

Federal, State and Local Economic Development Incentives

A sample of tax, financing, and employee training incentives

Produced by



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Schedule of Incentives

A variety of example tax, financing, and employee training incentives

Introduction

Sumter County has access to a variety of programs to assist and incentivize business expansion and recruitment. Determining which specific programs and incentives are most appropriate for implementation in Sumter County will depend on current and evolving circumstances within the County, macro economic factors and the competitive marketplace. Market intelligence and analysis will continue to adjust the best combination of national, state and local incentives to insure the most effective and economical package for the County.

The following is an un-targeted list of potential programs available to support existing businesses and recruit new businesses. It is meant to serve as a menu of available programs used by others in the industry at a local, state and national level.

The summary will provide the recommended interim incentives for the Sumter County Board of County Commissioners consider for adoption.

Federal Incentives

Economic Development Incentives

Federal Incentive Programs

Small Business Innovation Research Program (SBIR)

SBIR is highly competitive award program which provides qualified small businesses with opportunities to propose innovation ideas that meet specific research and development needs of one of eleven federal agencies. To be eligible, a business must be American-owned, independently operated, and for-profit; have no more than 500 employees; and employ its principal researcher. Federal agencies make SBIR awards based on a start-up businesses that receive awards then begin a three-phase program:

- **Phase 1** is the startup phase. Awards of up to \$100,000 for approximately 6 months support exploration of the technical merit or feasibility of an idea or technology.
- **Phase 2** awards of up to \$750,000, for as many as 2 years, expand Phase 1 results. During this time, the R&D work is performed and the developer evaluates commercialization potential. Only Phase 1 award winners are considered for Phase 2.
- **Phase 3** is the period during which Phase 2 innovation moves from the laboratory into the marketplace. No SBIR funds support this phase. The start-up business must find funding in the private sector or other non-SBIR federal agency funding.

Small Business Technology Transfer Program (STTR)

STTR is much like SBIR (above) except for the STTR requirement that a small business work jointly with a non-profit research institution, such as a federally-funded research and development center, a university, or a university-affiliated hospital. (A minimum of 40% of the work must be performed by the small business and a minimum of 30% by the non-profit research institution.)

To be eligible, a business must be American-owned, independently operated, and for-profit and have no more than 500 employees. Each year, five federal agencies are required by STTR to reserve a portion of their R&D funds for award to start-up business/nonprofit research institution partnerships. STTR award phases are the same as for SBIR except that the duration of Phase 1 is approximately one year.

The [U.S. Small Business Administration](#), [SBDC BTC Program](#), and [SBIR Gateway](#) provide additional information on SBIR/STTR programs and federal agency solicitations.

SBA Loan Programs: Through its two local SBA offices in Florida, [Jacksonville SBA office](#) and [Miami SBA office](#), the U.S. Small Business Administration (SBA) offers several loan programs that provide financial aid to small businesses.

Federal Grants:

Investments for Public Works and Economic Development Facilities

Number: 11.300

Agency: Department of Commerce

Office: Economic Development Administration



Objectives:

Public Works grants support the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness, innovation, and entrepreneurship, including investments that expand and upgrade infrastructure to attract new industry, support technology-led development, accelerate new business development, and enhance the ability of regions to capitalize on opportunities presented by free trade.

Uses and Use Restrictions

Characteristic projects include investments in facilities such as water and sewer systems, industrial access roads, industrial and business parks, port facilities, rail spurs, skill-training facilities, business incubator facilities, brownfield redevelopment, eco-industrial facilities, and telecommunications and broadband infrastructure improvements necessary for business creation, retention and expansion. A project must be located in or benefit a region that, on the date EDA receives an application for investment assistance, satisfies one or more of the economic distress criteria set forth in 13 CFR 301.3(a). All investments must be consistent with a current EDA-approved Comprehensive Economic Development Strategy (CEDS) or equivalent strategic economic development plan for the region in which the project will be located, and the applicant must have the required local share of funds committed, available, and unencumbered. Applicants must be able to start and complete proposed projects in a timely manner consistent with award terms and conditions. Recipients must award contracts in accordance with proper procurement procedures and ensure that contractors pay Davis-Bacon wage rates. Indirect costs are not allowed. All grants awarded are discretionary grants. EDA does not award formula grants.

