



Improving
the Value
of Florida's
Enterprise
Zone Program
for Taxpayers

FEBRUARY 2015



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Dear Fellow Taxpayer:

As Florida begins another legislative session, our elected officials will review and debate the future of many of the state's programs and policies intended to help create jobs, bring essential services to areas of the state where they are needed most, and maximize taxpayer investments.

One of these programs is the Enterprise Zone program, which offers tax incentives to companies that move into blighted or financially struggling areas as part of the community's revitalization and reinvestment efforts. Enterprise Zones exist across much of the state and have helped curb a shortage of investment, in both local community support and in private capital, experienced by the state's deteriorated areas.

This report identifies certain aspects of the Enterprise Zone program that are often overlooked by policymakers. This comprehensive analysis calls for substantial legislative reforms that will advance the public benefits and eliminate some notable shortcomings of the current program while increasing the program's efficacy and value to taxpayers and each of the communities they were established to serve.

Sincerely,

Dominic M. Calabro

Dominic M. Calabro

President & CEO

Executive Summary

The Florida Enterprise Zone program was created in 1982 explicitly to revitalize and redevelop distressed blighted areas in the state of Florida. Its primary goal is different from other economic development programs in the state, which focus on inducing business expansion within or relocation to the state. There are several benefits that the program offers, including:

- The program is one of the few economic development programs available to small businesses and retailers.
- Many companies located in Enterprise Zones provide access to food and medications to Floridians who would otherwise live in “food deserts.”
- The cost of the program to the state is relatively low.

Based on these benefits, the Florida Legislature should revise and extend the program, and take steps to increase the efficacy and taxpayer benefit of the program statewide by considering the following recommendations:

- Marketing efforts should focus on attracting companies that grow faster and create more jobs: small and medium-sized businesses, specifically second stage companies;
- The Legislature should require all zones to measure and report their progress, to be periodically recertified based on established, written, and empirical criteria, and to be dissolved if inactive or ineffective;
- Local authorities should be given some flexibility to best utilize the Enterprise Zone program within their designated community, in consultation with and subject to approval of the state oversight entity;
- The program should be more transparent: Florida taxpayers should be able to easily access all distributed incentives;
- The program’s marketing efforts should be improved and the application process simplified;
- The program could be made more attractive by promoting its coupling with other state and federal programs;
- Residency requirements for tax incentives should be waived for some Enterprise Zones; and
- A tiered system could be created with different requirements and thresholds for small and large businesses.

Florida's Enterprise Zones

Around the state, there are a number of blighted areas that “chronically display extreme and unacceptable levels of unemployment, physical deterioration,” and high crime rates.¹ Such conditions raise the cost of doing business, discourage businesses from locating in these communities, reduce the desirability of the community as a place to visit or live, and threaten the public safety and health of its residents, businesses, and visitors.

In an effort to revitalize and redevelop these distressed areas, the Florida Enterprise Zone program was created in 1982, and was one of the first of its kind nationally. According to the Legislative findings:

The revitalization and redevelopment of each such area for the ultimate benefit of its residents and the community as a whole is of critical importance to the individual community and to this state. The resources of all levels of government are insufficient, and often inappropriate, to undertake successfully the massive task of restoring the social and economic productivity of such areas. The ultimate revitalization of such areas can occur only if the private sector can be induced to invest its own resources in productive enterprises that rebuild the industrial and commercial viability of the areas and provide jobs for residents of the areas. In order to provide the private sector with the necessary incentives to invest in such distressed areas, governments at all levels should seek ways to relax or eliminate fiscal and regulatory constraints and should seek to identify supportive actions that facilitate business investment in such distressed areas and overcome business objections to distressed area site locations.²

There are currently 65 zones, both urban and rural, in 52 Florida counties. The location and nature of these zones vary greatly. In some cases, Enterprise Zones are urban neighborhoods that lack basic and essential services and suffer high poverty and crime rates, but may be only miles from thriving business and retail districts. Other zones are in rural communities where job opportunities are scarce and the closest grocery store may be many miles away or in another county, presenting substantial transportation challenges for residents. These areas need jobs, services, and private sector investment. The Enterprise Zone program exists to assist these areas.

