To: Council Members

From: Staff

Date: September 20, 2013 Council Meeting

Subject: Enterprise Zone Reauthorization Resolution

Introduction

The Florida Enterprise Zone Program was created in 1982 to encourage economic development in economically distressed areas of the state by providing incentives and inducing private investment. In 1994, the Florida Legislature passed the Florida Enterprise Zone Act of 1994, which required that local governments wishing to establish enterprise zones adopt a strategic plan, form a local enterprise zone development agency, and submit a specific map showing the proposed zone’s boundaries. Currently, Florida has sixty-five enterprise zones (Exhibit 1). The Treasure Coast Region has five designated enterprise zones as follows:

<table>
<thead>
<tr>
<th>Enterprise Zone</th>
<th>Local Enterprise Zone Coordinator</th>
<th>Enterprise Zone ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Pierce</td>
<td>City of Fort Pierce</td>
<td>EZ-5601</td>
</tr>
<tr>
<td>Indian River County/City of Vero Beach</td>
<td>Indian River County Chamber of Commerce</td>
<td>EZ-3101</td>
</tr>
<tr>
<td>Martin County</td>
<td>Business Development Board of Martin County</td>
<td>EZ-4301</td>
</tr>
<tr>
<td>Pahokee</td>
<td>City of Pahokee</td>
<td>EZ-5001</td>
</tr>
<tr>
<td>Palm Beach County (Includes the Cities of Belle Glade, Riviera Beach, South Bay, and West Palm Beach)</td>
<td>Palm Beach County Department of Economic Sustainability</td>
<td>EZ-5002</td>
</tr>
</tbody>
</table>

The Florida Enterprise Zone Program 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. Tax incentives 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. Local governments can provide additional incentives for a zone located within their boundaries. The program is managed by the Bureau of Economic Development within the Florida Department of Economic Opportunity’s (DEO) Division of Community Development.
In 2005, the Florida Legislature extended the enterprise zone program for ten years. The enabling legislation supporting the Florida Enterprise Zone Program is scheduled to sunset on December 31, 2015 unless the legislature extends the program. The attached resolution supports local efforts to re-authorize the enterprise zone program statewide. Additionally, the resolution supports Indian River County’s desire to expand the Indian River County Enterprise Zone to include the City of Fellsmere.

Background

Since inception of the Florida Enterprise Zone Program, local governments throughout the State of Florida have utilized the program to help incentivize business development and create much needed jobs within the locally designated enterprise zones. In the program annual report dated March 1, 2013, DEO noted the following program activity across all sixty-five enterprise zones in Florida:

- **4,500 businesses** moved into or were created in enterprise zones
- **11,602 new jobs** were created by businesses located in enterprise zones
- **$10,934,474 state tax incentives** were approved by the Florida Department of Revenue
- **1,454 state tax incentive applications** were approved by the Florida Department of Revenue

Furthermore, over a seventeen year period from 1997 to 2013, DEO staff have indicated that the Enterprise Zone Program has created about 130,000 new jobs.

In October 2005, the Indian River County/City of Vero Beach Enterprise Zone was established primarily to assist local businesses in their recovery efforts from Hurricanes Frances and Jeanne (Exhibit 2). This enterprise zone encompassed a 4.5 square mile area comprising the Vero Beach Municipal Airport and adjacent Gifford community, but did not include Fellsmere. At its August 15, 2013 meeting the Enterprise Zone Development Agency of Indian River County recommended approval of the City of Fellsmere’s request to expand the enterprise zone boundary to include the City of Fellsmere. The Indian River Board of County Commissioners, at its meeting on August 20, 2013 also recommended a change to the enabling legislation for the Indian River County/City of Vero Beach Enterprise Zone to expand the boundary to include the City of Fellsmere (Exhibit 3). Continuation and expansion of the Enterprise Zone Program will be beneficial to local, regional, and statewide efforts to improve the economy in Florida.

Recommendation

Council should adopt the attached resolution to support extension of the Florida Enterprise Zone Program beyond its proposed sunset date of December 31, 2015 and support the efforts of Indian River County to expand its Enterprise Zone to include the City of Fellsmere.