Economic Development Support for Planning Organizations

Planning Investments and Comprehensive Economic Development Strategies

Number: 11.302

Agency: Department of Commerce

Office: Economic Development Administration

Objectives:

The Economic Development Administration (EDA) provides Planning assistance to provide support to Planning Organizations (as defined in 13 CFR 303.2) for the development, implementation, revision, or replacement of a Comprehensive Economic Development Strategy (CEDS), short-term planning efforts, and State plans designed to create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the nation's most economically distressed regions.

Uses and Use Restrictions:

Planning investment assistance helps bear the direct and indirect costs incurred by a Planning Organization in developing and implementing a CEDS. Alternatively, it can be used by a State for statewide planning purposes, or it may be used for short-term planning activities to include updating a portion of a CEDS, economic analysis, development of economic development policies and procedures, and development of economic development goals. Planning activities supported by these Investments must be part of a continuous process involving the active participation of Private Sector Representatives, public officials and private citizens, and include:

- (a) Analyzing local economies;
- (b) Defining economic development goals;
- (c) Determining Project opportunities; and
- (d) Formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes.

In addition, for grants to States, (1) the State must have or develop a CEDS that meets the requirements of §303.7; and (2) any State plan developed with Planning Investment Assistance must, to the maximum extent practicable, be developed cooperatively by the State, political subdivisions of the State, and the Economic Development Districts located wholly or partially in the State. All EDA grants are discretionary grants. EDA does not award any formula grants.

Economic Development Technical Assistance

National Technical Assistance; Local Technical Assistance; University Centers

Number: 11.303

Agency: Department of Commerce

Office: Economic Development Administration

Objectives:

EDA oversees three technical assistance programs (National, Local and University Center) that promote economic development and alleviate unemployment, underemployment, and out-migration in distressed regions. These programs provide grants or cooperative agreements (to: (1) invest in institutions of higher education to establish and operate University Centers to provide technical assistance to public and private sector organizations with the goal of enhancing local economic development; (2) support innovative approaches to stimulate economic development in distressed regions; (3) disseminate information and studies of economic development issues of national significance; and (4) finance feasibility studies and other projects leading to local economic development. These programs aid the long-range economic development of regions with severe unemployment and low per capita income.

Uses and Use Restrictions:

Technical assistance is used to provide information, data, and know-how in evaluating, shaping and implementing specific projects and programs that promote economic development in economically distressed regions. EDA may identify specific training, research or technical assistance Projects it will fund under National Technical Assistance, which will be subject to competition. Ordinarily, these Projects are specified in an FFO, which will provide the specific requirements, timelines and the appropriate points of contact and addresses.

EDA-sponsored University Centers conduct research; provide technical assistance to tribal entities, local governments, and public and private sector organizations; and undertake other activities with the goal of enhancing regional economic development by promoting a favorable business environment to attract private capital investment and higher-skill, higher-wage jobs. University Center recipients specialize in a diverse spectrum of services, ranging from a legal clinic for entrepreneurs to a horticultural institute focusing on linking organic producers to the worldwide marketplace to a center focused on commercializing research in the field of alternative energy. Others focus on technology transfer programs or services for manufacturers. EDA University Center competitions are held once every three years in each EDA Region. The project must be consistent with the CEDS of the region in which it is located, if applicable.

At least eighty (80) percent of EDA funding under a University Center Economic Development award must be allocated to direct costs of program delivery; unrecovered indirect costs are not chargeable to the award without EDA's express approval. All EDA grants are discretionary. EDA does not award formula grants.

Economic Adjustment Assistance

Number: 11.307

Agency: Department of Commerce

Office: Economic Development Administration



Objectives:

To address the needs of distressed communities experiencing adverse economic changes that may occur suddenly or over time, and generally result from industrial or corporate restructuring, new Federal laws or requirements, reduction in defense expenditures, depletion of natural resources, or natural disaster. Economic Adjustment Assistance grants are intended to enhance a distressed community's ability to compete economically by stimulating private investment in targeted areas. Current investment priorities include proposals that a) enhance the competitiveness of regions in the global economy by supporting existing industry clusters, developing emerging new clusters, or attracting new regional economic drivers; (b) support technology-led economic development and reflect the important role of linking universities and industry and technology transfers; and (c) advance community- and faith-based social entrepreneurship in redevelopment strategies for regions of chronic economic distress.

Uses and Use Restrictions:

The Economic Adjustment Assistance Program provides a wide range of technical, planning and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time. This program is designed to respond flexibly to pressing economic recovery issues and is well suited to help address challenges faced by U.S. communities and regions. Indirect costs are not allowed. All EDA grants are discretionary. EDA does not award federal grants.

