

Committee Substitute for Senate Bill No. 1604

An act relating to community-based development organizations; creating the “Community-Based Development Organization Act”; providing legislative findings and intent; providing eligibility requirements for administrative and operating grants to community-based development organizations; providing for award of grants by the Department of Community Affairs for housing and economic development projects; providing a three-tiered plan; providing a description of activities eligible for funding; providing application requirements; providing reporting and evaluation requirements; authorizing the Department of Community Affairs to adopt rules; providing an appropriation; amending s. 212.08, F.S.; revising an exemption from taxation for machinery and equipment used in silicon-technology production and research and development; making the exemption applicable to semiconductor-technology production and research and development; providing an exemption from taxation for building materials purchased for use in manufacturing or expanding clean rooms for semiconductor-manufacturing facilities; revising definitions; revising criteria and procedures; providing a partial exemption for machinery and equipment for use in defense and space technology research and development and production; providing definitions; amending the future repeal date for the exemption for solar energy systems; amending s. 125.0104, F.S.; authorizing counties that levy a tourist development tax after a specified date for the purpose of issuing bonds to construct, reconstruct, or renovate a convention center to pay the operation and maintenance costs of the convention center for the life of the bonds; forgiving certain taxes; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. This act may be cited as the “Community-Based Development Organization Assistance Act.”

Section 2. Legislative findings and intent.—

(1) The Legislature finds that:

(a) Significant declines and consistently depressed appraised values make it impossible for business enterprises, including community-based development organizations, to generate sufficient revenues from business or real estate ventures in low-income neighborhoods to fund the redevelopment costs and other administrative expenses needed to foster new developments in these hard-to-develop areas.

(b) This deterioration contributes to the decline of neighborhoods in both rural and urban areas, causes a reduction of the value of property comprising the tax base of local communities, and eventually requires the expenditure of disproportionate amounts of public funds for health, social services,

and police protection to prevent the development of slums and the social and economic disruption found in slum communities.

(c) The available means of eliminating or reducing these deteriorating economic conditions and encouraging local resident participation and support is to provide support assistance and resource investment to community-based development organizations. The Legislature also finds that community-based development organizations can contribute to the creation of jobs in response to federal welfare reform and state WAGES Program legislation, and economic development activities related to urban and rural economic initiatives.

(2) The intent of this legislation is to provide community-based development organizations with the necessary administrative and operating funds to retain project staff to plan, implement, and manage job-generating and community revitalization developments in distressed neighborhoods. This assistance will strengthen the community-based development organizations, assist local governments to enhance and expand revitalization efforts, and contribute to expanding the base of commerce, business, and affordable housing that will serve persons with very low incomes or low incomes, or WAGES recipients, using a bottom-up approach.

Section 3. Eligibility for assistance.—Community-based development organizations that meet the following requirements shall be eligible for assistance.

(1) The community-based development organization must be a nonprofit corporation under state law and s. 501(c)(3) of the United States Internal Revenue Code.

(2) A majority of the board members of the community-based development organization must be elected by those members of the corporation who are stakeholders, comprising a mix of service area residents, area business property owners, area employees, and low-income residents. The board of a community-based development organization shall include low-income residents.

(3) The community-based development organization must maintain a service area in which economic and housing development projects are located and must further meet one or more of the following criteria:

(a) The area has been designated pursuant to section 163.355, Florida Statutes, as a slum area or a blighted area, as defined in section 163.340, Florida Statutes, or is located completely within the boundaries of a slum area or a blighted area.

(b) The area is a community development block grant program area in which community development block grant funds are currently being spent or have been spent during the last 3 years as certified by the local government in which the service area is located.

(c) The area is a neighborhood housing service district.

(d) The area is contained within a state enterprise zone designated on or after July 1, 1995, in accordance with section 290.0065, Florida Statutes.

(e) The area is contained in federal empowerment zones and enterprise communities.

Section 4. Three-tiered plan.—The Department of Community Affairs is authorized to award core administrative and operating grants. Administrative and operating grants shall be used for staff salaries and administrative expenses for eligible community-based development organizations selected through a competitive three-tiered process for the purpose of housing and economic development projects. The department shall adopt by rule a set of criteria for three-tiered funding that shall ensure equitable geographic distribution of the funding throughout the state. This three-tiered plan shall include emerging, intermediate, and mature community-based development organizations recognizing the varying needs of the three tiers. Funding shall be provided for core administrative and operating grants for all levels of community-based development organizations. Priority shall be given to those organizations that demonstrate community-based productivity and high performance as evidenced by past projects developed with stakeholder input that have responded to neighborhood needs, and have current projects located in high-poverty neighborhoods, and to emerging community-based development corporations that demonstrate a positive need identified by stakeholders. Persons, equipment, supplies, and other resources funded in whole or in part by grant funds shall be utilized to further the purposes of this act, and may be utilized to further the goals and objectives of the Front Porch Florida Initiative. The one-time appropriation provided in this act shall be distributed by the Department of Community Affairs, to be used in a constructive manner by community-based development organizations across the state. Thereafter, each community-based development organization shall be eligible to apply for a grant of up to \$50,000 per year for a period of 5 years.

