

Economic Development Programs: 2025

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OPPAGA

Office of Program Policy Analysis and Government Accountability

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Economic Development Programs: 2025

EXECUTIVE SUMMARY

The Legislature enacted new laws that addressed Florida's economic development programs during the review period. Notably, the 2023 Legislature enacted Ch. 2023-173, *Laws of Florida*, which made changes to economic development programs included in this review cycle.¹ Among the changes, the law eliminated Enterprise Florida, Inc., and transferred its responsibility to the Florida Department of Economic Opportunity, which the chapter renamed as the Florida Department of Commerce (FloridaCommerce).² In addition, the law

- removed six incentives that OPPAGA had been directed to review in this cycle, including the Qualified Target Industry Tax Refund, High-Impact Business Performance Grants, the Quick Action Closing Fund, the Innovation Incentive Program, the Enterprise Zone Program, and the New Markets Development Program;
- added the Florida Job Growth Grant Fund Program, the Research and Development Tax Credit Program, the Rural Job Tax Credit Program, and the Urban High-Crime Area Job Tax Program to this review cycle;
- repealed the Qualified Target Industry Business Tax refund (QTI) and made QTI businesses ineligible to receive Brownfield Redevelopment Tax Bonuses and Rural Job Tax Credits;
- specified qualifying project eligibility requirements for the Capital Investment Tax Credit Program by defining the term *average private sector wage in the area*; and
- amended the Florida Job Growth Grant Fund Program project eligibility requirements to include state or local affordable housing development or construction projects and removed the provision that allowed the program to provide funding to accelerate the rehabilitation of the Herbert Hoover Dike.

REPORT SCOPE

Section 288.0001, *Florida Statutes*, requires OPPAGA and the Office of Economic and Demographic Research (EDR) to provide a detailed analysis of state economic development programs according to a recurring schedule. OPPAGA must evaluate each program for effectiveness and value to the state's taxpayers over the previous three years and include recommendations for consideration by the Legislature; EDR must evaluate and determine the economic benefits, as defined in s. 288.005, *Florida Statutes*, of each program over the same period. Six incentives administered by two entities are scheduled for review by January 1, 2026.

- Brownfield Redevelopment Bonus Refund Program
- Capital Investment Tax Credit Program
- Florida Job Growth Grant Fund Program
- Research and Development Tax Credit Program
- Rural Job Tax Credit Program
- Urban High-Crime Area Job Tax Credit Program

The review period covers Fiscal Years 2021-22 through 2023-24 for the Brownfield Redevelopment Bonus Refund Program and the Florida Job Growth Grant Fund Program. The review period for all tax credit programs is calendar years 2021 through 2023.

¹ Chapter 2023-173, *Laws of Florida*.

² OPPAGA refers to this state entity as the Florida Department of Commerce (FloridaCommerce) throughout this report.

The Legislature also enacted changes related to the criteria that FloridaCommerce uses to review incentive applications. Specifically, the 2020 Legislature required FloridaCommerce to verify that a business is registered with and uses the E-Verify system before approving an economic development incentive application. The E-Verify system is an internet-based system operated by the U.S. Department of Homeland Security that allows participating employers to electronically verify the employment eligibility of new employees. Additional changes related to the E-Verify system include Ch. 2023-40, *Laws of Florida*, requiring employers with 25 or more employees to use the E-Verify system.³ In the same year, the Legislature enacted Ch. 2023-33, *Laws of Florida*, requiring applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity.⁴

The economic development programs OPPAGA reviewed provided a variety of incentives

The economic development programs under review provided a range of incentives to Florida businesses, local governments, state governments, state colleges, and state technical centers. These benefits included tax refunds, tax credits, and grants for public infrastructure and workforce training.

Brownfield Redevelopment Bonus Refund Program

The Brownfield Redevelopment Bonus Refund Program (s. 288.107, *Florida Statutes*) is administered by FloridaCommerce. The program encourages businesses to create jobs and make capital investments within eligible brownfield areas by providing tax refunds. Brownfield sites are abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination. The review period is Fiscal Years 2021-22 through 2023-24.

Participation in the Brownfield Redevelopment Bonus Refund Program was low, with FloridaCommerce receiving 15 applications from Fiscal Years 2014-15 through 2023-24. From Fiscal Years 2021-22 through 2023-24, the amount of tax refunds received by eligible businesses decreased from \$237,675 in Fiscal Year 2021-22 to \$170,000 in Fiscal Year 2023-24. Although program participation remained low, projects that received tax refunds exceeded the total number of jobs committed and the amount of capital investment committed. The seven projects that received tax refunds during the review period confirmed 488 created jobs and \$22.8 million in capital investment.

The Legislature could consider discontinuing the Brownfield Redevelopment Bonus Refund Program due to low participation. FloridaCommerce received no applications and executed no new tax refund agreements during the last two years of the review period. If the Legislature continues the program, FloridaCommerce should expand marketing efforts to help increase program participation, such as reestablishing the department's presence at industry events and developing informational program material to increase awareness and promote the program.

Capital Investment Tax Credit Program

The Capital Investment Tax Credit (CITC) Program (s. 220.191, *Florida Statutes*) is administered by FloridaCommerce and the Florida Department of Revenue (DOR) on a calendar year basis. The program provides tax credits for certain capital costs to corporations operating in specific industries. The review period is calendar years 2021 through 2023.

From Fiscal Years 2014-15 through 2023-24, participation in the CITC program varied, with most applications and certifications occurring in Fiscal Year 2022-23. From calendar years 2021 through 2023, 28 projects received \$312.1 million in tax credits. Five projects that commenced operations

³ Chapter [2023-40](#), *Laws of Florida*.

⁴ Chapter [2023-33](#), *Laws of Florida*.

during the review period exceeded capital investment and job creation requirements, resulting in \$802.7 million in capital investments and a net gain of 1,489 confirmed jobs. The remaining 23 projects that were awarded tax credits commenced operations and made capital investments of \$4.9 billion prior to the review period, in addition to maintaining initial job commitments.

OPPAGA determined that during the period, one business that received \$158,879 in CITC program tax credits was ineligible to receive credits because it did not provide FloridaCommerce or DOR all documentation required to obtain its annual certification. To avoid similar situations in the future, DOR reported that it will ensure that auditors are aware of all requirements and how to confirm whether certification requirements have been met.

Florida Job Growth Grant Fund Program

The Florida Job Growth Grant Fund Program (s. 288.101, *Florida Statutes*) is administered by FloridaCommerce. The program provides grant funds to eligible state governments, local governments, state colleges, and technical centers for projects that improve public infrastructure or promote workforce training. The review period is Fiscal Years 2021-22 through 2023-24.

From Fiscal Years 2017-18 through 2023-24, the Florida Job Growth Grant Fund Program received 627 proposals and awarded approximately \$440.5 million to 119 projects. From Fiscal Years 2021-22 through 2023-24, FloridaCommerce disbursed \$164.1 million, mostly to public infrastructure projects. FloridaCommerce amended most grant agreements at least once, including extending the original timelines for 44% of projects that received disbursements.

Grant recipients across the state used Florida Job Growth Grant Fund Program funds to expand or improve six types of infrastructure and train students in 13 industries. As of December 2024, public infrastructure grant recipients reported creating 2,970 of the 39,276 jobs committed to be created by 2038 and securing \$1.3 billion in capital investments. As of 2024, workforce training grant recipients had trained 65% of the 27,272 students committed to be trained by 2037.

Research and Development Tax Credit Program

The Research and Development Tax Credit (RDTC) Program (s. 220.196, *Florida Statutes*) is administered by FloridaCommerce and DOR on a calendar year basis. The program offers tax credits to businesses in a qualified target industry for increasing specific research activities in Florida. The review period is calendar years 2021 through 2023.

From calendar years 2014 through 2023, applications for the RDTC program consistently exceeded the annual \$9 million statutory limit. From calendar years 2021 through 2023, DOR allocated eight businesses 53.3% of the tax credits. Most allocated tax credits were for businesses conducting research and development in the information technology and manufacturing qualified target industry sectors. During the review period, 134 businesses located in 21 counties claimed \$21.3 million in tax credits. Manufacturing businesses comprised the largest share of the total tax credit amount claimed in 2021 and 2022, while information technology businesses claimed the most tax credits in 2023.

Rural Job Tax Credit Program

The Rural Job Tax Credit (RJTC) Program (ss. 220.1895 and 212.098, *Florida Statutes*) is administered by FloridaCommerce and DOR on a calendar year basis. The program encourages the provision of meaningful employment opportunities and economic expansion of businesses in designated rural areas of the state. The review period is calendar years 2021 through 2023.

FloridaCommerce received 24 RJTC program applications from calendar years 2014 through 2023 and 6 from calendar years 2021 through 2023; all applications were approved to receive tax credits. During the review period, only five businesses claimed credits, totaling \$66,000. These businesses created 195

jobs, most of which were created by manufacturing industry businesses. According to FloridaCommerce officials, low RJTC program participation is a longstanding issue.

The Legislature could consider discontinuing the RJTC program due to low participation. Program participation was low from calendar years 2014 through 2023, with tax credits allocated and received falling well below statutory caps. If the Legislature continues the RJTC program, FloridaCommerce should expand its marketing efforts to help increase program participation. Enhanced marketing efforts could include displaying program information more prominently on local economic development organizations' websites, developing marketing materials, and providing program information to business associations and consultants.

Urban High-Crime Area Job Tax Credit Program

The Urban High-Crime Area Job Tax Credit Program (s. 212.097, *Florida Statutes*) is administered by FloridaCommerce and DOR on a calendar year basis. The program encourages new and existing businesses to create jobs within designated high-crime areas by providing tax credits. The review period is calendar years 2021 through 2023.

Current designated high-crime areas may not include locations with the highest crime rates in the state, because FloridaCommerce has not designated new areas since 1997. Additionally, the department does not always rank and tier designated areas using updated crime data submitted by local governments. Program participation steadily declined from calendar years 2014 through 2023 and was at its lowest from calendar years 2021 through 2023. Seven businesses located in eight urban high-crime areas received a total of \$1.4 million in tax credits. These businesses created 1,181 new jobs, most of which were created in Miami-Dade County.

The Legislature could consider discontinuing the Urban High-Crime Area Job Tax Credit Program due to low participation. If the Legislature continues the program, program administration and implementation could be improved. The Legislature could require FloridaCommerce to designate new areas on a recurring basis or consider establishing a crime threshold, based on current statewide crime statistics, to ensure that only areas with significant high crime remain eligible for designation as a high-crime area. In addition, FloridaCommerce should work with local governments to ensure compliance with requirements to submit crime data for ranking and tiering designated areas.

Chapter 1: Brownfield Redevelopment Bonus Refund Program

OPPAGA reviewed the Brownfield Redevelopment Bonus Refund Program established under s. 288.107, *Florida Statutes*. The review period is Fiscal Years 2021-22 through 2023-24. This is the fifth OPPAGA review of the Brownfield Redevelopment Bonus Refund Program.⁵

BACKGROUND

Program Purpose

The 1997 Legislature created the Brownfield Redevelopment Bonus Refund Program to encourage businesses to create jobs and make capital investments within brownfield areas eligible for tax refunds. Brownfield sites are abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.⁶

Program Administration

The tax refund program is one of several incentives designed to redevelop brownfields and achieve environmental and economic development objectives under the Florida Brownfields Redevelopment Act.⁷ These objectives include rehabilitating contaminated sites, preventing the premature development of green space, reducing blight, reusing existing infrastructure, creating jobs, and increasing capital investment. The Florida Department of Commerce (FloridaCommerce) and the Florida Department of Environmental Protection (DEP) have brownfield redevelopment responsibilities under the act.⁸ (See Exhibit 1.)

