowledge and innovation.

What is the knowledge and innovation economy? The heart of the knowledge and innovation economy is built on the high-technology, high-wage jobs needed in the fields of science, technology, engineering and mathematics (or “STEM”); however, the areas of medicine and health care, finance, insurance, professional services and education are also vital.

What are the benefits? In addition to better jobs with higher average annual salaries, economies built on knowledge and innovation are more stable. Imagine a network of statewide collaborative efforts among universities, corporations and the federal government resulting in commercializable innovations. Consider also the impact of having a State University System of 11 highly productive incubators transforming Florida’s economy.

How can we build Florida’s new economy?

- Focus each university on fulfilling its distinctive mission.
- Create a strategic research agenda built on the strengths of each institution in the State University System.
- Focus half of the new funding on targeted degrees to meet regional and statewide needs.
- Use funds for enrollment and other system workload increases and capital construction.
- Increase attraction of top-level students, researchers and industry.

Outcomes by 2015	Outcomes by 2030
<ul style="list-style-type: none"> ▪ Increased annual degree production by 25,000 ▪ 2,500 new faculty bringing in an additional \$500 million annually in research funding ▪ Increased annual patent awards by 100 ▪ Medical breakthroughs that improve the longevity and quality of life ▪ Improvements in graduation and retention rates ▪ Increased annual new business start-ups by 10 ▪ Increased annual licensing revenue by \$20 million 	<ul style="list-style-type: none"> ▪ Increased annual degree production by 50,000 ▪ Additional faculty generating increased annual research funding by \$1.5+ billion ▪ Increased annual patent awards by 250 ▪ Medical breakthroughs that improve the longevity and quality of life ▪ Improvements in graduation and retention rates ▪ Increased annual new business start-ups by 20; Established companies attracted to the state. ▪ Increased annual licensing revenue by \$50 million

Investment Needed

Double the investment of recurring state dollars in Florida’s State University System.

- Maintain a strong accountability system to ensure return on that investment.
- Invest \$1.75 billion of recurring state funds in public universities over five to seven years. Coupled with tuition differential increases, this would approximately double the current general revenue/lottery budget.
- Focus at least half of new revenue in specific STEM degree programs. Additional funding may also be used to enhance the arts and humanities, which are the foundation of a modern society.
- Allow new funding to be used for operations and for capital construction.
- Fund state matching grant programs.

15. Economic Gardening

EDC POSITION

Building on recent efforts, support legislation funding and enhancing state-wide economic gardening efforts, including technical assistance and business loans.

BACKGROUND

In the 2009 Special Legislative Session, the Governor and Legislature created a pilot program designed to stimulate investment in Florida's economy by providing loans to expanding businesses in the state. Dubbed "Economic Gardening," this program includes a loan pilot program of \$8.5 million to support small businesses that have between 10 and 50 employees and meet certain characteristics indicating that the company has high growth potential. The loans, not to exceed \$250,000 per business, would be used for capital purchases, employee training, and salaries for new jobs. The program includes \$1.5 million for technical assistance, which is being administered by GrowFL. GrowFL is an Economic Gardening Technical Assistance Program that supports the unique needs of second-stage companies throughout the state of Florida. Known for their performance in the marketplace, innovation, philanthropy and empowered employees, these companies come from a wide range of industries across the state. The EDC supports refunding and enhancing this program.

Second-stage companies are powerhouses for job creation. During 2005-2007, second-stage establishments represented over 8 percent of Florida resident companies, according to *YourEconomy.org*, an online resource of the Edward Lowe Foundation. Those second-stage companies generated 36 percent of the jobs created by companies headquartered in the state. A business typically begins to enter its second stage when it approaches \$1 million in total receipts. The transition process can continue until it hits \$100 million in receipts, although for most companies \$50 million represents the upper limit of second stage.

16. Higher Education / Workforce

EDC POSITION

Support legislation that will provide funding for the enrollment growth of the Florida College System and public school technical centers in order to ensure student access and meet workforce needs; the Florida Legislature should seek models of capital and operating dollar allocations that reduce inequities in system funding.

Specific legislation includes:

- ❖ **Support the 2+2 Direct Connect program between the University of Central Florida and Brevard Community College, Lake-Sumter Community College, Seminole State College, and Valencia Community College, including funding for joint use facilities.**

BENEFITS

In a time of economic downturn, colleges generally see an increase in student enrollment and a decrease in state funding. It is imperative that community and state colleges, as well as state universities, have the necessary funding to be able to **keep pace with increased enrollment growth** in order to **ensure student access and meet workforce needs**.

BACKGROUND

Workforce Education: Converging economic and demographic trends have made an educated workforce the rate determining step to sustained economic growth and development. The continued migration toward a knowledge economy will accelerate the need for highly skilled workers for the foreseeable future. The federal government estimates that between 2004 and 2014, about two out of every three newly created jobs will require at least some postsecondary education or training. During this same time, large numbers of this nation's most experienced workers are projected to retire and leave the workforce.

Combined, these trends suggest future shortages of high-skilled workers that are already being felt in occupations such as nursing and teaching. Florida's ability to fashion a 21st century workforce to ensure its long-term economic competitiveness is contingent upon its ability to advance the education and training of increasing numbers of its citizens.

Workforce development is shared by a variety of state and local organizations including the Agency for Workforce Innovation, Enterprise Florida, the states' 24 regional workforce boards, tech centers as well as public and private secondary and postsecondary institutions. Florida community colleges have long played a key role in workforce development, serving as the principal providers of advanced-skills training throughout the state.

2+2 Direct Connect: The Direct Connect program guarantees admission to the University of Central Florida for qualified AA degree candidates from Brevard Community College, Lake-Sumter Community College, Seminole State College, and Valencia Community College. Joint use facilities are jointly-funded and used for partnership to create a seamless transition between the institutions.

- ❖ **Support matching programs for the Florida College System, including the Facilities Enhancement Challenge Grant Program and the Philip Benjamin Matching Program.**

BENEFITS

This provides not only the facilities necessary to house new enrollment growth, but also is a match for state funds – something vital to maximize the benefits of public and private partnerships – and an immediate cash flow into the economy.

BACKGROUND

Facilities Enhancement Challenge Grant Program: Projects enhanced through this program provide a cost-savings to the state in facility construction and access to educational opportunities.

Philip Benjamin Matching Grant Program: In 2007, college Foundations raised \$52,582,221 in local for donations scholarships and academic programs, with a requested state match of \$44,693,519. In the 2008 legislative session, no state matching funds were appropriated.