Research and Evaluation Program

Number: 11.312

Agency: Department of Commerce

Office: Economic Development Administration

Objectives:

The Research and Evaluation Program of the Economic Development Administration (EDA) supports rigorous, practitioner accessible research of leading, world class economic development practice that advances our understanding of economic development. Current funding priorities include proposals that enhance regional competitiveness by focusing on entrepreneurship and innovation strategies.

Uses and Use Restrictions:

The Research and Evaluation Program funds research, including evaluative research, and national technical assistance projects to promote competitiveness and innovation in urban and rural regions throughout the United States.

Community Development Block Grant Program (CDBG)

The Department of Community Affairs administers Florida's Small Cities Community Development Block Grant Program. This is a competitive grant program that awards funds to rural areas. Each year since 1983, Florida has received between 18 and 35 million dollars. One of the factors in the competitive process is the Community Wide Needs Score. This is a numerical representation of the needs of a community based on the following census data:

- Low and Moderate Income Population
- Number of Persons Below the Poverty Level
- Number of Housing Units with More than One Person Per Room

The program is an excellent opportunity for communities to obtain funds for projects that the community cannot otherwise afford. Further, it provides a means to implement projects that local governments may not have staff to complete. Popular examples of community projects include:

- Rehabilitation and Preservation of Housing
- Water and Sewer Improvements
- Street Improvements
- Economic Development Activities
- Creating Jobs for Low and Moderate Income People
- Downtown Revitalization
- Parks and Recreation Projects

- Drainage Improvements

USDA Rural Development

Business & Cooperative Programs

Promoting a dynamic business environment in rural America is the goal of Rural Development, Business and Cooperative Programs (BCP), Business Programs (BP). BP works in partnership with the private sector and the community-based organizations to provide financial assistance and business planning. BP helps fund projects that create or preserve quality jobs and/or promote a clean rural environment. The financial resources of BP are often leveraged with those of other public and private credit source lenders to meet business and credit needs in under-served areas. Recipients of these programs may include individuals, corporations, partnerships, cooperatives, public bodies, nonprofit corporations, Indian tribes, and private companies.

Loan & Grant Programs ([Bullets link to http://rurdev.usda.gov website](http://rurdev.usda.gov))

- Business and Industry Guaranteed Loan (B&I) Program
- Intermediary Relending Program (IRP)
- Rural Business Enterprise Grant (RBEG) Program
- Rural Business Opportunity Grant (RBOG) Program
- Rural Economic Development Loan and Grant (REDLG)
- Biorefinery Assistance Program Biorefinery Assistance Loan Guarantees (BIOREFINERY)
- Bioenergy Program for Advanced Biofuels
- Repowering Assistance Program
- Rural Energy for America Program/Energy Audit and Renewable Energy Development Assistant (REAP/EA & REDA)
- Rural Energy for America Program/Renewable Energy Systems/Energy Efficiency Improvement Program (REAP/RES/EEI)
- Rural Energy for America Program/Feasibility (REAP/FEASIBILITY)
- Rural Energy for America Program Guaranteed Loan Program (REAP LOAN)
- Farmbill Initiatives - REAP

The delivery of programs is accomplished through three National Office Divisions and a nationwide field staff serving the 50 States, the Virgin Islands, Puerto Rico, and Western Pacific Territories.

All USDA Rural Development mission area programs, including Business Programs, are administered by Rural Development [field staff](#).

USDA Rural Development Contact Info

<http://www.rurdev.usda.gov/>

<http://www.rurdev.usda.gov/fl>

Florida Office:

PO Box 147010

Gainesville, Florida 32614-7010

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State of Florida

Economic Development Incentives

INDUSTRIAL REVENUE BONDS:

Public entities may issue tax-exempt Industrial Revenue Bonds (IRB) on behalf of private companies. Because interest payments to IRB buyers are not subject to federal income tax, bonds can subsequently be sold at lower interest rates. This may greatly reduce project cost. Typical expenses that are eligible for IRB financing include: property acquisition, machinery and equipment, design, consulting, legal, and accounting services, and financing costs.

Florida Development Finance Corporation (“FDFC”) is the state authorized issuer of industrial revenue bonds. FDFC issues bonds in counties throughout Florida through local agreements.