State tax incentives are available to businesses that locate within an Enterprise Zone, including job and corporate income tax credits, and sales tax refunds. In addition to these state incentives, local incentives are offered by some city and county governments. Locally provided supplemental incentives include: reducing fees for development and licensure; exemptions for local option taxes,

1 Florida Statutes 290.002

2 Florida Statutes 290.002

property taxes, and utility taxes; and local grants for revitalization and building improvements.³ Additionally, local governments often leverage federal money available to supplement their revitalization efforts.⁴

The cost of this program does not place a significant burden on Florida’s taxpayers. In FY2013-14 (July 1, 2013 – June 30, 2014), a total of \$15,767,116 in state tax incentives were approved by the Department of Revenue (DOR), as shown in the table below.⁵ This is approximately \$500,000 less than the previous year, and \$51.8 million less than the last year in which tax rebates for condominiums were available.⁶ After the 2010 changes to the definition of real property, the program currently costs about \$0.79 per Floridian per year,⁷ and created 12,982 jobs in FY2013-14.⁸

Enterprise Zone Incentives Approvals FY2013-14

STATE INCENTIVE	TYPE OF TAX	APPROVED AMOUNT	APPROVALS
Sales Tax Exemption for Electrical Energy	Sales	\$751,485	79
Property Tax Credit	Corporate Income	\$1,191,181	17
Building Materials Sales Tax Refund	Sales	\$1,194,130	317
Business Equipment Sales Tax Refund	Sales	\$1,561,339	834
Jobs Tax Credit	Corporate Income	\$4,237,163	47
Jobs Tax Credit	Sales	\$6,831,758	203
TOTALS		\$15,767,116	1,497

Source: Florida Department of Economic Opportunity. *Florida Enterprise Zone program Annual Report*. November 2014.

At least 40 other states, including the District of Columbia, have programs similar in nature to Florida’s. However, requirements for zone designation and available incentives vary greatly, therefore not allowing for a fair state-to-state comparison. The literature shows that no state has found an ideal model for Enterprise Zone programs. In fact, many of the states have built their program from Florida’s structure, given that the Florida Enterprise Zone program was one of the first in the nation. In addition, Enterprise Zone programs (or their equivalent names in other states) have undergone several changes, and therefore a best practice is yet to be determined.

3 Department of Economic Opportunity, Bureau of Economic Development, Division of Community Development. Enterprise Zone program Annual Report, November 1, 2014. Pages 8 & 9.

4 Ibid

5 See footnote #3. Note: Local governments approved additional incentives worth approximately \$11.4 million.

6 In 2010, the Florida Legislature made the Enterprise Zone program less costly by removing the sales tax refunds for building materials afforded to condominiums within the zones. This change cut down the approved state incentives in FY2010-11 by more than 65 percent (from \$67.6 million to \$22.9 million).

7 \$0.79 per Floridian represents \$15,767,116 in tax incentives divided by the latest US Census population figures for the state of Florida (released December 23, 2014): 19,893,297. Including local contributions (\$11,342,891) to the program increases the total tax incentives to \$27,110,007, which works out to \$1.36 per Floridian.

8 See footnote #3.

The Enterprise Zone program is scheduled to sunset on December 31, 2015 unless the Legislature acts to continue the program. After an extensive review of the Enterprise Zone program in Florida and other states, Florida TaxWatch has identified several benefits of the Enterprise Zone program that may not have been properly understood.

Benefits of Enterprise Zones: Filling a Vital Need

The Enterprise Zone program is one of the only state economic development programs that provides needed jobs⁹ to residents of blighted communities with limited access to employment opportunities, distinguishing it from other economic development programs intended to add a significant number of jobs and increase state tax revenues by inducing large business expansion or relocation to the state. The Enterprise Zone program's focus is strictly to induce private sector investment in designated areas to improve the local economy and residents' quality of life, whereas other economic development programs are focused on attracting out-of-state investment and business expansion to bolster state revenues, capital formation, and high-paying job opportunities.

Given this difference in purpose, one-dimensional comparisons between the Enterprise Zone program and other economic development programs are not entirely fair and appropriate and can be misleading.