Section 5. Eligible activities.—Activities eligible for assistance pursuant to this act include, but are not limited to:

(1) Preparing grant and loan applications, proposals, fundraising letters, and other documents essential to securing additional administrative or project funds to further the purposes of this act.

(2) Monitoring and administering grants and loans, providing technical assistance to businesses, and any other administrative tasks essential to maintaining funding eligibility or meeting contractual obligations.

(3) Developing local programs and home ownership housing projects to encourage the participation of financial institutions, insurance companies, attorneys, architects, engineers, planners, law enforcement officers, developers, and other professional firms and individuals providing services beneficial to redevelopment efforts.

(4) Providing technical, accounting, and financial assistance and information to businesses and entrepreneurs interested in locating, expanding, or operating in the service area.

(5) Coordinating with state, federal, and local governments and other nonprofit organizations to ensure that activities meet local plans and ordinances and to avoid duplication of tasks.

(6) Assisting service area residents in identifying and determining eligibility for state, federal, and local housing programs, including rehabilitation, weatherization, home ownership, rental assistance, or public housing programs.

(7) Developing, selling, owning, and managing subsidized affordable housing designed for persons with very low incomes or low incomes, or for WAGES recipients, or developing, selling, owning, and managing subsidized affordable industrial parks providing jobs to such persons.

(8) Obtaining technical assistance to build capacity to support community-based development organization projects.

Section 6. Application requirements.—A community-based development organization applying for a core administrative and operating grant pursuant to this act must submit a proposal to the Department of Community Affairs that includes:

(1) A map and narrative description of the service areas for the community-based development organization.

(2) A copy of the documents creating the community-based development organization.

(3) A listing of the membership of the board of the community-based development organization, including individual members' terms of office and the number low-income residents on the board.

(4) The organization's annual revitalization plan that describes the expenditure of the funds, including goals, objectives, and expected results, and has a clear relationship to the local municipality's comprehensive plan.

(5) Other supporting information that may be required by the Department of Community Affairs to determine the organization's capacity and productivity.

(6) A description of the location, financing plan, and potential impact of the business enterprises on residential, commercial, or industrial development, that shows a clear relationship to the organization's annual revitalization plan and demonstrates how the proposed expenditures are directly related to the scope of work for the proposed projects in the annual revitalization plan.

Section 7. Reporting and evaluation requirements.—Community-based development organizations that receive funds under this act shall provide the following information to the Department of Community Affairs annually:

(1) A listing of business firms and individuals assisted by the community-based development organization during the reporting period.

(2) A listing of the type, source, purpose, and amount of each individual grant, loan, or donation received by the community-based development organization during the reporting period.

(3) The number of paid and voluntary positions within the community-based development organization.

(4) A listing of the salaries and administrative and operating expenses of the community-based development organization.

(5) An identification and explanation of changes in the boundaries of the target area.

(6) The amount of earned income from projects, programs, and development activities.

(7) The number and description of projects in predevelopment phase, projects under construction, ongoing service programs, construction projects completed, and projects at sell-out or lease-up and property management phase, and a written explanation of the reasons that caused any projects not to be completed for the projected development phase.

(8) The impact of the projects, as a result of receiving funding under this act, on residents in the target area, and the relationship of this impact to expected outcomes listed in the organization's annual revitalization plan.

(9) The number of housing units rehabilitated or constructed at various stages of development, predevelopment phase, construction phase, completion and sell-out or lease-up phase, and condominium or property management phase by the community-based development organization within the service area during the reporting period.

(10) The number of housing units, number of projects, and number of persons served by prior projects developed by the organization, the amounts of project financing leverage with state funds for each prior and current project, and the incremental amounts of local and state real estate tax and sales tax revenue generated directly by the projects and programs annually.

(11) The number of jobs, both permanent and temporary, received by individuals who were directly assisted by the community-based development organization through assistance to the business such as a loan or other credit assistance.

(12) An identification and explanation of changes in the boundaries of the service area.

(13) The impact of completed projects on residents in the target area and the relationship of this impact to expected outcomes listed in the organization's annual revitalization plan.

(14) Such other information as the Department of Community Affairs requires.

Section 8. The Department of Community Affairs shall adopt rules for the administration of this act.

Section 9. There is hereby appropriated from the General Revenue Fund the sum of \$1 million to be distributed as grants to community-based development organizations as provided by this act.

[Section 9, ch. 2000-351, was vetoed by the Governor.]