FDFC offers tax-exempt, low interest bond financing to qualified, financially sound, manufacturing and 501(c) (3) nonprofit organizations. This program was designed to improve low cost capital availability to Florida’s manufacturers and nonprofit companies that qualify for tax exempt finance under IRS rules.

In addition to manufacturers, 501(c)(3) organizations that have been financed with FDFC issued industrial revenue bonds include, charter and private schools, homes for the aged, daycare facilities, and recreation centers. The bonds financed items, such as, ***broadcasting equipment and office facilities***.

If a transaction does not meet IRS qualifying rules for tax exempt finance, it can be financed with taxable bonds through FDFC. For taxable transactions, IRS qualifying rules governing tax exempt financing do not apply. The rates for taxable bond transactions are very competitive compared to other financing instruments, such as conventional loans. [-View Brochure-](#)

FLORIDA SALES AND USE TAX INCENTIVES:

Counties may offer a sales tax exemption on buildings, equipment, and machinery used in manufacturing, research and development, or computer-related businesses. A qualified business can utilize a sales tax exemption on the entire amount of capital invested in project construction and installation. This exemption program also exempts taxes on construction labor, equipment installation, equipment replacement parts with a life of over one year, and repair labor.

Florida's stable and highly favorable tax climate provides advantages that make a Florida location profitable for every type of business. Progressive legislation also ensures that Florida remains a worldwide hub for new and expanding businesses.

- NO corporate income tax on limited partnerships
- NO corporate income tax on subchapter S-corporations
- NO state personal income tax guaranteed by constitutional provision
- NO corporate franchise tax on capital stock
- NO state-level property tax assessed
- NO property tax on business inventories
- NO property tax on goods-in-transit for up to 180 days
- NO sales and use tax on goods manufactured or produced in Florida for export outside the state

- NO sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- NO sales/use tax on co-generation of electricity

Sales and Use Tax Exemptions include:

- Machinery and equipment used by a new or expanding Florida business to manufacture, produce, or process tangible personal property for sale
- Labor, parts and materials used in repair of and incorporated into machinery and equipment
- Electricity used in the manufacturing process
- Certain boiler fuels (including natural gas) used in the manufacturing process
- Semiconductor, defense and space technology-based industry transactions involving manufacturing equipment
- Machinery and equipment used predominantly in research and development
- Labor component of research and development expenditures
- Commercial space activity — launch vehicles, payloads and fuel, machinery and equipment for production of items used exclusively at Spaceport Florida
- Aircraft parts, modification, maintenance and repair, sale or lease of qualified aircraft

Production companies engaged in Florida in the production of motion pictures, made for television motion pictures, television series, commercial music videos or sound recordings.

FLORIDA TARGETED INDUSTRY INCENTIVES:

Qualified Target Industry Tax Refund (QTI)

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. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full-time equivalent job created; \$6,000 in an Enterprise Zone or rural county. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job. The local community where the company locates contributes 20 percent of the total tax refund. There is a cap of \$5 million per single qualified applicant in all years, and no more than 25 percent of the total refund approved may be taken in any single fiscal year. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

Qualified Defense and Space Contractor Tax Refund (QDSC)

Florida is committed to preserving and growing its high technology employment base by giving Florida defense, homeland security, and space business contractors a competitive edge in consolidating contracts or subcontracts, acquiring new contracts, or converting contracts to commercial production. Pre-approved applicants creating or retaining jobs in Florida may receive tax refunds of \$3,000 per net new Florida full-time equivalent job created or retained; \$6,000 in an Enterprise Zone or rural county. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job.

Capital Investment Tax Credit (CITC)

The Capital Investment Tax Credit is used to attract and grow capital-intensive industries in Florida. It is an **annual credit, provided for up to twenty years, against the corporate income tax**. Eligible projects are those in designated high-impact portions of the following sectors: **clean energy, biomedical technology, financial services, information technology, silicon technology, transportation equipment manufacturing, or be a corporate headquarters facility**. Projects must also create a **minimum of 100 jobs** and invest **at least \$25 million in eligible capital costs**. Eligible capital costs include all expenses incurred in the acquisition, construction, installation, and equipping of a project from the beginning of construction to the commencement of operations. The level of investment and the project's Florida corporate income tax liability for the 20 years following commencement of operations determines the amount of the annual credit.