Exhibit 1

The Florida Department of Commerce and the Florida Department of Environmental Protection Both Have Responsibilities Related to Brownfield Redevelopment

Florida Department of Commerce	<ul style="list-style-type: none">• Administers the Brownfield Redevelopment Bonus Refund Program• Reviews program applications• Executes tax refund agreements with approved businesses• Approves tax refunds
Florida Department of Environmental Protection	<ul style="list-style-type: none">• Negotiates Brownfield Site Rehabilitation Agreements with persons responsible for site cleanup• Oversees brownfield area cleanup criteria• Administers the Voluntary Cleanup Tax Credit Program¹

¹ The Voluntary Cleanup Tax Credit Program encourages voluntary cleanup of brownfield sites through tax credits to partially offset the cost of site rehabilitation or solid waste removal.

Source: OPPAGA analysis of the *Florida Statutes* and Florida Department of Environmental Protection and Florida Department of Commerce information.

⁵ For previous OPPAGA analyses of the Brownfield Redevelopment Bonus Refund Program, see *Florida Economic Development Program Evaluations – Year 1*, Report No. [14-01](#), January 2014; *Florida Economic Development Program Evaluations – Year 4*, Report No. [17-02](#), January 2017; *Florida Economic Development Program Evaluations – Year 7*, Report No. [19-16](#), December 2019; and *Florida Economic Development Program Evaluations – Year 10*, Report No. [22-06](#), November 2022.

⁶ Perceived environmental contamination includes the potential presence of a hazardous substance, pollutant, or contaminant, such as asbestos or lead, due to current or past uses at the site. There is uncertainty about whether, and to what extent, environmental contamination exists on these properties, and a site assessment is needed to determine the environmental conditions and potential harm. Examples of properties include gas stations, housing and residential areas, dry cleaners, and agricultural land.

⁷ Chapter [97-277](#), *Laws of Florida*.

⁸ Chapter [2023-173](#), *Laws of Florida*, renamed the Florida Department of Economic Opportunity as the Florida Department of Commerce.

Eligibility

To be eligible for the Brownfield Redevelopment Bonus Refund Program, the business activity must take place in a brownfield area that is either subject to or adjacent to a property subject to a Brownfield Site Rehabilitation Agreement (BSRA). Brownfield areas eligible for tax refunds contain brownfield sites with an executed BSRA from the Florida Department of Environmental Protection or a local government delegated by DEP; as of June 30, 2025, there were 613 designated brownfield areas statewide.⁹ BSRAs are voluntary cleanup agreements that provide the department and the public assurance that site rehabilitation is conducted in accordance with state statutes and rules. BSRAs include a rehabilitation schedule with milestones for completion of rehabilitation tasks and a commitment by DEP to review technical reports submitted by the persons responsible for cleanup.

Local governments may designate brownfield areas and identify the person responsible for brownfield site rehabilitation. The responsible person is the individual or entity designated by the local government to enter into the BSRA with DEP or an approved local pollution control program. Each BSRA contains various commitments by the responsible party, including

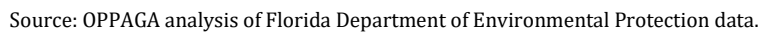
- milestones for completing site rehabilitation tasks;
- commitments to submit technical reports and plans; and
- timeframes for DEP to review the submitted reports.

Once cleanup is complete and no further action is required, DEP issues a Site Rehabilitation Completion Order (SRCO) to the responsible person.¹⁰ Since 1997, there have been 532 BSRAs executed in the state, and as of July 2025, there were 279 active BSRAs without a completion order. The amount of cleanup and the time required for a site to receive a completion order depend on the type of contaminants at the site, the extent of contamination, and the intended reuse of the property. The majority of BSRAs without an SRCO are located in Central and South Florida, with Miami-Dade County having the most agreements. (See Exhibit 2.)

⁹ A brownfield area is a contiguous area of one or more brownfield sites, which may or may not be contaminated, that local governments have designated by a resolution.

¹⁰ An SRCO indicates the completion date of the BSRA when clean-up is finished, and the completion order can be unconditional or conditional. DEP issues an unconditional completion order when sites have completed cleanup of property to standards protective of human health and the environment and for which no further action is required at the time. DEP issues a conditional completion order when the department has approved alternate cleanup target levels that are protective of human health, public safety, and the environment for a site, as established by r. [62-780.680, F.A.C.](#), or the voluntary responsible party has agreed to use institutional controls and, if appropriate, engineering controls to eliminate exposure to contaminants.

Most Brownfield Site Rehabilitation Agreements Without a Site Rehabilitation Completion Order Are Located in Central and South Florida



¹¹ Fixed capital investments are tangible assets that support long-term business operations including expenditures for constructing offices, warehouses, and retail spaces.

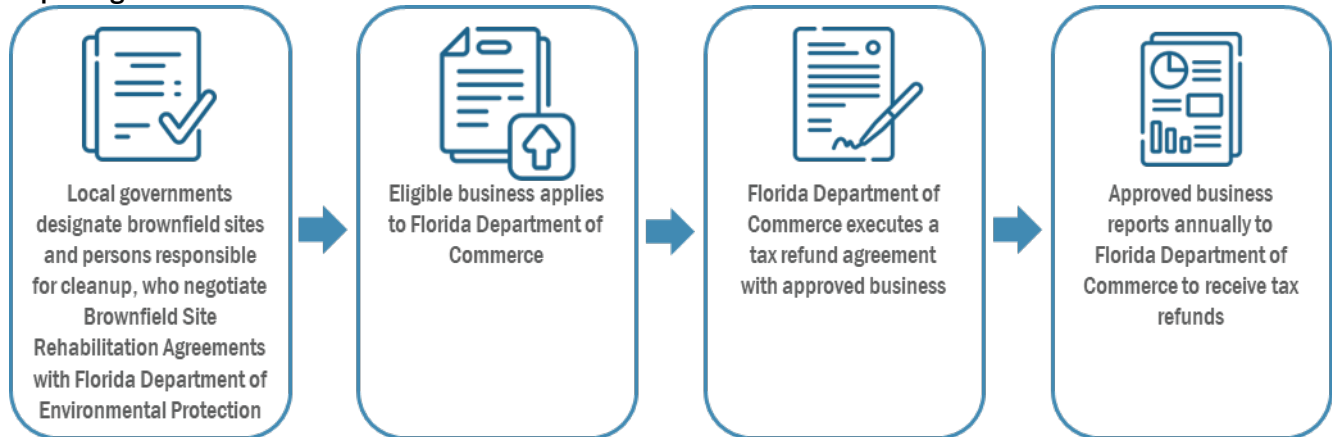
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Tax Refund Agreements

Eligible businesses must apply to FloridaCommerce to participate in the tax refund program. The department reviews each application to assess its economic benefits to the state and to determine if the proposed project is located on a brownfield site with an executed BSRA.^{13,14} Following this review, program staff makes a recommendation to the Secretary of the Department of Commerce to approve or deny the application. If approved, FloridaCommerce and the applicant enter into a performance-based tax refund agreement that specifies milestones a business must achieve before receiving tax refunds. Agreements also certify that a business or project is located in a designated brownfield area eligible for refunds. (See Exhibit 3.)

Exhibit 3

Tax Refund Agreements Must Be on a Site With a Brownfield Site Rehabilitation Agreement and Require Annual Reporting to Receive Refunds



Source: OPPAGA analysis of Florida Department of Environmental Protection and Florida Department of Commerce information.

Tax refund agreements contain performance-based milestones, including the number of jobs a business commits to create, the average annual wages of the new jobs, documented tax payments, and capital investment. Agreements typically span four to eight years, depending on the number of committed jobs. Once an agreement is signed, businesses must annually report certain metrics to FloridaCommerce to receive eligible tax refunds. The annual reports must include the BSRA location, business facility's address within the brownfield area, name of the brownfield site, number of jobs created, and average wage of the jobs created within the brownfield site.

In addition, tax refund agreements include a job creation schedule with the number of jobs a business commits to creating each year until it reaches the total number of committed jobs. Once a business fulfills its job creation commitment, it enters into a three-year job maintenance period during which it must retain the created positions and associated wages. Businesses must also report capital investment expenditures, which may include construction or renovation of buildings, equipment purchases, capitalized labor, and architectural and engineering services. Eligible capital investments must be made between the date that FloridaCommerce certifies the agreement and the first date on the project's job creation schedule.

¹³ FloridaCommerce defines a project as the creation of a new business or expansion of existing business in Florida.

¹⁴ Chapter 2023-33, *Laws of Florida*, required applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity. In addition, Ch. 2023-40 *Laws of Florida*, required employers with 25 or more employees to use the E-Verify system to participate in the program. The E-Verify system is used to verify the employment eligibility of new employees.

Tax refund agreements specify the total maximum amount of refunds that FloridaCommerce commits to disbursing to businesses that meet established performance requirements. Agreements include an eligible tax refund schedule outlining the maximum refund amount a business may receive each fiscal year based on performance. The total amount of refunds FloridaCommerce may approve in any fiscal year is limited by the funds allocated to the Economic Development Incentives Account. If a business fails to create its total number of committed jobs for that year but creates at least 80% of the required jobs at 95% of the committed average annual wage, it may receive a prorated refund, subject to a 5% penalty. A business may also request an extension if it can demonstrate delays that will materially affect the ability to meet the requirements.¹⁵ FloridaCommerce may approve such requests, allowing the performance period to be extended by one year.

Tax Refund Process

FloridaCommerce uses a third-party auditor to confirm a business's compliance with the terms of tax refund agreements, including jobs created, wages paid, and capital expenditures made. No later than January 31 of each calendar year, businesses must submit a completed claim form to FloridaCommerce. FloridaCommerce provides this claim form to the third-party auditor and the department reviews the auditor's findings to ensure that the claim matches the agreement and prepares an approval letter authorizing the tax refund payment for that fiscal year.

Approved businesses may submit a request to FloridaCommerce for a tax refund based on the tax agreement. Eligible taxes for refunds are specified in statute and include corporate income taxes or insurance premium taxes for taxes due and paid, beginning with the first taxable year after entering into the agreement. A business may be eligible to receive refunds for sales and use tax, intangible personal property tax, documentary stamp tax, certain communications taxes, and ad valorem taxes after entering into the agreement. Once a business has completed its performance milestones and received its final tax refund under the agreement, it must retain its annual claim forms and audit compliance certificates for five years. The agreement expires at the end of the five-year retention period.

To illustrate the tax refund program's process, Exhibit 4 describes a brownfield redevelopment project in Miami-Dade County. The exhibit depicts the brownfield site before development and the proposed development on the site.

¹⁵ The request must include quantitative evidence showing how negative economic conditions in a business's industry—caused by acts of God, wars, acts of public enemies, pandemics, epidemics, strikes, fires, floods, or other events wholly beyond the party's control—have prevented a business from fulfilling the terms and conditions of its tax refund agreement.

Exhibit 4

Example of Site Cleanup and Redevelopment on a Brownfield Site in Miami-Dade County

In 2020, the Town of Cutler Bay designated a portion of a former agricultural site with soil and groundwater contaminated with arsenic and lead as a brownfield area. That same year, a grocery store and Miami-Dade County entered into a Brownfield Site Rehabilitation Agreement. In 2022, the grocery store applied to the Florida Department of Commerce and signed a tax refund agreement to make \$2 million in capital investments and create 75 jobs by 2027, when the agreement ends.

Before Development



Proposed Development



Source: OPPAGA analysis of Florida Department of Environmental Protection and Miami-Dade County documents.

Program Costs

During the review period, FloridaCommerce reported the costs to administer the brownfield program—which included efforts such as executing agreements, reviewing awardees' performance, and contracting with a third-party auditor—were \$36,660. These costs include 0.5 full-time equivalent staff that the department estimated was used annually to administer the program.

Legislative Changes

In 2023, the Legislature enacted new laws to address economic development programs, including the Brownfield Redevelopment Bonus Refund Program. Chapter 2023-173, *Laws of Florida*, repealed the Qualified Target Industry Business Tax Refund (QTI) and made QTI businesses ineligible to receive a Brownfield Redevelopment Bonus Refund.¹⁶

FINDINGS

Participation in the Brownfield Redevelopment Bonus Refund Program was low

Applications to the Brownfield Redevelopment Bonus Refund Program have been consistently low. From Fiscal Years 2014-15 through 2023-24, the Florida Department of Commerce received 15 applications and entered into 12 tax refund agreements with eligible businesses. (See Exhibit 5.) Most recently, FloridaCommerce executed two new agreements in Fiscal Year 2021-22, but did not receive applications or execute agreements in Fiscal Years 2022-23 and 2023-24.