Attachments
RESOLUTION #13-02

A RESOLUTION OF THE TREASURE COAST REGIONAL PLANNING COUNCIL REPRESENTING THE LOCAL GOVERNMENTS OF INDIAN RIVER, MARTIN, PALM BEACH, AND ST. LUCIE COUNTIES, FLORIDA SUPPORTING THE REAUTHORIZATION OF THE FLORIDA ENTERPRISE ZONE PROGRAM AND SUPPORTING INDIAN RIVER COUNTY’S EFFORTS TO EXPAND ITS ENTERPRISE ZONE TO INCLUDE THE CITY OF FELLSMERE

WHEREAS, the State of Florida enacted the Florida Enterprise Zone Act, Sections 290.001 - 290.016, Florida Statutes, to provide incentives to induce private investment into distressed areas to create economic opportunities and sustainable economic development; and

WHEREAS, the Florida Enterprise Zone Program has provided an effective mechanism for local governments throughout Florida to spur new business development and job creation in locally designated areas; and

WHEREAS, the enabling legislation of the Florida Enterprise Zone Program is scheduled to sunset on December 31, 2015; and

WHEREAS, the City of Fellsmere is actively seeking inclusion in a proposed expanded local enterprise zone to assist business creation and job growth in its jurisdiction; and

WHEREAS, the Enterprise Zone Development Agency of Indian River County and the Indian River County Board of County Commissioners recommended approval of the City of Fellsmere’s request to expand the current boundary of the Indian River County Enterprise Zone to include the City of Fellsmere.

NOW, THEREFORE, BE IT RESOLVED THAT TREASURE COAST REGIONAL PLANNING COUNCIL SUPPORTS THE REAUTHORIZATION OF THE FLORIDA ENTERPRISE ZONE PROGRAM AND INDIAN RIVER COUNTY’S EFFORTS TO EXPAND ITS CURRENT ENTERPRISE ZONE BOUNDARIES TO INCLUDE THE CITY OF FELLSMERE

DULY ADOPTED by the Treasure Coast Regional Planning Council this 20th day of September 2013.

________________________________________  ______________________________
Peter O’Bryan                               Michael J. Busha
TCRPC Chairman                             Executive Director

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FLORIDA ENTERPRISE ZONE PROGRAM
HISTORY AND LOCAL USE

Florida Enterprise Zone History
- 1982 - Florida established one of the first Enterprise Zone programs in the country
- 1994 - Florida Legislature passed the Florida Enterprise Zone Act; required local
government to establish a strategic plan, form a local Enterprise Zone
Development Agency, and submit a specific map showing the zone’s
boundaries
- 2005 - Florida Legislature extended the Enterprise Zone program for 10 years
- 2011 - 59 Enterprise Zones designated in urban and rural areas

Local History
- The Indian River County/City of Vero Beach Enterprise Zone was established in
October 2005, primarily to assist local businesses in their recovery efforts from
Hurricanes Frances and Jeanne
- Piper Aircraft, the county’s largest private employer and located in the Zone, was
severely impacted from the hurricanes, with employment levels dropping from
1,100 workers to just over 100
- In 2006, after recovering from the hurricanes, Piper Aircraft hired a Site Selection
firm to scout areas throughout the U.S. for a new location for its corporate
headquarters and to manufacture its new single-engine jet
- In 2008, local efforts were successful in keeping Piper in Indian River County,
with the Enterprise Zone program a large component of the retention package

Facts
- The Indian River County/City of Vero Beach Enterprise Zone is a 4.5 square mile
area comprising the Vero Beach Municipal Airport and adjacent Gifford
community
- In 2000, the most recent Census figures available at the time of application, the
designated area had a 25.13% unemployment rate and 32.7% poverty rate. As
of August 2012, Indian River County’s unemployment rate was 11.9% - fourth
highest in the state.
- Nearly every state in the U.S. has an enterprise zone program
- The entire states of Arkansas, Kansas and South Carolina are designated as
Enterprise Zones – states that directly compete with Florida for business
recruitment and retention
Many companies throughout the U.S. will only locate to an enterprise zone to take advantage of certain tax benefits
The majority of businesses located within Florida’s enterprise zones are small to medium sized firms that do not pay Florida corporate taxes
A change in the Enterprise Zone boundary is allowable; however, the new properties must meet the minimum criteria for unemployment and poverty as defined by State Statute; the proposed change must be approved by the FL Department of Economic Opportunity