High Impact Performance Incentive Grant (HIPI)

The High Impact Performance Incentive is a negotiated grant used to attract and grow major high impact facilities in Florida. Grants are provided to pre-approved applicants in **certain high-impact sectors designated by the Governor's Office of Tourism, Trade and Economic Development (OTTED)**. In order to participate in the program, the project must: operate within designated high-impact portions of the following sectors-- **clean energy, biomedical technology, financial services, silicon technology, and transportation equipment manufacturing or be a corporate headquarters facility supporting international, national or regional operations; create at least 100 new full-time equivalent jobs (if a R&D facility, create at least 75 new full-time equivalent jobs) in Florida in a three-year period; and make a cumulative investment in the state of at least \$100 million (if a R&D facility, make a cumulative investment of at least \$75 million) in a three-year period**. Once recommended by Enterprise Florida, Inc. (EFI) and approved by OTTED, the high impact business is awarded 50 percent of the eligible grant upon commencement of operations and the balance of the awarded grant once full employment and capital investment goals are met.

WORKFORCE TRAINING INCENTIVES:

Quick Response Training Program (QRT)

Quick Response Training (QRT) - an employer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. A state educational facility - community college, area technical center, school district or university - is available to assist with application and program development or delivery. The educational facility will also serve as fiscal agent for the project. The company may use in-house training, outside vendor training programs or the local educational entity to provide training. Reimbursable training expenses include: instructors'/trainers' wages, curriculum development, and textbooks/manuals. This program is customized, flexible, and responsive to individual company needs. To learn more about the QRT program, visit Workforce Florida.

Incumbent Worker Training Program (IWT)

Incumbent Worker Training (IWT) - a program that provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require skills upgrade training for existing employees. Priority is given to businesses in targeted industries, Enterprise Zones, HUB Zones, Inner City Distressed areas, Rural Counties and areas, and Brownfield areas. For additional information on the IWT program, visit Workforce Florida.

On-the-Job Training Program (OTJT)

Job Services of Florida will provide a reimbursement to businesses of up to 40% of wages paid to qualified employees when the company agrees to provide on-the-job training for eligible positions.

SPECIAL OPPORTUNITY INCENTIVES:

Economic Gardening Program

As passed in Special Session A, Governor Crist's newest incentive to spur business activity in Florida is the **Economic Gardening Business Loan Pilot Program** and the **Economic Gardening Technical Assistance Pilot Program**. Economic gardening is an innovative economic development approach, focusing on **existing Florida companies in high growth sectors with an employee base between 10 and 50**. Research and analysis has demonstrated that these types of small businesses have high growth potential and create significant value to the state's economy. In the Spring of 2008, the Governor's Office of Tourism, Trade, and Economic Development initiated an unfunded pilot project involving economic development organizations in Indian River, Martin and St. Lucie counties, known as Project Green Jeans, to develop a framework for economic gardening. This enhanced pilot is a by-product of the Green Jeans initiative, as well as a recommendation derived from the Governor's Accelerate Florida Think Tank on small/minority/manufacturing business. **The loan program will offer low-interest loans to small businesses encouraging them to create new jobs in Florida. The maximum loan amount to a business is \$250,000. On average, if the loan amount is \$100,000, the gardening loan pilot program may help as many as 80 small businesses.** The technical assistance

program will provide counseling services, access to technology and market information databases, marketing services, business management support and other related services.

Economic Development Transportation Fund (EDTF)

This program helps diversify Florida's economy by enabling the state to respond quickly to extraordinary economic opportunities and compete effectively for projects that involve significant capital investment and the creation of high-wage jobs. There are certain projects for which the competition is so great that, without flexible and readily available funds, opportunities would be lost. The Quick Action Closing Fund provides additional resources to help the state attract new and expand existing high-impact businesses. The Governor is recommending \$45 million for this program. In FY 2008, these projects led to the creation/retention of 17,316 jobs at an average annual wage of \$56,334.

Florida's Tourism Industry

Visit Florida As the state's official tourism marketing organization, VISIT FLORIDA works in partnership with the tourism industry to promote and generate travel to and within our beautiful state. VISIT FLORIDA is a catalyst for the state's tourism industry, matching every dollar in state funding with two dollars in private sector investment for cooperative marketing, sales, promotions and public relations efforts. In 2007, tourism comprised 19 percent of Florida's total taxable sales, returning \$3.9 billion to the state in the form of sales taxes and generating \$65.5 billion in direct economic impact. Governor Crist recommends an allocation of \$35.5 million to VISIT FLORIDA for the continued marketing of our state's tourism industry.