¹⁶ The program was designed to encourage the creation of high-quality, high-wage employment opportunities by providing tax refunds of \$3,000 to \$6,000 for each new job created.

Exhibit 5

The Florida Department of Commerce Did Not Receive Brownfield Redevelopment Bonus Refund Applications in Fiscal Years 2022-23 and 2023-24

Fiscal Year	Number of Applications	Number of Signed Contracts ¹	Amount of Signed Contracts
2014-15	1	1	\$348,000
2015-16	2	1	190,000
2016-17	3	2	300,000
2017-18	3	3	294,000
2018-19	2	2	262,500
2019-20	2	1	660,000
2020-21	0	0	0
2021-22	2	2	1,200,000
2022-23	0	0	0
2023-24	0	0	0
Total	15	12	\$3,254,500

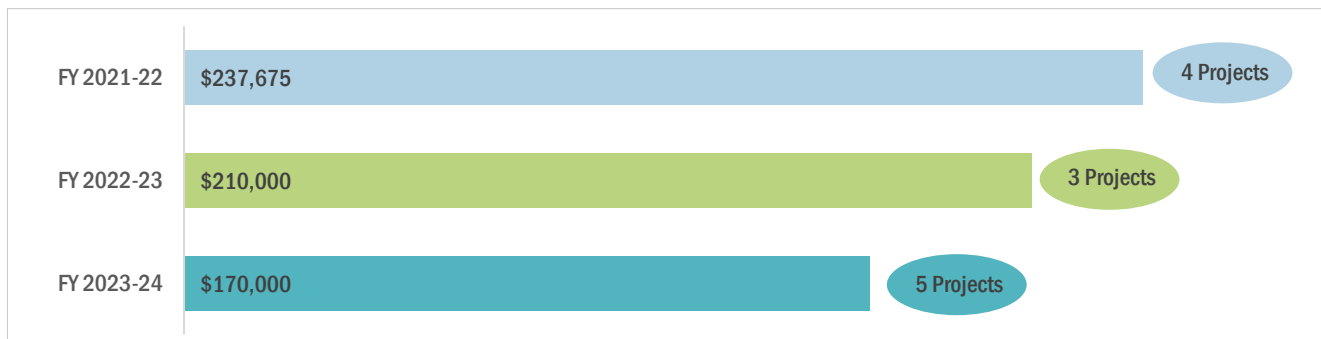
¹According to Florida Department of Commerce staff, the number of signed contracts per fiscal year only includes signed contracts of the applications received in that fiscal year. The number does not represent the total number of contracts signed in the fiscal year.

Source: OPPAGA analysis of the Florida Department of Commerce Data.

In addition to the decline in program applications, the number of projects receiving tax refunds has remained low. During the review period, seven projects with agreements received program tax refunds.¹⁷ The maximum refund amount these projects could receive over the duration of tax refund agreements totaled \$2 million; of that amount, FloridaCommerce awarded \$617,675 based on project performance during the review period. Four of the seven projects were affiliated with the same business operating in different locations. Four projects have completed agreements and received all eligible refunds, while three remain active and eligible for future payments.¹⁸ (See Exhibit 6.)

Exhibit 6

The Amount of Brownfield Redevelopment Bonus Refunds Received by Eligible Businesses Decreased Throughout the Review Period



Source: OPPAGA analysis of Florida Department of Commerce data.

Representatives from the Florida Brownfield Association and FloridaCommerce program staff that OPPAGA interviewed provided possible explanations for the low program participation. They reported that some businesses may not want to enter into a performance-based agreement due to the administrative burden. For example, the costs of reporting for four years for one year of job creation may outweigh the value of the tax refunds received. Small businesses in particular may face challenges

¹⁷ The seven projects that received tax refunds were located in Charlotte, Hillsborough, Leon, Miami-Dade, Orange, and Seminole counties. The participating projects operated in the following industries: general warehousing and storage; hotels and motels (excluding casino hotels); other grocery and related product merchant wholesalers; and supermarkets and other grocery stores (excluding convenience stores).

¹⁸ FloridaCommerce uses the following status categories to classify agreement activity: active, complete, inactive, terminated, vacated, and withdrawn. Active means that a business is currently performing and in good standing. The department classifies businesses that met agreement terms and received eligible payments as complete.

preparing the initial application and submitting required annual reports to remain eligible. Additionally, the program’s minimum job creation threshold—which requires businesses to achieve at least 80% of committed jobs each year to receive a refund—may also deter small business participation.

Lack of program awareness by businesses may also contribute to the program’s low participation. Prior to 2023, Enterprise Florida, Inc. (EFI), was responsible for marketing economic development incentive programs, including the Brownfield Redevelopment Bonus Refund Program; in 2023, the Legislature transferred EFI’s duties and functions to FloridaCommerce.¹⁹ EFI provided program information, such as descriptions of eligibility requirements and the application process, in meetings with economic development organizations and at the annual Florida Brownfield Association Conference. FloridaCommerce’s current marketing efforts include speaking engagements, written publications, webinars, roundtables, conferences, and workshops. However, the department may not be conducting targeted outreach for the tax refund program. For example, one group of stakeholders reported that FloridaCommerce staff does not attend the Florida Brownfield Association Conference. The Florida Brownfield Association reported that most program marketing is performed by the Florida Department of Environmental Protection and local governments. According to the association, local governments often bundle the tax refund program with broader economic development initiatives. The association also noted that because the program is longstanding, there may be less perceived need to promote it, which could limit awareness among businesses that could qualify.

Participating businesses exceeded performance requirements for job creation and capital investments

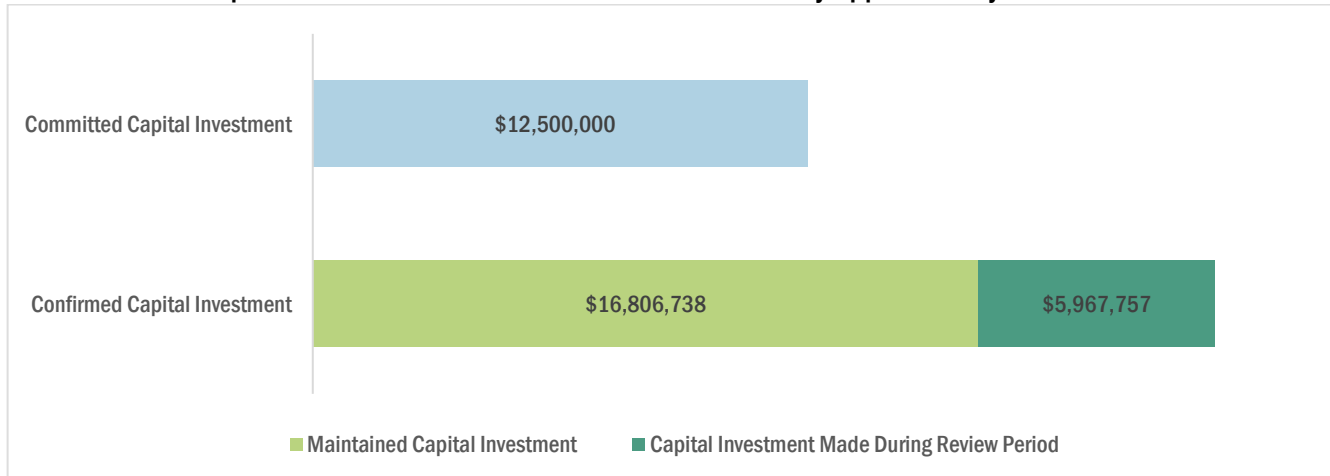
During the review period, the total number of confirmed jobs created by projects that received tax refunds exceeded the total number of jobs committed. Specifically, the seven projects that received tax refunds committed to creating 95 jobs but created 488 confirmed jobs. Of the seven projects, four projects had completed agreements, had met job creation milestones, and were in the job maintenance phase. These four projects accounted for 337 (69%) of the confirmed jobs. The three projects with active agreements committed to creating 95 jobs and created 151 confirmed jobs. Due to the COVID-19 pandemic, FloridaCommerce approved extension requests for two of these businesses in Fiscal Years 2021-22 and 2022-23. While the job creation milestones and refund eligibility remained the same, each extension allowed the projects to defer performance obligations for one year, and the projects received no tax refunds in either of those fiscal years.

Similarly, the total amount of confirmed capital investments made and maintained by projects exceeded the total amount of committed capital investments during the review period. The total confirmed capital investments made by the seven projects that received tax refunds during the review period was \$22.8 million. Collectively, businesses maintained \$16.8 million in capital investments made prior to the review period. Two projects made approximately \$6 million in capital investments during the review period. (See Exhibit 7.)

¹⁹ Chapter [2023-173](#), *Laws of Florida*.

Exhibit 7

Total Confirmed Capital Investments Exceeded Committed Amounts by Approximately 82%¹



¹ Maintained capital investments represent investments made before the review period, which date from 2014 to 2020.

Source: OPPAGA analysis of Florida Department of Commerce data.

RECOMMENDATIONS

The Legislature could consider discontinuing the Brownfield Redevelopment Bonus Refund Program. Program participation was low, with only seven projects receiving tax refunds during the review period. Additionally, the Florida Department of Commerce received no applications and executed no new tax refund agreements during the last two years of the review period.

Six agreements with active projects have yet to receive all committed tax refunds and are eligible to receive future payments. The maximum potential tax refunds these six projects can receive for the duration of the agreements is \$2.1 million, with all six agreements concluding by 2031. The Legislature may wish to eliminate the program and allow existing agreements to continue until expiration.

If the Legislature continues the Brownfield Redevelopment Bonus Refund Program, FloridaCommerce should expand its marketing efforts to help increase program participation. FloridaCommerce has not maintained the level of targeted promotion of the tax refund program since the dissolution of Enterprise Florida, Inc. According to stakeholders, most information about the program now comes from local governments and the Florida Department of Environmental Protection, and businesses may be unaware of the program and its eligibility requirements. FloridaCommerce could reestablish its presence at industry events and develop informational program material to increase awareness and promote the tax refund program.

Chapter 2: Capital Investment Tax Credit Program

OPPAGA reviewed the Capital Investment Tax Credit Program established under s. 220.191, *Florida Statutes*. The review period is calendar years 2021 through 2023.²⁰ This is the fifth OPPAGA review of the Capital Investment Tax Credit Program.²¹

BACKGROUND

Program Purpose

The 1998 Legislature created the Capital Investment Tax Credit (CITC) Program to provide a tax credit for certain capital costs to corporations operating in specific industries.²² After the commencement of operations, a business can receive tax credits limited to 5% of the total amount of capital costs generated by a qualifying project over 20 years.²³ A qualifying project is defined as the creation or expansion of a facility in Florida. A business can claim these tax credits against either the Florida corporate income tax or the insurance premium tax.

Program Administration

The Florida Department of Commerce (FloridaCommerce) and the Florida Department of Revenue (DOR) administer the program on a calendar year basis.²⁴ (See Exhibit 1.)

Exhibit 1

The Florida Department of Commerce and The Florida Department of Revenue Collaborate to Administer the Capital Investment Tax Credit Program

Florida Department of Commerce	<ul style="list-style-type: none">• Reviews economic development incentive applications submitted by businesses• Certifies and approves businesses to receive tax credits annually
Florida Department of Revenue	<ul style="list-style-type: none">• Processes approved tax credits• Advises businesses how to claim credits on tax returns

Source: OPPAGA analysis of s. [220.191](#), *F.S.*, and interviews with the Florida Department of Commerce and the Florida Department of Revenue.

Business Eligibility

To be eligible for the CITC program, qualifying businesses must be in a high-impact sector. Businesses must also establish a qualifying project to receive tax credits through the CITC Program. Allowable tax credits allocated to a business fall into one of three tiers. For projects with capital investments ranging from \$25 million to over \$100 million, the tiers determine the percentage of a business's tax liability that can be offset.