Section 10. Paragraph (j) of subsection (5) and paragraph (mm) of subsection (7) of section 212.08, Florida Statutes, are amended to read:

212.08 Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.—The sale at retail, the rental, the use, the consumption, the distribution, and the storage to be used or consumed in this state of the following are hereby specifically exempt from the tax imposed by this chapter.

(5) EXEMPTIONS; ACCOUNT OF USE.—

(j) Machinery and equipment used in semiconductor, defense, or space silicon technology production and research and development.—

1.a. Industrial machinery and equipment used purchased for use in semiconductor silicon technology facilities certified under subparagraph 6. 5. to manufacture, process, compound, or produce semiconductor silicon technology products for sale or for use by these facilities are exempt from the tax imposed by this chapter. For purposes of this paragraph, industrial machinery and equipment includes molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing equipment, test beds, computers, and software, whether purchased or self-fabricated, and, if self-fabricated, includes materials and labor for design, fabrication, and assembly.

b. Industrial machinery and equipment used in defense or space technology facilities certified under subparagraph 6. to manufacture, process, compound, or produce defense technology products or space technology products for sale or for use by these facilities are exempt from 25 percent of the tax imposed by this chapter.

2.a. Machinery and equipment are exempt from the tax imposed by this chapter if used purchased for use predominately in semiconductor silicon wafer research and development activities in a semiconductor silicon technology research and development facility certified under subparagraph 6. 5. For purposes of this paragraph, machinery and equipment includes molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing equipment, test beds, computers, and software, whether purchased or self-fabricated, and, if self-fabricated, includes materials and labor for design, fabrication, and assembly.

b. Machinery and equipment are exempt from 25 percent of the tax imposed by this chapter if used predominately in defense or space research and development activities in a defense or space technology research and development facility certified under subparagraph 6.

3. Building materials purchased for use in manufacturing or expanding clean rooms in semiconductor-manufacturing facilities are exempt from the tax imposed by this chapter.

~~4.3.~~ In addition to meeting the criteria mandated by subparagraph 1., ~~or~~ subparagraph 2., or subparagraph 3., a business must be certified by the Office of Tourism, Trade, and Economic Development as authorized in this paragraph in order to qualify for exemption under this paragraph.

5.4. For items purchased tax exempt pursuant to this paragraph, possession of a written certification from the purchaser, certifying the purchaser's entitlement to exemption pursuant to this paragraph, relieves the seller of the responsibility of collecting the tax on the sale of such items, and the department shall look solely to the purchaser for recovery of tax if it determines that the purchaser was not entitled to the exemption.

~~6.5.a.~~ To be eligible to receive the exemption provided by subparagraph 1., ~~or~~ subparagraph 2., or subparagraph 3., a qualifying business entity shall apply to Enterprise Florida, Inc. The application shall be developed by the Office of Tourism, Trade, and Economic Development in consultation with Enterprise Florida, Inc.

b. Enterprise Florida, Inc., shall review each submitted application and information and determine whether or not the application is complete within 5 working days. Once an application is complete, Enterprise Florida, Inc., shall, within 10 working days, evaluate the application and recommend approval or disapproval of the application to the Office of Tourism, Trade, and Economic Development.

c. Upon receipt of the application and recommendation from Enterprise Florida, Inc., the Office of Tourism, Trade, and Economic Development shall certify within 5 working days those applicants who are found to meet the requirements of this section and notify the applicant, Enterprise Florida, Inc., and the department of the certification. If the Office of Tourism, Trade, and Economic Development finds that the applicant does not meet the requirements of this section, it shall notify the applicant and Enterprise Florida, Inc., within 10 working days that the application for certification has been denied and the reasons for denial. The Office of Tourism, Trade, and Economic Development has final approval authority for certification under this section.

~~7.6.a.~~ A business certified to receive this exemption may apply once each year for the exemption.

~~b.~~ ~~The first claim submitted by a business may include all eligible expenditures made after the date the business was certified.~~

~~b.c.~~ ~~To apply for the annual exemption, the business shall submit a claim to the Office of Tourism, Trade, and Economic Development, which claim indicates and documents the sales and use taxes otherwise payable on eligible machinery and equipment. The application claim must also indicate, for program evaluation purposes only, the average number of full-time equivalent employees at the facility over the preceding calendar year, the average~~

wage and benefits paid to those employees over the preceding calendar year, ~~and the total investment made in real and tangible personal property over the preceding calendar year, and the total value of tax-exempt purchases and taxes exempted during the previous year or, for the first claim submitted, since the date of certification.~~ The department shall assist the Office of Tourism, Trade, and Economic Development in evaluating and verifying information provided in the application for exemption.

c.d. The Office of Tourism, Trade, and Economic Development may use the information reported on the application claims for evaluation purposes only and shall prepare an annual report on the exemption program and its cost and impact. The annual report for the preceding fiscal year shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by September 30 of each fiscal year. This report may be submitted in conjunction with the annual report required in s. 288.095(3)(c).