In addition, metrics such as the return-on-investment (ROI), which captures tangible financial gains or losses to state revenues, may not show the true impact of the Enterprise Zone program's effectiveness in a given area, and may not represent a primary goal of that program. As stated in a 2014 Office of Economic and Demographic Research (EDR) report, "For some programs, the ROI may not be the principal purpose of the program or even a secondary goal. This applies to the Brownfield Redevelopment Bonus Tax Refund, Innovation Incentive, and Enterprise Zone programs."¹⁰

Furthermore, the Enterprise Zone program is one of the few economic development programs for which small businesses and start-ups qualify, as it does not require applicants to create a minimum

Enterprise Zone Incentives Attract Two Companies to the Port of Pensacola

Recently, two company announced their relocation to the port of Pensacola, which is located within an Enterprise Zone. One of these companies needed a location along the Gulf of Mexico in order to expand their new subsea product lines and offshore customer base. The Port of Pensacola site was shortlisted as one of top two sites under consideration. Each of these companies will create 100 full-time jobs, with annual average wages above both the Pensacola and the state's averages.

⁹ The creation of these needed jobs has often been underestimated. as several jobs which do not get the tax credits, such as part-time and induced jobs, are often left out of job creation figures by several reports.

¹⁰ Florida EDR. "Return-on-Investment for Select State Economic Development Incentive Programs." January 2014.

number of jobs or pay high wages in order to receive the program’s incentives. However, eligibility for some of the tax credits available through the Enterprise Zone program require a minimum investment that is prohibitive for some target businesses.

Aggregate data from the DOR,¹¹ exhibited in the table below, show that several industries key to the Florida economy receive a substantial portion of these incentives, including Manufacturing, Utilities and Construction,¹² Accommodation and Food Services, and Retail.

Companies in Key Industries Benefit from Enterprise Zone Incentives¹³

INDUSTRY	AMOUNT	NUMBER OF BUSINESSES
Sales Tax - Jobs Credit		
Total Statewide*	\$6,831,601	194
Top 3 industries:		
Accommodation and Food Services	\$2,845,245	98
Retail Trade	\$1,357,586	47
Manufacturing	\$317,349	11
Jobs Credit		
Total Statewide	\$4,234,163	38
Top 3 industries:		
Retail Trade	\$1,770,185	16
Finance and Insurance	\$526,863	5
Various Industries**	\$687,220	5
Business Equipment Credit		
Total Statewide	\$1,557,083	108
Top 3 industries:		
Accommodation and Food Services	\$271,591	32
Manufacturing	\$146,902	16
Retail Trade	\$103,652	11
Building Investment Credit		
Total Statewide	\$1,194,130	83
Top 3 industries:		
Not Designated	\$106,233	25
Real Estate and Rental and Leasing	\$129,610	22
Utilities/Construction***	\$815,340	14

Source: Department of Revenue, FY2013-14 *Statewide totals for the above categories may be slightly different than the table on page 3, due to differences in calculations by DOR. **Five industries make up this category: Real Estate and Rental and Leasing; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Service; Educational Services; and Healthcare and Social Assistance. ***These two categories were combined to meet DOR confidentiality standards.

11 Aggregate data provided by the DOR upon TaxWatch request.

12 The Department of Revenue combined some industries into one in order to meet internal confidentiality standards

13 The table shows the top three industries (based on NAICS codes) that benefitted the most from the Enterprise Zone incentives. Several other industries not shown in this table also benefited from these incentives.

Manufacturing is key to Florida's exports, a driver of research and development, and has the biggest multiplier of all industries in Florida.¹⁴ According to the *2015 Economic Preview* from Florida TaxWatch, an 8.7 percent increase in Construction industry jobs is expected to lead Florida job growth in 2015.¹⁵ Accommodation and Food Services is a vital component of the tourism industry, which is the number one provider of jobs for Floridians and is less correlated to the Florida business cycle when compared to other industries.¹⁶

Florida's Retail industry is a significant beneficiary of the Enterprise Zone program. Companies in the Retail industry have limited access to economic development incentives; programs like the Qualified Target Industry (QTI), Capital Investment Tax Credit (CITC), and Quick Action Closing Fund (QACF) programs do not include retail in their list of target industries.

Retailers help put Floridians to work (approximately 13 percent of Floridians, or more than one million residents, employed statewide work in the retail sector),¹⁷ reduce Florida's welfare expenses, and increase personal income for residents, all while providing necessary services and improving public safety in their communities.