²⁰ The review period covers calendar years rather than fiscal years because businesses report finances after the calendar year ends.

²¹ For previous OPPAGA analyses of the CITC Program, see *Florida Economic Development Program Evaluations – Year 1*, Report No. [14-01](#), January 2014; *Florida Economic Development Program Evaluations – Year 4*, Report No. [17-02](#), January 2017; *Florida Economic Development Program Evaluations – Year 7*, Report No. [19-16](#), December 2019; and *Florida Economic Development Program Evaluations – Year 10*, Report No. [22-06](#), November 2022.

²² Chapter [98-61](#), *Laws of Florida*.

²³ Eligible capital costs are all expenses incurred by a qualifying business in connection with the acquisition, construction, installation, and equipping of a qualifying project during the period from the beginning of project construction to the commencement of operations.

²⁴ Chapter [2023-173](#), *Laws of Florida*, renamed the Florida Department of Economic Opportunity as the Florida Department of Commerce; eliminated Enterprise Florida, Inc. (EFI); and transferred EFI's responsibilities to FloridaCommerce.

- **Tier 1:** 50% tax credit for capital investment expenses for a project with a cumulative capital investment of at least \$25 million but less than \$50 million²⁵
- **Tier 2:** 75% tax credit for capital investment expenses for a project with a cumulative capital investment of at least \$50 million but less than \$100 million
- **Tier 3:** 100% tax credit for capital investment expenses for a project with a cumulative capital investment of at least \$100 million

Qualifying projects in each tier must create at least 100 new jobs in Florida and continue to maintain employment goals each year from the commencement of operations through the 20-year period to receive credits. In addition to the three tiers, other types of qualifying projects in a target industry or enterprise zone and brownfield area have cumulative capital investment requirements of at least \$100 million for a target industry and at least \$250 million for an enterprise zone and brownfield area; these projects also have specific amounts of required cumulative capital investment and credit limits.^{26,27} For example, qualified projects operating in a target industry are eligible for up to 50% tax credits for projects with a cumulative capital investment of \$100 million.

Job creation requirements for target industries and facilities located in enterprise zones and brownfield areas are also higher, with target industries requiring at least 1,000 jobs and enterprise zones and brownfield areas requiring at least 1,500 jobs in addition to certain wage requirements for jobs created. For example, qualified projects located in enterprise zones and brownfield areas must pay at least 200% of the statewide average annual private sector wage as determined by FloridaCommerce.

Certification

Qualifying businesses must submit an economic development incentive application to FloridaCommerce, which reviews it for completeness and certifies that the business is eligible to receive tax credits once the qualifying project commences operations.²⁸ (See Exhibit 2.) The commencement of operations marks the end of a business's project investment period; any additional capital costs incurred thereafter are not eligible for the CITC program. When a business commences operations on a project, the business notifies FloridaCommerce.

Upon certifying a business, FloridaCommerce issues the business a certification letter specifying the amount of eligible tax credits and sends the certification letter to DOR. Every year, businesses must obtain a letter from FloridaCommerce that verifies required jobs and capital investments for a qualifying project to remain eligible to use tax credits. After receiving the certification letter, DOR enters into a written agreement with the business; the agreement specifies how income generated from the project will be determined.²⁹

²⁵ Per s. [220.191\(1\)\(c\)](#), *F.S.*, cumulative capital investment means the total capital investment in land, buildings, and equipment made in connection with a qualifying project during the period from the beginning of construction of the project to the commencement of operations.

²⁶ During the review period, target industries included aviation and aerospace, clean technologies, corporate headquarters, defense and homeland security, financial and professional services, global logistics and trade, information technology, life sciences, manufacturing, and research and development. State law requires FloridaCommerce to update target industries every three years, with the most recent update occurring in 2023.

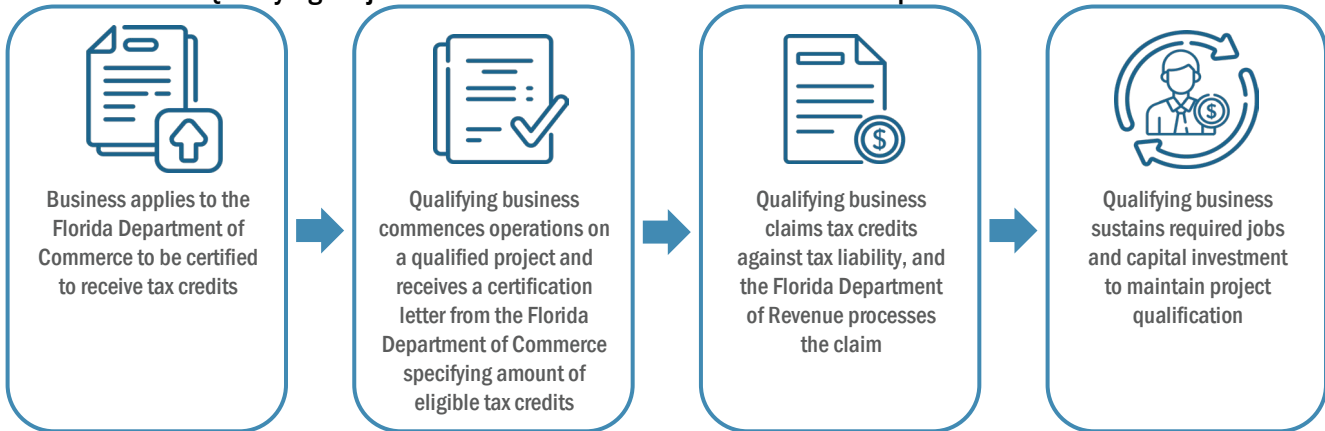
²⁷ Enterprise zones are locally nominated areas targeted for economic revitalization. Brownfield sites are sites that are generally abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.

²⁸ Additionally, Ch. [2023-33](#), *Laws of Florida*, required applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity. In addition, Ch. [2023-40](#), *Laws of Florida*, required employers with 25 or more employees to use the E-Verify system to participate in the program. The E-Verify system is used to verify the employment eligibility of new employees.

²⁹ Income determinations include a narrative from the business conducting the qualifying project that proposes income calculations from the project and why those calculations are acceptable measures.

Exhibit 2

Businesses With Qualifying Projects Must Take Several Actions to Receive Capital Investment Tax Credits



Source: OPPAGA analysis of s. [220.191](#), F.S., and Florida Department of Commerce and Florida Department of Revenue information.

Claims Process

Certified businesses may claim tax credits against either Florida corporate income tax or insurance premium tax liability, but not both. Once a project commences operations, FloridaCommerce must annually verify that the project meets the minimum thresholds of job creation and provide a certification letter to DOR.³⁰ DOR then processes the eligible credit once a business claims the credit on a tax return. If unused credits remain following the 20-year period, a qualifying business may claim the tax credits for up to 10 additional years.

As part of its general tax administration process, DOR conducts audits of business tax returns. DOR audits businesses to determine whether state taxes were collected, reported, and paid correctly, which sometimes involves businesses claiming CITCs on tax returns. DOR's methods for audit selection vary by tax, but department representatives noted that they will generally request an audit when issues are detected on tax credit claims. Such issues generally include taxpayer filing anomalies, statistical data related to certain businesses, and other information from public entities or third-party sources.

Program Costs

During the review period, estimated costs to administer the program totaled \$596,314. The estimated cost for FloridaCommerce was \$565,980 and the estimated cost for DOR was \$30,334. The departments estimated as many as 16 combined full-time equivalent employees to administer the program.

Legislative Changes

In 2023, the Legislature enacted new laws to address economic development programs, including the CITC Program. Chapter 2023-173, *Laws of Florida*, defined *average private sector wage in the area* as the statewide private sector average wage or the average of all private sector wages and salaries in the county or in the standard metropolitan area in which a business is located. According to s. 220.191, *Florida Statutes*, qualifying projects that involve new or expanded target industry facilities must pay an annual average wage that is at least 130% of the average private sector wage in the area.

³⁰ FloridaCommerce uses a third-party auditing firm to confirm required capital investment and jobs once a business reports that it has commenced operations.

FINDINGS

From Fiscal Years 2014-15 through 2023-24, participation in the Capital Investment Tax Credit Program varied

From Fiscal Years 2014-15 through 2023-24, the number of applications and certifications for the CITC program varied, with the most applications and certifications occurring in Fiscal Year 2022-23. (See Exhibit 3.) According to the Florida Department of Commerce, the number of certifications can be greater than the number of applications because the timing of the application, negotiation, and approval process ranges from several weeks to over a year. Therefore, some applicants do not receive certifications until the following year. The number of certifications was equivalent to or more than the number of applications in all fiscal years except for Fiscal Years 2014-15, 2017-18, and 2021-22. During the review period, FloridaCommerce received 32 applications and issued 31 certifications.

Exhibit 3

Capital Investment Tax Credit Applications and Certifications Were the Highest in Fiscal Year 2022-23

Fiscal Year ¹	Number of Applications	Number of Certifications ²
2014-15	6	3
2015-16	8	10
2016-17	7	7
2017-18	7	5
2018-19	9	9
2019-20	4	6
2020-21	11	11
2021-22	8	5
2022-23	15	16
2023-24	9	10
Total	84	82

¹ OPPAGA used the Florida Department of Commerce's annual incentive reports to determine the number of Capital Investment Tax Credit applications and approvals, which the department reports by fiscal year.

² According to the Florida Department of Commerce, the timing of the incentive application, negotiation, and approval process ranges from several weeks to more than a year. This timing is the primary reason for the differences in the number of applications and certifications.

Source: OPPAGA analysis of Florida Department of Commerce annual incentive reports.

Approximately \$312.1 million was claimed in CITC program tax credits during the review period

During the review period, 28 projects claimed tax credits totaling approximately \$312.1 million. Among these projects, 24 were active, 3 were completed, and 1 was terminated.^{31,32} Five active CITC projects commenced operations during the review period.

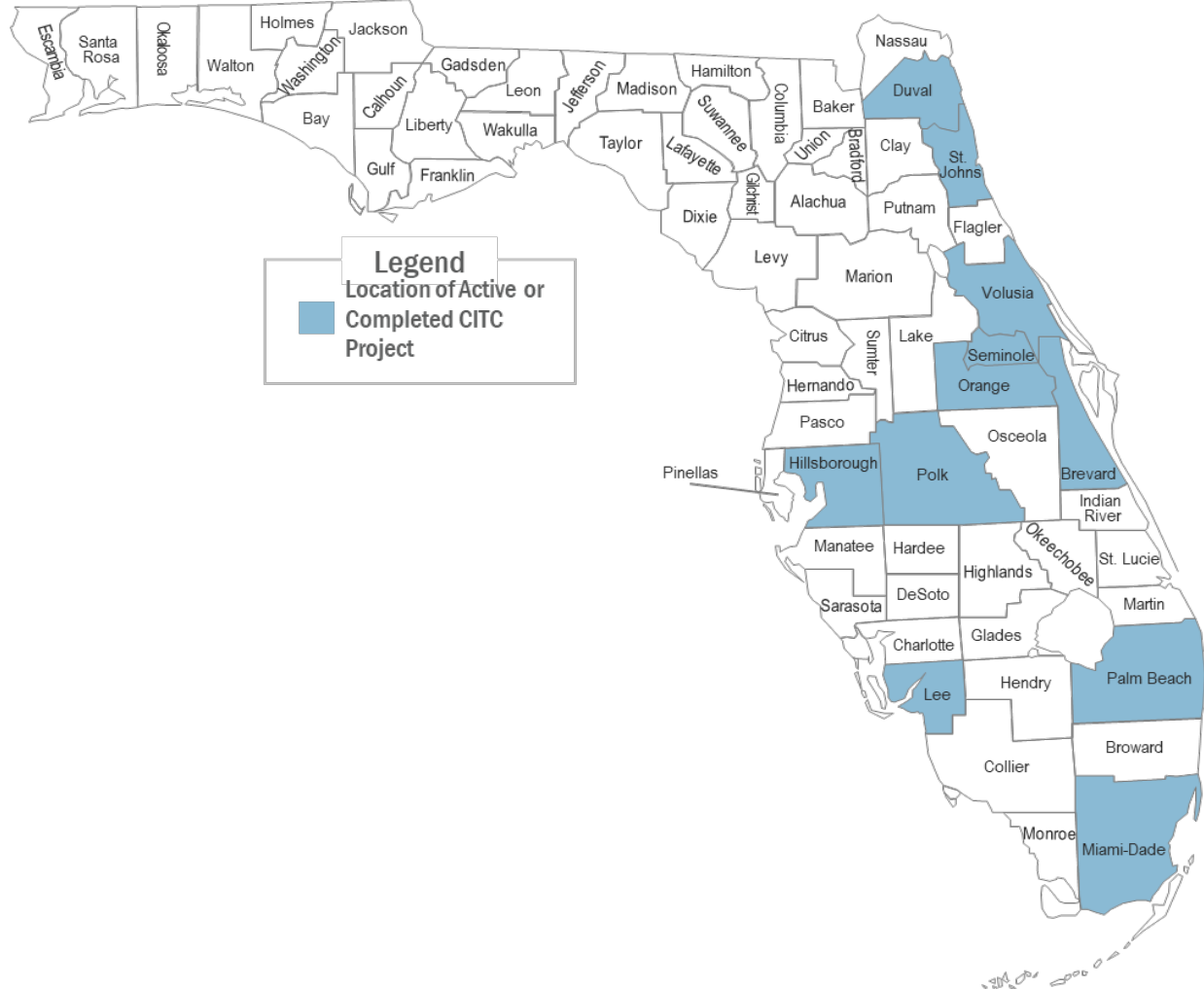
³¹ FloridaCommerce uses status categories to classify agreement activity: active, complete, inactive, terminated, vacated, and withdrawn. Active means that the business is currently performing and in good standing, while complete means that a business has received all eligible incentive payments.

