



Staff Analysis

Status of Gainesville Enterprise Zone Program

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CITY OF GAINESVILLE STAFF ANALYSIS

Legistar No: 160396

Title: Status of Gainesville Enterprise Zone Program

Sponsor: Commissioner Todd Chase
Economic Development and Innovation Department

City Staff Contact: Erik Bredfeldt, Economic Development and Innovation Director

Summary of Issue

On December 31, 2015, the State of Florida Legislature let the State Enterprise Zone program sunset. This program had been administered within the City of Gainesville since 1995 and generally provided a menu of State incentives (primarily sales and use tax refunds for capital purchases and hiring) and then a local component as well (reductions in permitting fees, business tax, and utility tax).

In late 2015, staff presented the issue to the Economic Development University Community Committee (EDUCC) and received direction as regards the local component of the program.

The General Policy Committee is being asked to either affirm the recommendation of the Committee and/or to propose any additional direction.

History/Background Information

At the October 29, 2015 EDUCC meeting, the Committee discussed prospects moving forward regarding the EZ program as a consequence of the State of Florida Legislature letting the program sunset on December 31, 2015.

Staff raised the following questions to the Committee regarding the local component of the program and recommendations:

- Does the Committee recommend that the current local incentives remain in place?
Recommendation: Staff recommends keeping the current EZ incentives in place as they represent a regulatory incentive that is fairly easily administered.
- Would the Committee wish to modify the spatial application of the program via map adjustments? **Recommendation: Currently the City's Enterprise Zone is 10 square miles by Statute and staff recommends that this threshold remain and /or be shifted/increased to the east to cover additional eastside geography.**

- Does the Committee recommend any additional incentives aside from those being offered be pursued? **Recommendation: Consideration based upon existing gaps?**
- When does the Committee feel as though a new Enterprise Zone Program should be effective? **Recommendation: Staff would recommend doing the preparatory work over the next several months and then be in a position to implement after the State Legislative session.**
- Should the program continue to be called the Enterprise Zone Program?
Recommendation: Enterprise Zone communicates facilitation of Enterprise so retain name or come up with something similarly generic.

Overall Recommendation: Direct staff to make Committee recommended modifications to the Enterprise Zone Program and bring back a revised program for review at the next EDUCC meeting.

Options Generally, the Committee provided the following direction:

- *Reconstitute the program with local incentives and provide additional information to the Committee on the current discounts*
Pros Provides continuity in term of City posture on business development.
Cons Local incentives may not be rich enough to induce economic behavior.
- *Analyze applying the local incentives to a geographic area that has as its western boundary either 13th Street, 6th Street or Main Street and then runs east*
Pros Eliminates gaps in entities assisted and more comprehensive in application.
Cons Costs involved in the deferral of development fees.
- *Look at rebranding the program consistent with other existing East Gainesville Programs/Initiatives*
Pros Brings program in sync with other offered incentives in terms of communication.
Cons Loss of identity of the program.

- *Consider forwarding a letter to the State of Florida Legislature regarding local support for the EZ program*

Pros Communicates the City's position.

Cons This has been executed by the State Legislature and there is no corrective action contemplated at this time

- *Consider waving the business license tax for start-up businesses*

Pros Sends a message about relieving burdens on small business start-up

Cons Potential lost revenue.

- *Communicate the status of the program to affected parties*

Pros Pro-actively makes entities aware of loss of State program benefits.

Cons None.

Staff Recommended Option

Direct staff to make General Policy Committee recommended modifications to the Enterprise Zone Program based upon the options above and bring back a revised program for review to a regularly scheduled City Commission meeting.

Attachments/References