Furthermore, many businesses located within Enterprise Zones are grocery stores and pharmacies. These businesses provide fresh food and access to healthcare to Enterprise Zone residents. For instance, one national pharmacy has located about 10 percent of their 850 Florida stores in

While not its main goal, the program has attracted out-of-state investments into Florida

Out-of-state businesses, after narrowing down the list of states where they wish to locate, often make their decisions based on the economic incentives available. The Enterprise Zone program has been instrumental in the decision of several companies that have located in Florida.

One of these companies, an Illinois-based manufacturing and technology company, established manufacturing operations in the Okeechobee County Enterprise Zone. The company made a \$3.85 million capital investment,¹ and has subsequently created 18 new jobs.²

In Palm Beach County, data from Enterprise Zone activity between 2010 and 2014 show that employees hired by new businesses within the zone largely remain with their employer for several years, and the cumulative, estimated 5-year impact of the Palm Beach County Enterprise Zones is \$36.5 million.³

- 1 Office of the Florida Governor. "Gov. Scott Announces Charles Composites' Creating 28 Jobs in Okeechobee." July 2013.
- 2 Personal communication with industry expert. January 12, 2015.
- 3 Personal communication with Daniel Martell, Palm Beach County Economic Council. January 8, 2015.

14 Florida TaxWatch. "Manufacturing: An Economic Driver for Jobs and Florida's Future." August 2011.

15 Florida TaxWatch. "2015 Economic Preview." January 2015.

16 Florida TaxWatch. "Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism." January 2013.

17 US Department of Labor, Bureau of Labor Statistics. 2014 Employment Data.

Enterprise Zones, providing access to immunizations, prescriptions, blood pressure screenings, and diabetes awareness to the zones' residents.

Without these companies, many of the Enterprise Zones would not only lack health services, but would also be "food deserts," which the USDA defines as "urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food."¹⁸ Food deserts present a problem for many residents of blighted areas because they often lack adequate transportation to access fresh food. In addition to negatively affecting the quality of life for these residents, food deserts are costly to the state, as they are associated with an increase in health care costs. Marian Wright Edelman of the Children's Defense Fund said, "As legislators struggle to reform our nation's health care system and contain its skyrocketing costs, addressing the problem of access to nutritious food is one obvious step we must take."¹⁹

Removing the program from the state's toolbox of incentives could undermine the perception of stability of the state's other economic development programs. Taking away the Enterprise Zone program could make Florida less attractive even to businesses who are not eligible to take advantage of an Enterprise Zone program. Many businesses consider the availability of such a program in making their site decisions. Without certainty in the state's incentives package, fewer businesses would be confident in the decision to relocate to or expand in Florida. This could result in huge missed opportunities to attract investment and jobs to the Sunshine State.

Additionally, eliminating Enterprise Zone incentives would act as a tax increase to those businesses that are currently taking advantage of the program, potentially forcing some of those businesses to close their doors, resulting in a loss of jobs, capital, and access to services to needy residents.

Success in bringing in out-of-state dollars into Glades County

A new start-up company that manufactures masonry products of patented design for the construction industry located its new facility in Moore Haven, a rural area of Glades County.

The company considered several locations for the facility, including two in Georgia, and the Florida Enterprise Zone program was key in Glades County's success in recruiting this business. This company plans to add new product lines, invest in more equipment, and hire additional employees.

In addition, this company will supply building materials to the new Americas Gateway Logistics Center. The new facility is open and operational with a capital investment of over \$6 million to date and has created 15 full-time jobs.

¹⁸ US Department of Agriculture. <http://apps.ams.usda.gov/fooddeserts/fooddeserts.aspx>

¹⁹ Huffington Post. "Urban Food Deserts Threaten Children's Health." http://www.huffingtonpost.com/marian-wright-edelman/urban-food-deserts-threat_b_410339.html

The Enterprise Zone program brought a grocery store into a food desert

In 2012, residents of Glades County were faced with the closure of their only grocery store, limiting their food choices to convenience store items, or commuting over 20 miles to the nearest grocery store.

Thanks to the Enterprise Zone program, a grocer was able to open a mid-sized store in the area, employing 5 full time and 11 part time employees, all from the surrounding area.