³² FloridaCommerce terminated one project found to be associated with a foreign business entity.

CITC projects that were awarded tax credits included businesses operating in a variety of industries, with no more than three businesses classified under one target industry. Target industries featuring multiple projects include aircraft manufacturing; corporate, subsidiary, and regional managing offices; guided missile and space vehicle manufacturing; process, physical distribution, and logistics consulting services; and television broadcasting. Most (17) CITC projects were located in four counties—Brevard, Hillsborough, Orange, and Volusia.³³ (See Exhibit 4.)

Exhibit 4

Most Active or Completed Capital Investment Tax Credit Program Projects Were Located in Four Counties



Source: OPPAGA analysis of Florida Department of Commerce data.

Active CITC projects exceeded capital investment and job creation requirements during the review period

The five active projects that commenced operations during the review period made a total of \$802.7 million in capital investments; these projects had committed to a total of \$125 million in capital investments, \$25 million per project. In addition, these projects had a net gain of 1,489 jobs, which exceeds the 500 jobs committed.

³³ One active CITC project during the review period was located in both Brevard and St. Johns counties.

The remaining 23 projects that were awarded tax credits commenced operations and made capital investments of \$4.9 billion prior to the review period, in addition to maintaining initial job commitments. In total, all businesses receiving CITC program tax credits during the review period committed to creating 5,255 jobs over the projects' lifespan.

In one instance, a business received credits in error because the CITC administrative process was not followed

OPPAGA determined that during the review period, one business that claimed \$158,879 in CITC program tax credits was ineligible to receive credits because it had not notified FloridaCommerce that it commenced operations on a project or provided the Florida Department of Revenue with a certification letter. The letter is required to obtain annual certification to claim credit. DOR officials reported that the department will generally request an audit when such issues arise where a taxpayer claimed tax credits for two or more years and DOR had not received an annual certification from FloridaCommerce.

DOR representatives stated that this business was audited twice, covering tax years 2016 through 2021. However, the auditor did not adjust the amount of CITCs claimed on the business's tax returns despite the lack of certification documentation.

To avoid similar situations in the future, DOR also reported that it will ensure that auditors are aware of the annual certification requirement and how to confirm whether the certification requirement has been met. These efforts are intended to ensure proper administration of CITC credit requirements going forward. The department further reported that it does not have the ability to adjust claim amounts after an audit has been completed and the applicable statutes of limitations has expired.

Chapter 3: Florida Job Growth Grant Fund

OPPAGA reviewed the Florida Job Growth Grant Fund Program established under s. 288.101, *Florida Statutes*. The review period is Fiscal Years 2021-22 through 2023-24. This is the first OPPAGA review of the Florida Job Growth Grant Fund Program.

BACKGROUND

Program Purpose

The 2017 Legislature created the Florida Job Growth Grant Fund Program to enhance economic opportunity by improving public infrastructure and promoting workforce training. The program provides grants to eligible state governments, local governments, state colleges, and technical centers. Florida law requires grant recipients to report the economic development outcomes of funded projects, including jobs created or retained, capital investment secured, or students trained.

Program Administration

The Florida Department of Commerce (FloridaCommerce) administers the program, including receiving proposals, executing grant agreements with recipients, conducting compliance monitoring, and disbursing funds to grant recipients.³⁴ The Governor selects project proposals to receive awards. (See Exhibit 1.)

Exhibit 1

The Florida Department of Commerce and the Governor Are Responsible for Administering the Florida Job Growth Grant Fund Program

Florida Department of Commerce	<ul style="list-style-type: none">• Receives project proposals• Executes grant agreements• Conducts compliance and monitoring• Disburses funding to grant recipients
Governor	<ul style="list-style-type: none">• Selects project proposals to receive awards

Source: OPPAGA analysis of Florida Department of Commerce information.

Eligibility

Two types of projects are eligible to receive grants through the Florida Job Growth Grant Fund Program—public infrastructure and workforce training. Public infrastructure grants are awarded to state or local governments, while workforce training grants are awarded to state colleges and technical centers.

- *Public infrastructure* grants support the construction, reconstruction, or improvement of infrastructure owned by the state or local governments. Infrastructure in this category includes roads, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications facilities. These projects must promote economic recovery in specific regions of the state,

³⁴ Chapter [2023-173 Laws of Florida](#), renamed the Department of Economic Opportunity as the Florida Department of Commerce; eliminated Enterprise Florida, Inc. (EFI); and transferred EFI's responsibilities to FloridaCommerce.

promote economic diversification, promote economic enhancement in targeted industries, or facilitate the development or construction of affordable housing.^{35,36}

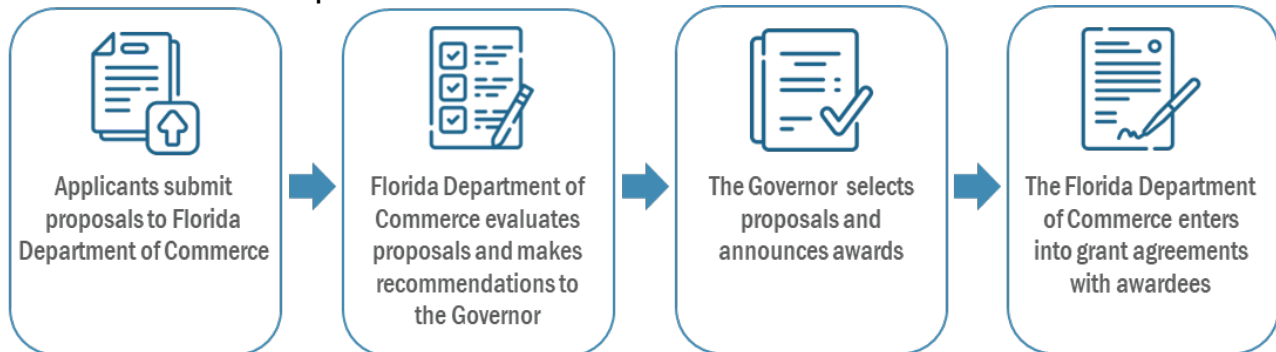
- *Workforce training* grants support programs at state colleges and technical centers that provide students with sustainable workforce skills, such as manufacturing, transportation, and welding. Grants awarded to these projects may also fund program equipment, facility construction, and instructional materials.

Grant Agreements

State law allows FloridaCommerce to identify projects, solicit proposals, and make funding recommendations to the Governor.^{37,38} Once the Governor selects grant recipients, FloridaCommerce establishes grant agreements with recipients and administers the program. (See Exhibit 2.) Project proposals are accepted by the department, presented to the Governor, and approved on a rolling basis (i.e., continuously throughout the year).

Exhibit 2

The Florida Department of Commerce Evaluates Florida Job Growth Grant Fund Project Proposals and the Governor Selects Fund Recipients



¹ The department solicits feedback from other state agencies and offices to develop executive summaries.

Source: OPPAGA analysis of Florida Department of Commerce information and s. [288.101, F.S.](#)

FloridaCommerce solicits feedback on project proposals from state agencies, including CareerSource Florida and the Florida Department of Transportation (DOT).^{39,40} According to FloridaCommerce staff, FloridaCommerce provides CareerSource Florida with all workforce training program project proposals. CareerSource Florida evaluates proposals based on area labor demand; partnerships the school has with industry, other institutions, or local workforce development boards; project feasibility; and whether the training program is on the Master Credentials List.⁴¹ CareerSource Florida submits feedback to FloridaCommerce.

³⁵ According to FloridaCommerce staff, specific regions of the state include areas impacted by natural or economic disasters.

³⁶ Targeted industries are industries and sectors that have the potential to generate significant returns on investment for statewide growth, recruitment, and retention efforts. Statute requires FloridaCommerce to review and revise the list of Florida's target industries every three years. During the span of the review period, the list was last updated in 2022.

³⁷ Section [288.101, F.S.](#)

³⁸ The department collaborates with stakeholders to solicit project proposals, including, but not limited to, local governments, economic development organizations, private industry stakeholders, school districts, state agencies, and state direct support organizations.

³⁹ Section [288.101\(2\)\(c\), F.S.](#), requires FloridaCommerce to work with CareerSource Florida to ensure that workforce training programs are offered to the public based on criteria established by the state college or state technical center and do not exclude applicants who are unemployed or underemployed.

⁴⁰ FloridaCommerce solicits feedback from DOT for infrastructure projects. For example, one executive summary for an infrastructure project proposal to demolish and rebuild wastewater facilities includes feedback from DOT that indicates the project will not adversely impact the state highway system.

⁴¹ The Master Credentials List is a comprehensive list of state-approved degree and non-degree credentials of value that prepare Floridians for in-demand occupations.

FloridaCommerce staff uses information from project proposals and agency feedback to create executive summaries for each proposal. FloridaCommerce reports that the executive summaries include several elements: proposal summary; proposed costs; estimated economic impact (i.e., gains in state revenue); return on investment score; estimated project timeline; evaluation of the project's consistency with statute; and list of letters of support that the project received from local stakeholders (e.g., elected officials, economic development organizations, and local businesses).^{42,43,44}

The Secretary of the Department of Commerce presents the executive summaries to the Governor, who approves proposals and announces funding awards. FloridaCommerce staff reported that the secretary has discretion to choose executive summaries to present to the Governor. Once proposals are approved, the department establishes grant agreements with selected awardees and is responsible for monitoring project compliance. Grant agreements include the award amount, project description, project timeline, deliverables, required reporting, and economic development outcomes (e.g., new jobs, students trained, and capital investments). Grant recipients can request amendments, and FloridaCommerce has the authority to amend grant agreements throughout projects; amendments include changes to the total amount of funds, project timelines, and economic development outcomes.⁴⁵

For public infrastructure projects, deliverables can include the commencement, design, and construction of infrastructure. For workforce training projects, deliverables can include instructional material purchases, facility renovations, equipment purchases, and marketing material purchases. After the project deliverables are complete, grant recipients have additional time achieve economic development outcomes. FloridaCommerce reported that grant agreements typically allow recipients 10 years after final project deliverables are completed to meet economic development outcomes.⁴⁶ For example, the department established a grant agreement with Orange County in 2019 to expand the Kirkman Road Extension. Under the agreement, the project must create 2,534 jobs. However, the grant recipient does not need to report on these jobs until 2034. (See Exhibit 3.)