Florida's Film Industry

Governor Crist recommends an increased investment of \$10 million to promote film and entertainment productions in Florida. This investment demonstrates Florida's strong commitment to attracting, maintaining and growing its highly valued film and entertainment industry. Florida's entertainment industry represents an important line of business for Florida's economy. In Fiscal Year 2007-08, 53 productions spent more than \$123.5 million on qualified Florida wages, businesses and services that met the strict parameters of the program. The 14,057 jobs resulting from these productions put \$75.3 million in wages into the pockets of Floridians. Revenues to Florida businesses exceeded \$49.4 million. Approximately \$18.5 million was rebated to these productions based on their qualified Florida expenditures. Described as a ratio, the direct economic impact of the entertainment incentive is 6.7:1. This means that, on average, for every dollar the state has rebated to a certified production on qualified Florida expenditures, close to seven dollars were spent on Florida wages, products or services.

The Office of Film & Entertainment recently conducted an independent study showing that in 2007, Florida's film and entertainment-related spending accounted for the following:

- Employed approximately 102,000 people with an average wage of \$57,700;
- \$17.9 billion in Gross State Product;
- \$8.5 billion in income to Floridians; and
- \$498 million in tax revenue.

The film and entertainment industry is unique in that the economic benefits extend into other industries, such as restaurants, lodging, retail, construction and tourism-generating 105,000 related jobs. Because of this, Florida-based productions help bolster job creation and generate revenue for an increased number of residents and businesses. Every \$1 spent by a production within Florida generates an additional 95 cents, giving the film and entertainment industry a total economic impact of \$29 billion statewide.

Rural Community Development:

Florida encourages growth throughout the state by offering increased incentive awards and lower wage qualification thresholds in its rural counties. Additionally, a Rural Community Development Revolving Loan Fund and Rural Infrastructure Fund exist to meet the special needs that businesses encounter in rural counties.

The RDC provides loans to qualified local governments or economic development organizations to finance initiatives directed toward maintaining or developing the economic base of rural communities, especially when addressing employment opportunities. Eligible local governments or economic development organizations must be located in:

- Counties with populations of 75,000 or less;
- Counties with populations of 100,000 or less if contiguous to a county with a population of fewer than 75,000; or
- A rural area of critical economic concern.

All repayments of principal and interest are returned to the loan fund and made available for loans to other applicants. However, if the recipient is in a rural area of critical economic concern, repayments may be retained if funds are used for regionally based economic development organizations representing that area. The Governor is recommending \$1.3 million for this program.

Urban Incentives:

Florida offers increased incentive awards and lower wage qualification thresholds for businesses locating in many urban core/inner city areas that are experiencing conditions affecting the economic viability of the community and hampering the self-sufficiency of the residents.

Enterprise Zone Incentives:

Florida offers an assortment of tax incentives to businesses that choose to create employment within an enterprise zone, which is a specific geographic area targeted for economic revitalization. These include a sales and use tax credit, tax refund for business machinery and equipment used in an enterprise zone, sales tax refund for building materials used in an Enterprise Zone, and a sales tax exemption for electrical energy used in an enterprise zone.

Brownfields Incentives:

This program provides funding to encourage redevelopment and job creation within designated brownfield sites or areas. A brownfield area is generally abandoned, idled or underused industrial and commercial property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Pre-approved applicants may receive tax refunds of up to \$2,500 per new job created in a designated brownfield area. Refunds are based on taxes paid by the business. The Governor is recommending \$1.7 million for this program. In FY 2008, four new Brownfield applications were approved in conjunction with QTI projects. These projects are expected to lead to 189 new jobs at an average wage of \$55,519.

Growing Florida's Low Carbon Economy

Governor Crist is committed to securing Florida's energy and economic future through leadership on global climate change policy and a greater reliance on low carbon sources of energy for transportation and electric power. Over the past two years, Florida has rapidly become an international leader in climate change policy and the deployment of renewable energy. Working in partnership with the 2008 Florida Legislature, Governor Crist secured passage of landmark energy and climate change legislation that is now reducing greenhouse gas emissions from sources within Florida, increasing energy efficiency and security through energy source diversity, and positioning Florida in world markets as a hub of innovation for low carbon technology investment.

Building on the gains from the past two years, Governor Crist is recommending \$143.6 million utilizing federal funding from the American Recovery and Reinvestment Act of 2009 to further position Florida as an international hub for technology investment and the associated "green collar" jobs investment.