There is no credible evidence in our review of existing academic literature or of similar programs operating in other states that there is another program model serving rural communities that would serve the purpose of the Enterprise Zone program more effectively for a similar investment. The importance of Enterprise Zones to rural areas cannot be underscored, as severe geographic isolation puts their residents, especially those without access to adequate transportation, at greater risk. Eliminating the Enterprise Zone program entirely without a replacement already identified to serve this vital purpose would create a lag period where no program exists, which will put Florida years behind in addressing the problem of blighted communities and at a significant disadvantage in the business perception of economic competitiveness compared to other states for the period.

The Enterprise Zone program requires minimal investment compared to the potential costs driven by unemployment, food deserts, and limited access to health care. One of the dangers of previously discussed food deserts is diet-related illness, such as diabetes. Figures from the American Diabetes Association show that the average diabetes patient's diabetes-related health care costs will be \$7,900 annually, and are likely to be 2.3 times higher than healthy patients.²⁰

State expenditures on Medicaid, welfare, and unemployment benefits are significant and would likely be much higher without the Enterprise Zones and other programs with similar goals, such as the federal Work Opportunity Tax Credit (WOTC), which provide tax incentives for hiring of individuals with difficulty finding employment. Estimates show that WOTC saves the state of Florida approximately \$93.4 million annually by putting to work individuals in public assistance programs.²¹ While the Enterprise Zone program employs fewer individuals than WOTC, it further reduces the state's expenditures on public assistance, and in conjunction with the aforementioned avoided costs of diet-related illnesses, provides significant benefits.

²⁰ American Diabetes Association. "The Cost of Diabetes." <http://www.diabetes.org/advocacy/news-events/cost-of-diabetes.html>

²¹ National Employment Opportunity Network. WOTC Factsheet. <http://neon.aristotle.com/Shared%20Documents/WOTC%20Summary%20Leave-Behind%20Fact%20Sheet.pdf>

Conclusion

Overall, Florida's Enterprise Zone program offers significant benefits to the communities where it is used successfully, at relatively low cost to Florida taxpayers. Florida TaxWatch has, on numerous occasions, recommended that Florida invest in diversifying its economy and in attracting industries that highly benefit the state economy, and the Enterprise Zone program has helped the state meet this recommendation by attracting businesses in a variety of industries that provide high benefits to the state.

While this program is not the largest or most visible economic development program in Florida, it is in many cases the only applicable economic incentive tool for Florida's more rural and disadvantaged areas. No clear replacement program is available, and it is a tool that generally allows Florida to compete for business investment with other states, even if this is not the main goal of the program. Thus, the Enterprise Zone program should be revised to include forward-looking reforms and extended.

Policy Recommendations

In conjunction with the extension and revision of the program, Florida TaxWatch recommends that:

Marketing Efforts Should Focus On Attracting Companies That Grow Faster And Create More Jobs

Small and medium-sized businesses have a very important role in Florida's economy. In fact, four out of five new jobs in the Sunshine State are created by small businesses.²² A sub-set of small and medium businesses, known as "second-stage companies,"²³ have the potential to create a large number of jobs.

A 2015 Florida TaxWatch report²⁴ shows that second-stage companies, while making up only 7.9 percent of Florida companies in 2013, were responsible for 31.7 percent of jobs and 33.4 percent of sales. Second-stage companies were also responsible for more than 394,000 net new jobs from 2009 to 2013. Focusing on these companies would not only put more Floridians to work, but it would also increase state and local tax receipts.

22 Florida Chamber of Commerce. "Florida Small Business Index: 2014 Quarter 3 Survey Results". September 2014.

23 Generally, a company is considered a second-stage company when it employs 10-99 employees and generates revenues between \$1 million and \$50 million

24 Florida TaxWatch. "Cultivating Florida's Second-Stage Companies: Examining the Benefits of Expanding the Statewide Impact of the GrowFL Program." January 2015.

The Legislature Should Require All Zones To Measure And Report Their Progress, To Be Periodically Recertified Based On Established, Written, And Empirical Criteria, And To Be Dissolved If Inactive or Ineffective

The program was never intended to be a perpetual crutch. Designated Enterprise Zones, and/or the boundaries of those zones, should be subject to a periodic review and progress on redevelopment and revitalization of Enterprise Zones should be monitored. When an area has achieved revitalization and redevelopment of blight, it should no longer be eligible to receive tax incentives under this program. In fact, communities should ultimately seek, secure, and celebrate the elimination of the need for each specific Enterprise Zone.