Similarly, FloridaCommerce established a workforce training grant agreement with Collier County Public Schools in 2018 to develop the Southwest Florida Manufacturing Excellence Center that will provide training options to new hires and existing employees.⁴⁷ However, the grant agreement does not require the grantee to complete participant workforce training until 2029.

⁴² FloridaCommerce staff reported that the return on investment (ROI) for workforce projects is equal to the total fiscal impact of the project divided by the cost to the state of the initial grant. The ROI for infrastructure projects is equal to the present value fiscal impact divided by the total incentives paid for the grant. Fiscal impact includes factors such as the annual wages from jobs created by the projects for workforce grants and estimated corporate and sales tax revenue for infrastructure grants.

⁴³ Business development scores consider factors such as the type of request, whether the grant aligns with the targeted sector, the amount of private capital investment, and implementation timelines.

⁴⁴ FloridaCommerce staff reported that business development scores and ROI scores do not necessarily correlate to a project receiving an award.

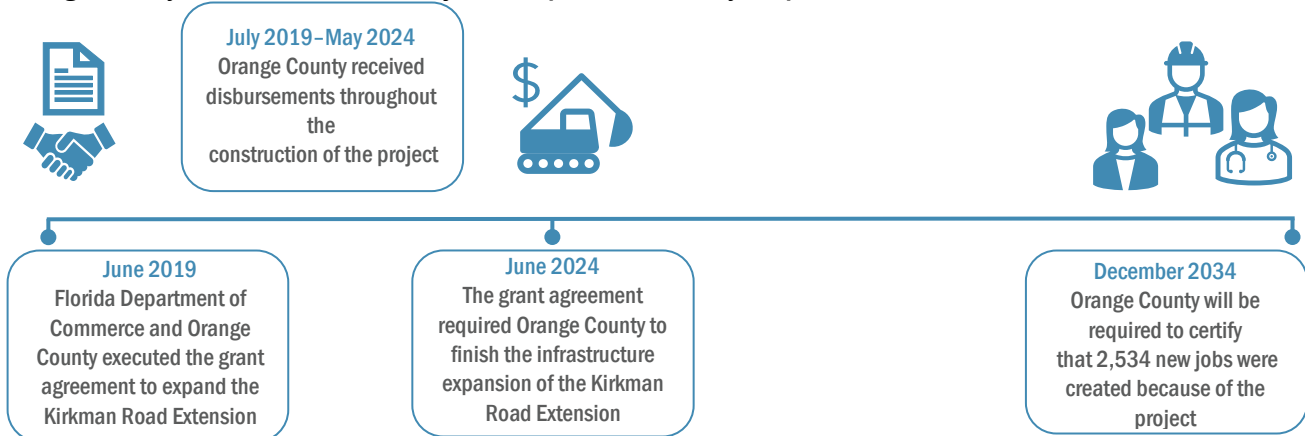
⁴⁵ For the purposes of this report, OPPAGA refers to ROI criteria, including new jobs created and training program completers specified in Florida Job Growth Grant fund grant agreements, as economic development outcomes.

⁴⁶ FloridaCommerce defines jobs as full-time, salaried employees or full-time equivalent employees who work at least 35 paid hours per week performing tasks that directly relate to the products and services of the project. New jobs are jobs resulting in a net increase in overall employment at the project location in connection with the project during the applicable performance and refund period. Retained jobs are positions paid directly or indirectly by the business prior to the approval date in the grant agreement. These jobs are identified as being at risk if the business does not decide to remain or expand in Florida. Retained jobs may be the same as, or a subset of, a business's base jobs. Capital investment is the amount of capital expenditures a business makes at the project location on or after the approval date.

⁴⁷ Collier County Public Schools partners with the Greater Naples Chamber of Commerce and the Immokalee Technical College to execute this grant agreement.

Exhibit 3

Orange County Has 10 Years After Project Completion to Certify Required Job Creation



Source: OPPAGA analysis of Florida Department of Commerce grant agreement with Orange County.

Reimbursement Process

Grant recipients receive program funding through a reimbursement process that requires recipients to request funds from FloridaCommerce. Grant recipients receive funding disbursements based on project progress. For example, most workforce training projects receive reimbursements based on the number of students enrolled in funded programs. FloridaCommerce reported that it tracks disbursements to grant recipients using the SERA Salesforce data system.⁴⁸

Grant recipients submit quarterly reports to FloridaCommerce to assess project progress. To identify progress, department staff reviews and compares quarterly reports to expected timeframes. Quarterly reports provide information on the deliverable section of each grant agreement. For example, infrastructure project quarterly reports indicate if the project is in the construction or design phase. Quarterly reports for workforce projects include information about program graduates.

Program Costs

Since the Florida Job Growth Grant Fund Program's inception, the Legislature appropriated \$510 million for program grants, \$175 million of which was appropriated during OPPAGA's review period. The program exclusively received funds through legislative appropriations from the General Revenue Fund, State Economic Enhancement Development Trust Fund, State Transportation Trust Fund, and the state's allocation of federal Coronavirus State Fiscal Recovery Funds.⁴⁹ Appropriations range from \$40 million in Fiscal Year 2019-20 to \$135 million in Fiscal Year 2017-18.⁵⁰

FloridaCommerce utilizes existing staff to administer the program. For Fiscal Years 2021-22 through 2023-24, the department estimated that program administration required 5.1 full-time equivalent employees with an average yearly cost of approximately \$313,800. FloridaCommerce reported that staff from multiple offices are involved in program administration, including Workforce Statistics and Economic Research, Business Development Project Managers, Office of Military and Defense, Office of Rural Initiatives, Office of Legislative Affairs, Office of Communications, Division of Community Development, and Office of General Counsel.

⁴⁸ SERA Salesforce is a grant management system that the department began using in March 2022.

⁴⁹ The federal American Rescue Plan Act authorized the Coronavirus State and Fiscal Recovery Funds Program that delivered \$350 billion to state, territorial, local, and tribal governments across the country to support COVID-19 response and recovery.

⁵⁰ In Fiscal Year 2020-21, the Governor vetoed the \$20 million appropriation for the Florida Job Growth Grant Fund Program.

Legislative Changes

When the Legislature created the program in 2017, eligible uses of funds included state or local public infrastructure projects, infrastructure funding to accelerate the rehabilitation of the Herbert Hoover Dike, and workforce training grants to support programs at state colleges and technical centers.⁵¹ In 2023, the Legislature amended the program to permit the funding of state or local public infrastructure projects to facilitate the development or construction of affordable housing; the amendment was effective July 1, 2023, and will be repealed July 1, 2033. In 2023, the Legislature also removed the provision that allowed the program to provide infrastructure funding to accelerate the rehabilitation of the Herbert Hoover Dike.

FINDINGS

The number of Florida Job Growth Grant Fund Program project proposals typically exceeds the number of awards

From Fiscal Years 2017-18 through 2023-24, the Florida Job Growth Grant Fund Program received 627 proposals and awarded approximately \$440.5 million to 119 projects. (See Exhibit 4.) The number of proposals submitted each year ranges from 19 in Fiscal Year 2022-23 to 255 in Fiscal Year 2017-18. According to Florida Department of Commerce staff, the department did not receive proposals in Fiscal Year 2020-21 because the Governor vetoed program funding for that year. As of Fiscal Year 2023-24, FloridaCommerce had awarded approximately \$342.4 million to infrastructure projects and approximately \$98 million to workforce projects.

⁵¹ The Herbert Hoover Dike is an earthen dam surrounding Lake Okeechobee that reduces impacts from flooding.

Exhibit 4

Since Florida Job Growth Grant Fund Program Inception, the Governor Has Awarded the Majority of Grant Funds to Public Infrastructure Projects

Fiscal Year	Grant Type	Number of Awards	Amount of Awards
2017-18	Workforce Training	14	\$21,164,559
	Public Infrastructure	20	\$113,835,441
	Total	34	\$135,000,000
2018-19	Workforce Training	8	\$12,584,903
	Public Infrastructure	15	\$72,415,097
	Total	23	\$85,000,000
2019-20	Workforce Training	1	\$3,674,392
	Public Infrastructure	4	\$11,907,132
	Total	5	\$15,581,524
2020-21 ¹	Workforce Training	0	\$0
	Public Infrastructure	0	\$0
	Total	0	\$0
2021-22	Workforce Training	6	\$17,970,937
	Public Infrastructure	13	\$56,447,539
	Total	19	\$74,418,476
2022-23	Workforce Training	10	\$20,717,814
	Public Infrastructure	9	\$33,470,564
	Total	19	\$54,188,378
2023-24	Workforce Training	8	\$21,950,651
	Public Infrastructure	11	\$54,320,267
	Total	19	\$76,270,918
Total		119	\$440,459,296

¹ The Governor vetoed the Legislature's appropriation to the program in Fiscal Year 2020-21.

Source: OPPAGA analysis of Florida Department of Commerce data.

During the review period, FloridaCommerce disbursed \$164.1 million and amended most grant agreements at least once

Out of the 119 projects funded by the Florida Job Growth Grant Fund, OPPAGA reviewed 73 projects that received disbursements within the review period (Fiscal Years 2021-22 through 2023-24), totaling \$164.1 million.⁵² OPPAGA examined projects' original grant agreements for project timelines, total project funding, and committed economic development outcomes and found that FloridaCommerce amended 84% (61 of 73) of grant agreements at least once.

Most funds disbursed in Fiscal Years 2021-22 through 2023-24 were for public infrastructure projects. FloridaCommerce disbursed funds to 73 public infrastructure and workforce training projects. (See Exhibit 5.) Of these projects, 42 infrastructure projects received \$128.7 million, representing 78% of total funds disbursed during the review period. Thirty-one workforce training projects received \$35.5 million (22% of total funds disbursed during the review period). Funding

⁵² DOT disbursed funds for two projects within OPPAGA's review period. OPPAGA excluded these projects from its analysis.

disbursement amounts ranged from \$496 to Brevard College in Fiscal Year 2021-22 to \$12.9 million to Orange County in Fiscal Year 2022-23. Of the 73 projects in OPPAGA's review, 60 received multiple disbursements during the review period. For example, Broward College received 25 disbursements for one project, totaling approximately \$1.1 million.

Exhibit 5

During the Review Period, the Florida Department of Commerce Disbursed the Highest Amount of Total Project Funds in Fiscal Year 2022-23

Fiscal Year	Grant Type	Number of Grants	Amount of Funds Disbursed
2021-22	Workforce Training	15	\$5,198,496
	Public Infrastructure	15	\$20,687,263
	Total	30	\$25,885,759
2022-23	Workforce Training	20	\$10,295,945
	Public Infrastructure	21	\$60,684,592
	Total	41	\$70,980,538
2023-24	Workforce Training	16	\$19,975,946
	Public Infrastructure	17	\$47,295,724
	Total	33	\$67,271,671
All Fiscal Years	Workforce Training	31	\$35,470,387
	Public Infrastructure	42	\$128,667,580
	Total	73	\$164,137,967

Note: The total number of projects that received disbursements is less than the sum of projects receiving disbursements in each fiscal year because one project may receive disbursements over multiple fiscal years.

Source: OPPAGA analysis of Florida Department of Commerce data.

FloridaCommerce extended original timelines for 44% of projects that received disbursements during the review period. OPPAGA examined 147 amendments to grant agreements for projects that received disbursements during the review period to determine how grant agreements changed over time. One amendment can include multiple changes. OPPAGA's analysis focused on changes made through grant agreement amendments that altered project timelines; economic development outcomes such as jobs created, students trained, or capital investments; and total funding amounts. FloridaCommerce staff reported that amendments are made for a variety of reasons, including projects using fewer funds than anticipated, delays in obtaining necessary materials, and delays in securing equipment or contractors.⁵³

In total, FloridaCommerce made 144 changes to project timelines, including 96 changes to extend the original timelines and 48 changes to shorten the original timelines. The department also made 10 changes to economic development outcomes, including 3 to decrease the original number of new jobs committed, the number of retained jobs, or the committed capital investment amounts; 7 changes increased the number of students trained. FloridaCommerce amended one grant agreement to increase the total project funding amount.