Governor Crist's energy and climate change priorities include funding of \$4.4 million for consumer rebates for the installation of solar photovoltaic and solar hot water systems in Fiscal Year 2008-09 and an additional \$5 million for rebates during Fiscal Year 2009-10. The package includes \$124.5 million to fund grants and other consumer incentives that will spur investment in renewable energy technologies, biofuel development and production, and the deployment of energy efficiency technologies to mitigate energy costs for households and Florida's businesses. Finally, \$14.1 million is included to fund energy efficiency projects in small cities and counties.

Sumter County

Economic Development Incentives

Summary - Suggestions and Recommendations

Situational Analysis

The past 18 months have been extremely difficult for businesses and families throughout the United States. The combination of difficulties in the banking industry, the automobile industry and the housing industry are reverberating through many smaller businesses with devastating results of increased unemployment and business failure.

Even with Sumter County's advantages of a low and stable ad valorem tax rate, a low debt ratio and a pro active business policy, Sumter County businesses are not immune from this serious recession. We have met and interviewed small and large businesses throughout the County that have been well-managed and successful for 15 to 25 year periods that have already undertaken severe cutbacks (between 60-85% reduction in workforce) and now daily face the possibility of closing. We've also met savvy/successful developers who have made minor/major investments within the County who now deal with empty new buildings without tenants to offset operational and finance costs. Unfortunately, there are mixed signs about the direction of the overall economy with some notable economists predicting that no moderating or improving economic events are on the immediate horizon.

With this as a backdrop, are there effective business incentives to offer on an interim basis as we work together to build an overall strategic plan for business development in Sumter County for the next three years? We are guided by the following realities:

1. Existing businesses in Sumter County deserve the highest priority for any new incentives. These businesses have already invested their lives and resources into this County and many of them have tenuous futures because of the economic recession.
2. Recruiting new businesses will be particularly hard in this economy (even with an incentive package) because some of the basic strategic tools (such as an industrial site plan) do not currently exist.
3. Assisting new start up businesses will also be difficult because of new tight credit requirements and an absence of entrepreneurial confidence about the future. We have assisted one new business in procuring the needed line of credit to launch and we expect to assist other startups in similar situations.
4. There is a lack of information about business incentives currently available through local, state and federal sources.

Recommended State Incentive Programs:

E5solutions, Inc. recommends the following existing state incentive programs be officially adopted and communicated as available for Sumter County's existing and new businesses.

- Industrial Revenue Bonds (via the Sumter County Industrial Development Authority)
- Sales and Use Tax Exemptions
- Targeted Industry Incentives (QTI, QDSC, CITC, HIPI)
- Workforce Training Incentives (QRT, IWT, OTJT)
- Special Opportunity Incentives (EGP, EDTF, RCD, Tourism, Film, Urban Zones, Enterprise Zones, Brownfields)

Taking Action

We must do more than just adopt these incentives. We must create incentives tailored to our community to create jobs. We recommend incentives for new businesses as well as existing businesses in Sumter County.

Recommended Sumter County Incentive Programs:

Quality Jobs Tax Credit- (QJTC)

The QJTC credit applies to all new full time hires by new or existing companies that make a minimum capital investment of \$300,000. In an effort to encourage living wage jobs and increased pay for workers in Sumter County, this program provides cash payment to offset the business costs of expanding and/or relocating the business. The amount of credit will be directly related to the wages the new full time hire is paid which shall be at least 115% of the average annual wage (AAW) in Sumter County (AAW was \$32,437 for 2008).

New businesses must create at least eleven (11) new full time jobs and existing businesses must create at least eleven (11) net new full time jobs. Per-job credits will be as follows: \$2,250 for new full time jobs paying a minimum of 115% of the AAW, \$3,250 for new full time jobs payment a minimum of 150% of AAW, and \$4,250 for new full time jobs paying a minimum of 200% of AAW. The cash payment will be made in the Sumter County fiscal year the position is filled, for a maximum of three fiscal years once verification from Sumter County is completed.

Process and Limitations: Each new full time job must be retained a minimum of three (3) years. The employer must reapply for the QJTC cash payment each following year, for each new full time job maintained, up to a maximum of three years. The QJTC maximum credit is limited by the funds appropriated each fiscal year as determined with the adoption of the Sumter County budget.

For further information about any of these programs, or to anyone seeking to create or expand their business in Sumter County, please contact:



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