Furthermore, the Legislature should consider adding a provision that would effectively eliminate an Enterprise Zone that has been inactive for a certain period, given that it is not achieving its goal of revitalizing the community in which it is located. Such a clause would also motivate inactive zones' stakeholders to work on attracting companies in order to stimulate their blighted communities.

Local Authorities Should Be Given Some Flexibility To Best Utilize The Enterprise Zone Program Within Their Designated Community , In Consultation With And Subject To Approval Of The State Oversight Entity

Given that they know their community best, local governments should be allowed to provide more insight to the state about where zones should be located and if boundaries or definitions should be modified in order to attract more competitive projects. This is especially the case for rural Enterprise Zones, where conditions are significantly different from those in urban Enterprise Zones.

One example of how the program's requirements may need flexibility to be more useful to rural zones is the limitation of one building material application per parcel, because a "parcel" in an urban Enterprise Zone is likely to be a single lot whereas a parcel in rural Florida may include several acres of land, which can and may need to sustain multiple buildings for a rural business. In yet other cases, the zone boundaries have rendered some rural zones unattractive for businesses because of a lack of infrastructure suitable for business investment; local authorities have suggested that these zones could be much more attractive if they are modified to include a portion of areas with better infrastructure.

All of these scenarios could be improved if there were more consultation with local authorities. However, boundaries and/or definitions should not be modified to the extent that they exclude most of the blighted areas that allowed for Enterprise Zone designation in the first place.

The Program Should Be More Transparent: Florida Taxpayers Should Be Able To Easily Access All Distributed Incentives

Data on individual Enterprise Zone awards are not easily accessible. More effort should be put towards reporting details such as business size and industry information to the public, as awards are paid for with Floridians' hard-earned dollars. This type of data will help decision makers better track the jobs that are being created and their potential impact, and could help target desired businesses more effectively.

The Program's Marketing Efforts Should Be Improved And The Application Process Simplified

Businesses need to be informed of the available incentives in order to make decisions that will improve the program's desired impact on local communities. For instance, a new company may be unaware of incentives for hiring residents of the zone within which the business is located; therefore, businesses learning about all of the available incentives would have a positive impact on that business and the residents of that particular zone. One opportunity to help promote the program to business could be adding maps on the Department of Economic Opportunity website with the exact boundaries of all existing Enterprise Zones.

Additionally, streamlining the application process and associated documentation required for eligibility could assist small businesses that lack the resources to manage complex bureaucratic technicalities to take advantage of the program. This goal could potentially be achieved by shifting some of the activities of the program, including the incentive-approving role, from the Department of Revenue to the Department of Economic Opportunity.

The Program Could Be Made More Attractive By Promoting Its Coupling with Other State and Federal Programs

Coupling economic incentive programs can increase business savings and better achieve the goals of the individual programs. For instance, approved QTI applicants that locate in Enterprise Zones are eligible to receive double refunds for each full-time equivalent job created. WOTC applicants, on the other hand, would be eligible for state job tax credits if they located within an Enterprise Zone.

Marketing efforts could be directed to inform businesses of all of the options they have and how those opportunities can be combined. Bundling the Enterprise Zone program with QTI would attract out-of-state dollars and create a higher impact in the state and local economies, while bundling it with WOTC would provide higher incentives to employ zone residents that are currently on social assistance programs.

Residency Requirements For Tax Incentives Should Be Waived For Some Enterprise Zones

In some Florida Enterprise Zones, there are not enough residents to meet employment demands of companies locating into the zones. Therefore, in the event that an Enterprise Zone does not have enough residents to be employed by program beneficiaries, or in the event that residents are not qualified for the positions offered by businesses in these zones, then businesses should be able to employ non-residents to occupy these positions and still receive benefits. Businesses must justify, however, that no zone resident was available for the positions.

A Tiered System Could Be Created With Different Requirements And Thresholds For Small And Large Businesses

In an early 2015 Enterprise Zone report, Florida's Office of Program Policy Analysis and Government Accountability suggested that the state create a tiered system with requirements varying based on business size. For instance, in order to receive a business machinery and equipment sales tax refund, a minimum \$5,000 investment must be made in a single piece of equipment. This expense is too high for small businesses. Lowering this threshold would be more attractive for small businesses, and should be considered a viable option for Florida's Enterprise Zone program.

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As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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