⁵³ Supply chain failure refers to an event in the supply chain that disrupts the flow of materials on the journey from initial suppliers through to final customers.

By 2038, public infrastructure projects in 31 counties are committed to create 39,276 new jobs and secure \$1.6 billion in capital investments

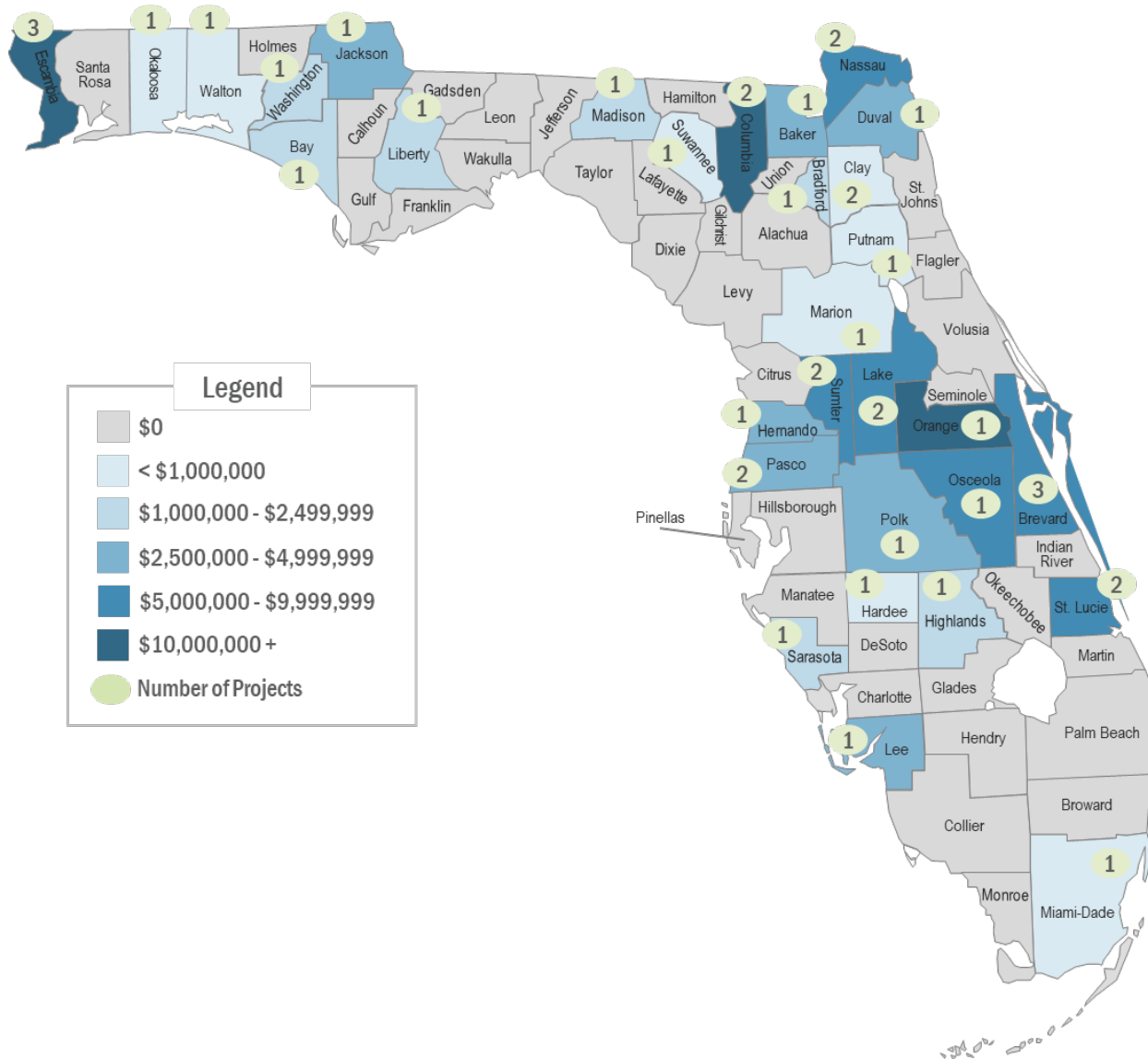
Forty-two public infrastructure grant recipients located in 31 counties received disbursements from FloridaCommerce during the review period. Recipients expanded or improved six types of public infrastructure. Based on original grant agreements, public infrastructure projects are committed to create 39,276 new jobs, retain 3,023 jobs, and secure \$1.6 billion in capital investments by 2038. As of 2024, 4 of 42 projects met both job creation and capital investment commitments.

Recipients across the state used Florida Job Growth Grant Fund Program funds to expand or improve six types of infrastructure. FloridaCommerce disbursed funds to public infrastructure grant recipients located in 31 counties during the review period. (See Exhibit 6.) Total disbursement amounts for projects located in each county ranged from \$109,748 in Hardee County to \$22.9 million in Escambia County. Twenty counties, 14 municipalities, and 3 other entities received disbursements.⁵⁴ Three grant recipients received disbursements for more than one project, including the City of Melbourne Airport Authority, the City of Pensacola, and Columbia County.

⁵⁴ The three entities that received Florida Job Growth Grant Fund Program funds were the Canaveral Port Authority, the City of Melbourne Airport Authority, and the Jacksonville Aviation Authority.

Exhibit 6

During the Review Period, Total Disbursement Amounts for Public Infrastructure Projects Varied by County



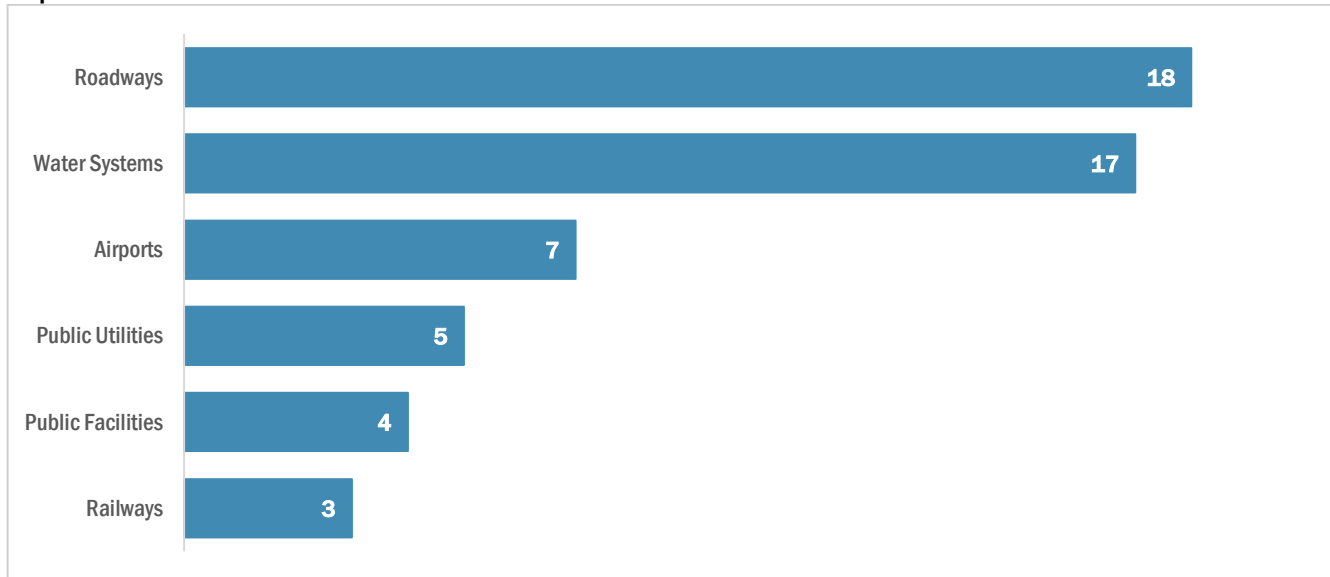
Source: OPPAGA analysis of Florida Department of Commerce data.

During the review period, FloridaCommerce disbursed funds to public infrastructure projects that expanded or improved six different types of infrastructure—roadways, water systems, airports, public utilities, public facilities, and railways. (See Exhibit 7.) Roadway expansions or improvements were the most funded type of infrastructure project (18 of the 42 projects). For example, one grant agreement awarded to the City of Port St. Lucie provides funds to extend a roadway, which will provide access to undeveloped land near a major highway; several large businesses are expected to move to the area when construction is complete. Ten public infrastructure grant recipients used Florida Job Growth Grant Fund Program funds to expand or improve more than one type of infrastructure. For example, the City of Panama City received a grant to construct two connecting roads and related underground utilities, including sewer, portable water, and underground power service.

As of December 2024, 25 of 42 public infrastructure projects that received disbursements in Fiscal Years 2021-22 through 2023-24 had completed construction. Most of these projects were for roadway expansion or improvement (10), water systems (10), or a combination of multiple infrastructure project types (5).

Exhibit 7

Public Infrastructure Grants Were Primarily Awarded to Improve and Expand Roadways, Water Systems, and Airports



Note: Projects listed sum to greater than the total projects within OPPAGA's review period because one project can fund multiple types of infrastructure.

Source: OPPAGA analysis of grant agreements from the Florida Department of Financial Services' Florida Accountability Tracking System.

As of December 2024, public infrastructure grant recipients reported creating 2,970 jobs and securing \$1.3 billion in capital investments. As of 2024, five grant recipients met job creation commitments based on original grant agreements, resulting in 1,399 new jobs.⁵⁵ All five grant recipients exceeded the new job creation commitment. For example, the Canaveral Port Authority committed to creating 473 new jobs by 2038 but reported a total 521 new jobs as of June 2024. In addition, 37 public infrastructure projects are making job creation progress, with 1,571 new jobs as of December 2024. Public infrastructure grant recipients reported retaining 486 of the 3,023 committed retained jobs as of 2024.

As of December 2024, public infrastructure grant recipients report securing \$1.3 billion in capital investments. Six public infrastructure grant recipients met capital investment commitments based on original grant agreements, resulting in \$861 million in investments. All six grant recipients exceeded capital investment commitments, including four recipients that more than doubled the original commitment. For example, the City of Avon Park was committed to secure \$7.5 million in capital investment but reported over \$274 million as of June 2023.

FloridaCommerce made at least one amendment to grant agreements for 88% of public infrastructure projects that received disbursements during the review period. The department amended grant agreements at least once for 37 of the 42 public infrastructure projects that received disbursements during the review period. OPPAGA examined 70 amendments related to completion dates, development outcomes, and total funding amounts. FloridaCommerce reported that amendments can result from services costing less than anticipated or issues with availability of supplies and services. Twenty public infrastructure projects had 33 grant agreement amendments

⁵⁵ OPPAGA examined quarterly reports submitted to FloridaCommerce by grant recipients for the 42 public infrastructure projects that received disbursements during the review period. Quarterly reports submitted to FloridaCommerce are self-reported by grant recipients and include information that the department has not yet confirmed.

related to completion dates; 25 amendments extended grant agreement or deliverable completion dates, and 14 amendments delayed project start dates. For example, the Town of Callahan was originally contracted to begin construction of water and wastewater systems and installation of rail switches in April 2019, but FloridaCommerce amended the grant agreement to extend the start date to April 2022. In addition, OPPAGA identified seven public infrastructure projects with amendments that decreased total project funding amounts. For example, Liberty County was awarded a \$1.5 million grant in 2018 to expand a roadway; the county completed construction and relinquished \$40,449 of unused funds.