Local Benefits and Use
From October 2005 through September 2012, which also saw the start of this country’s recession (depression), our local Enterprise Zone saw the following results:

- Assisted 453 business owners and individuals, providing information on the Enterprise Zone program
- Creation of 254 new jobs
- Processed 99 requests for refunds on $2,034,287 in business equipment purchased for use in the Zone
- Processed 16 requests for refunds on $4,534,042 in building materials purchased for new or renovated construction projects in the Zone
- 167 residents attended Chamber-sponsored Enterprise Zone workshops, to learn about the benefits offered through this program

Summary
Florida’s Enterprise Zone program has shown to be an effective economic development tool in the retention, expansion and recruitment of business to areas in need of capital investment and job creation.
BCC AGENDA
August 20, 2013
ITEM 14.D(1)

INDIAN RIVER COUNTY
BOARD OF COUNTY COMMISSIONERS

INTER-OFFICE MEMORANDUM

TO: Members of the Board of County Commissioners

DATE: August 5, 2013

SUBJECT: Fellsmere and the Enterprise Zone

FROM: Commissioner Bob Solari

The EZDA has asked me to present a request for a change to the enabling legislation for the Indian River County Enterprise Zone. As originally written, the areas of the County where it was possible to have an Enterprise Zone included Indian River County, Vero Beach and Sebastian, but did not include Fellsmere. This legislation will add the City of Fellsmere to areas of the County where a portion of an Enterprise Zone could be located.

Thank you.
July 16, 2013

Penny Chandler  
Chairperson  
Enterprise Zone Development Agency  
County Administration  
1801 27th Street  
Vero Beach, Florida 32960-3388

Dear Chairperson Chandler,

Please accept this letter and supporting material to further the City of Fellsmere’s pursuit to be included within the existing area of the Indian River County Enterprise Zone as established by 290.0073 of the Florida Statutes. Based on the discussions at the 5/9/13 and 6/13/13 Enterprise Zone Development Authority (EZDA) and further buttressed by the conference call with Burt Von Hoff from DEO we feel the appropriate action at this time is a modification to the enabling legislation allowing for the original pursuit of the existing Enterprise Zone. Attached you will find the proposed statutory revision. As the issue of the opportunity for the City of Fellsmere to participate in a designation has unfolded we have sought to do so while minimizing the disruption to the current goals and objectives of the EZDA while taking advantage of the existing infrastructure available for efficiency and to help ensure mutual success.

The Board discussion and feedback from the State indicate that any effort to pursue a boundary amendment at this time would likely not be well received given the pending sunset review for the program. Therefore we propose amending the enabling statute as a means of expediting the potential for a boundary expansion/reconfiguration if the program is reauthorized and to use this effort to underscore the significance of the program as an economic development tool.

We respectfully request that the EZDA take up our request as part of the next scheduled agenda. If the item is approved we further request that it be forwarded to the BOCC for consideration. Upon the BOCC’s approval we will work cooperatively to make our case to the Legislative Delegation and relevant associations (FAC, FLC, FRA, etc.).
I want to express my appreciation to the EZDA for their openness to this request. Working together I believe we can have a greater impact on economic development than multiple independent efforts. We look forward to pursuing this legislative change in the hopes of bringing the benefits of an empowerment zone to the City of Fellsmere.

Sincerely,

Jason Nunemaker
City Manager

C: City Council
   Community Development
   Attachment
Attachment A

250.0073  Enterprise zone designation for Indian River County, the City of Vero Beach, the City of Sebastian, and the City of Fellsmere—Indian River County, the City of Vero Beach, the City of Sebastian, and the City of Fellsmere may jointly apply to the department for designation of one enterprise zone encompassing an area not to exceed 10 square miles. Notwithstanding the provisions of s. 250.0065 limiting the total number of enterprise zones designated and the number of enterprise zones within a population category, the department may designate one enterprise zone under this section. The department shall establish the initial effective date of the enterprise zone designated pursuant to this section.