8.7. A business certified to receive this exemption may elect to designate one or more state universities or community colleges as recipients of up to 100 percent of the amount of the exemption for which they may qualify. To receive these funds, the institution must agree to match the funds so earned with equivalent cash, programs, services, or other in-kind support on a one-to-one basis in the pursuit of research and development projects as requested by the certified business. The rights to any patents, royalties, or real or intellectual property must be vested in the business unless otherwise agreed to by the business and the university or community college.

9.8. As used in this paragraph, the term:

a. "Predominately" means at least 50 percent of the time in qualifying research and development.

b. "Research and development" means basic and applied research in the science or engineering, as well as the design, development, and testing of prototypes or processes of new or improved products. Research and development does not include market research, routine consumer product testing, sales research, research in the social sciences or psychology, nontechnological activities, or technical services.

c. "Semiconductor Silicon technology products" means raw semiconductor silicon wafers or semiconductor thin films that are transformed into semiconductor memory or logic wafers, including wafers containing mixed memory and logic circuits; related assembly and test operations; active-matrix flat panel displays; semiconductor chips; semiconductor lasers; optoelectronic elements; and related semiconductor silicon technology products as determined by the Office of Tourism, Trade, and Economic Development.

d. "Clean rooms" means manufacturing facilities enclosed in a manner that meets the clean manufacturing requirements necessary for high-technology semiconductor-manufacturing environments.

e. “Defense technology products” means products that have a military application, including, but not limited to, weapons, weapons systems, guidance systems, surveillance systems, communications or information systems, munitions, aircraft, vessels, or boats, or components thereof, which are intended for military use and manufactured in performance of a contract with the United States Department of Defense or the military branch of a recognized foreign government or a subcontract thereunder which relates to matters of national defense.

f. “Space technology products” means products that are specifically designed or manufactured for application in space activities, including, but not limited to, space launch vehicles, missiles, satellites or research payloads, avionics, and associated control systems and processing systems. The term does not include products that are designed or manufactured for general commercial aviation or other uses even though those products may also serve an incidental use in space applications.

(7) MISCELLANEOUS EXEMPTIONS.—

(mm) Solar energy systems.—Also exempt are solar energy systems or any component thereof. The Florida Solar Energy Center shall from time to time certify to the department a list of equipment and requisite hardware considered to be a solar energy system or a component thereof. This exemption is repealed July 1, ~~2005~~ 2002.

Exemptions provided to any entity by this subsection shall not inure to any transaction otherwise taxable under this chapter when payment is made by a representative or employee of such entity by any means, including, but not limited to, cash, check, or credit card even when that representative or employee is subsequently reimbursed by such entity.

Section 11. Paragraph (l) of subsection (3) of section 125.0104, Florida Statutes, is amended to read:

125.0104 Tourist development tax; procedure for levying; authorized uses; referendum; enforcement.—

(3) TAXABLE PRIVILEGES; EXEMPTIONS; LEVY; RATE.—

(l) In addition to any other tax which is imposed pursuant to this section, a county may impose up to an additional 1-percent tax on the exercise of the privilege described in paragraph (a) by majority vote of the governing board of the county in order to:

1. Pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a professional sports franchise facility, or the acquisition, construction, reconstruction, or renovation of a retained spring training franchise facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility, and to pay the planning and design costs incurred prior to the issuance of such bonds.

2. Pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center, and to pay the planning and design costs incurred prior to the issuance of such bonds.

3. Pay the operation and maintenance costs of a convention center for a period of up to 10 years. Only counties that have elected to levy the tax for the purposes authorized in subparagraph 2. may use the tax for the purposes enumerated in this subparagraph. Any county that elects to levy the tax for the purposes authorized in subparagraph 2. after July 1, 2000, may use the proceeds of the tax to pay the operation and maintenance costs of a convention center for the life of the bonds.

The provision of paragraph (b) which prohibits any county authorized to levy a convention development tax pursuant to s. 212.0305 from levying more than the 2-percent tax authorized by this section, and the provisions of paragraphs (4)(a) through (d), shall not apply to the additional tax authorized in this paragraph. The effective date of the levy and imposition of the tax authorized under this paragraph shall be the first day of the second month following approval of the ordinance by the governing board or the first day of any subsequent month as may be specified in the ordinance. A certified copy of such ordinance shall be furnished by the county to the Department of Revenue within 10 days after approval of such ordinance.

Section 12. This act shall take effect January 1, 2001.

Approved by the Governor June 21, 2000.

Filed in Office Secretary of State June 21, 2000.