By 2037, workforce training projects in 23 counties are committed to train 27,272 students

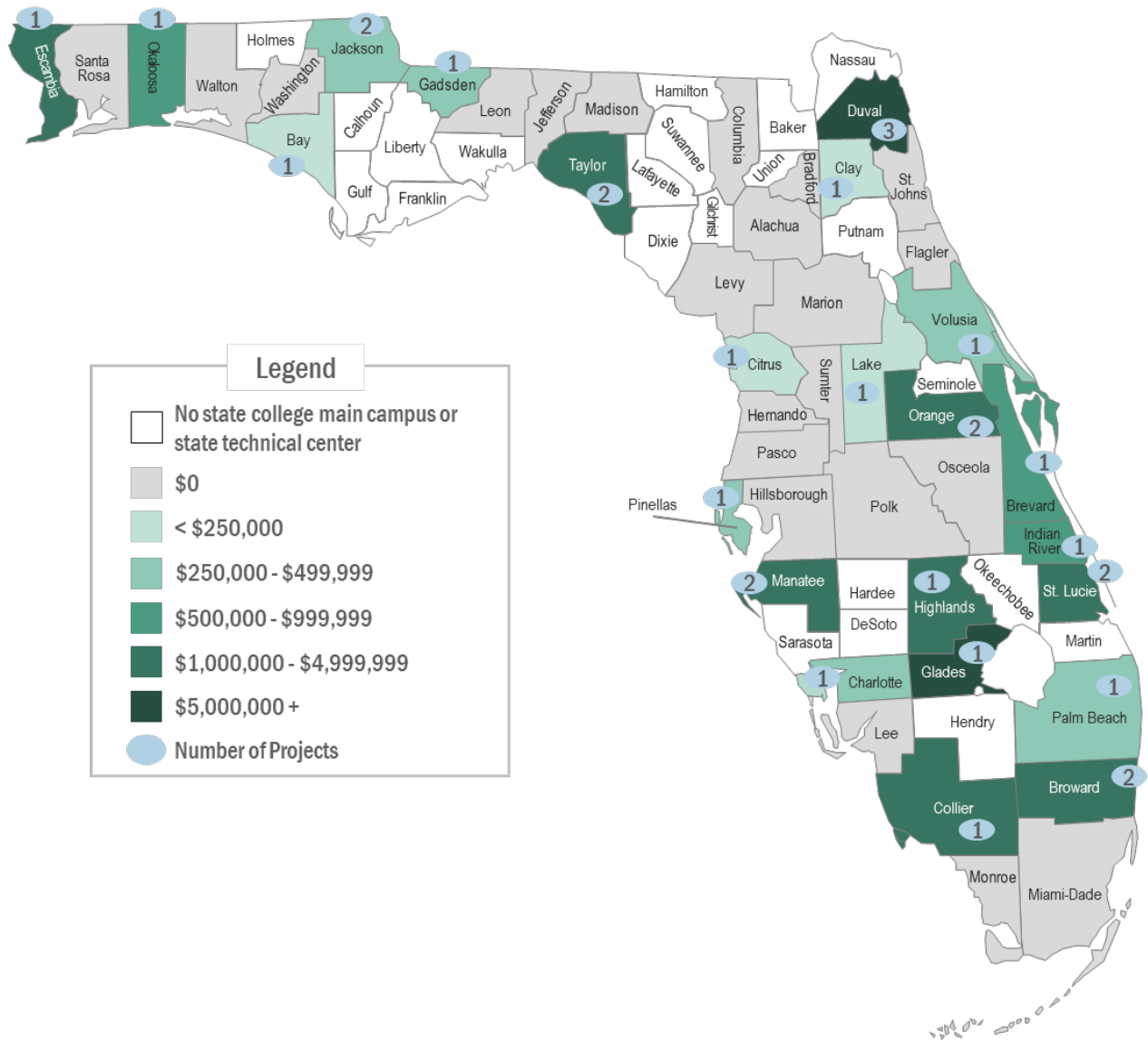
Thirty-one workforce training grant recipients located in 23 counties received disbursements from FloridaCommerce during the review period. Recipients trained students in thirteen industries. Based on original grant agreements, workforce training projects are committed to train 27,272 students by 2037. As of 2024, 3 of the 31 projects met student completer commitments.⁵⁶

State colleges and technical centers across the state used Florida Job Growth Grant Fund Program funds to train students in 13 industries. FloridaCommerce disbursed funds to state colleges and technical centers located in 23 counties across the state. (See Exhibit 8.) Many state colleges have multiple campuses located in different counties across the state; OPPAGA used the main campus of workforce training grant applicants to assign a project to a county. Total disbursement amounts for projects in each county ranged from \$18,280 in Clay County to \$5.5 million in Duval County. Fifteen state colleges, five counties, and five state technical centers received disbursements through the Florida Job Growth Grant Fund. Five state colleges received disbursements for more than one workforce training project, including Broward College, Chipola College, Florida State College of Jacksonville, Indian River State College, and Valencia College.

⁵⁶ OPPAGA used workforce training project quarterly reports to determine progress towards student completer requirements. Other than one report submitted for the quarter ending on July 29, 2024, the information is based on quarterly reports submitted for the quarter ending on December 31, 2024.

Exhibit 8

During the Review Period, Total Disbursement Amounts for Workforce Training Projects Exceeded \$5 Million in Two Counties



Note: OPPAGA used the main campus of workforce training grant applicants to assign projects to a county.

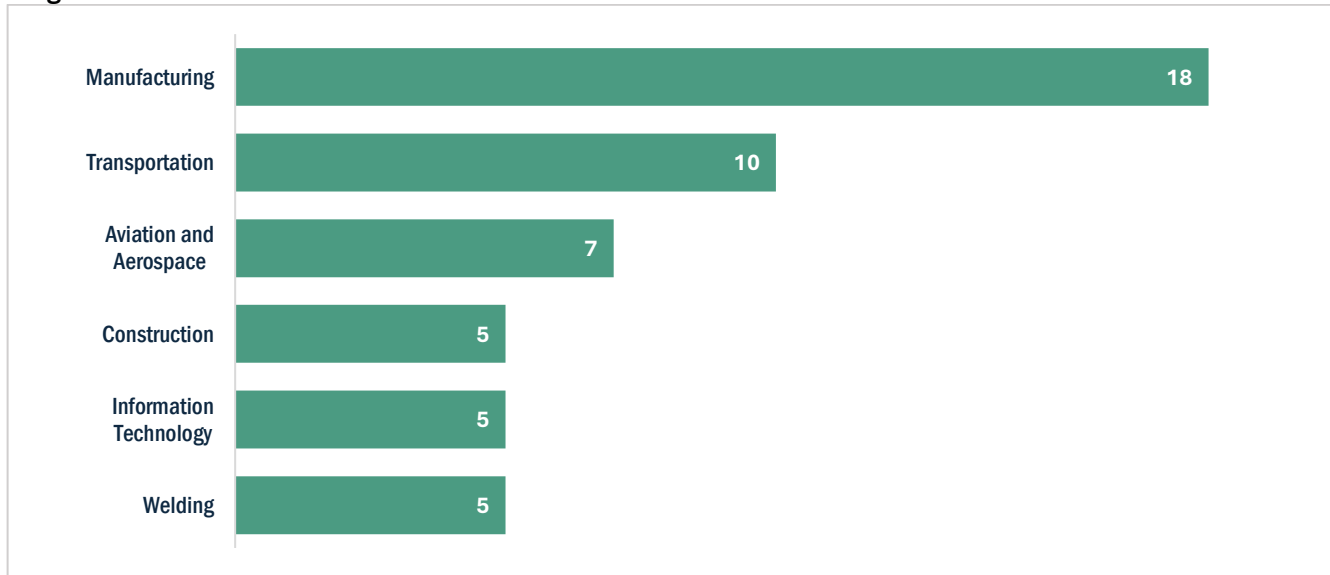
Source: OPPAGA analysis of Florida Department of Commerce data.

During the review period, workforce training grants funded instruction for 13 industries. The top-funded industries were manufacturing (18 grants) and transportation (10 grants).⁵⁷ (See Exhibit 9.) Thirteen workforce training grants funded training in more than one industry. For example, Broward College received a \$3.2 million grant to build the Critical Occupation Response through Education Program, which will offer students on-site training in advanced manufacturing, aviation and aerospace, and information technology.

⁵⁷ Other funded industries include accounting; cleantech; culinary arts; defense and security; heating, ventilation, and air conditioning; healthcare; and marine.

Exhibit 9

Workforce Training Grants Were Awarded for Manufacturing, Transportation, and Aviation and Aerospace Training Programs



Note: One workforce grant may fund a training program supporting multiple industries. Therefore, the count of industries exceeds the number of workforce training grants provided.

Source: OPPAGA analysis of grant agreements from the Florida Department of Financial Services' Florida Accountability Tracking System.

As of 2024, workforce training grant recipients had trained 65% of the 27,272 student that were committed to be trained.⁵⁸ OPPAGA examined quarterly reports submitted by grant recipients for 31 workforce training projects that received disbursements during the review period.⁵⁹ Training completer commitments range from 112 to 3,800 students. As of 2024, three grant recipients met student completer commitments based on original grant agreements, resulting in 9,475 students trained. All three grant recipients exceeded student completer commitments. For example, Pensacola State College was originally committed to complete training for 957 students but reported 3,341 completers as of December 2024.

Twenty-eight workforce training grant recipients are making progress meeting student completer requirements. As of 2024, 4 of the 28 grant recipients had met at least 50% of the original student completer commitment. For example, Eastern Florida State College is committed to training 1,391 students by February 2029; in December 2024, the state college reported a total of 1,303 student completers. As of 2024, the 28 grant recipients working toward completer commitments reported completing training for 8,271 students. Two projects did not report any student completers, including one that began in 2018 and one that began in 2022.

FloridaCommerce made at least one amendment to grant agreements for 77% of workforce training projects that received disbursements during the review period. The department amended grant agreements at least once for 24 of the 31 workforce training projects that received disbursements during the review period. OPPAGA examined 77 amendments related to completion dates, economic development outcomes, and total funding amounts. FloridaCommerce reported that

⁵⁸ OPPAGA used workforce training project quarterly reports to determine all progress toward student completer requirements. Other than one report submitted for the quarter ending on July 29, 2024, the information is based on quarterly reports submitted for the quarter ending on December 31, 2024.

⁵⁹ Quarterly reports submitted to FloridaCommerce are self-reported by grant recipients and include information that FloridaCommerce has not yet confirmed.

amendments can be a response to construction industry issues or cost adjustments. Sixteen workforce training projects had 93 grant agreement changes related to completion dates; 53 changes extended grant agreement completion dates. The department amended the completion dates of three workforce training grant agreements more than once. For example, the original grant agreement for the Big Bend Technical College's Diesel Maintenance Technician I Program administered by the Taylor County School Board did not include a completion date for the purchase of training equipment; FloridaCommerce amended the grant agreement in April 2019 to require the county to purchase training equipment by June 30, 2020, and amended the agreement again in June 2020 to extend that date to June 30, 2023.

In addition, FloridaCommerce amended student completer requirements for six workforce training projects at least once. The resulting seven changes to student completer requirements increased the required completers compared to the original grant agreements. OPPAGA also identified eight workforce training projects with amendments that decreased project total funding amounts and one project with an amendment that increased total funding. For example, in Fiscal Year 2017-18, Pensacola State College received a \$1.9 million grant for the Greater Pensacola Pathways initiative; FloridaCommerce amended the grant agreement in February 2022 to increase the award amount to \$2.7 million.⁶⁰

⁶⁰ The Greater Pensacola Pathways initiative consisted of Pensacola State College, George Stone Technical Center, and the School District of Escambia County and was designed to enhance efforts to move under- and unemployed individuals into high-wage industry jobs.

Chapter 4: Research and Development Tax Credit Program

OPPAGA reviewed the Research and Development Tax Credit Program established under s. 220.196, *Florida Statutes*. The review period is calendar years 2021 through 2023.⁶¹ This is the first OPPAGA review of the Research and Development Tax Credit Program.

BACKGROUND

Program Purpose

The 2011 Legislature created the Research and Development Tax Credit (RDTC) Program, which offers tax credits to businesses in a qualified target industry for increasing specific research activities in Florida.⁶² A tax credit is a credit issued to a business against taxes owed and represents foregone state revenue. Businesses can apply the RDTC against the Florida corporate income tax.

Program Administration

The Florida Department of Commerce (FloridaCommerce) and the Florida Department of Revenue (DOR) share responsibility for administering the RDTC program.⁶³ FloridaCommerce certifies businesses as eligible qualified target industry businesses for the purposes of applying to DOR to receive tax credits.

Exhibit 1

The Florida Department of Commerce and the Florida Department of Revenue Share Responsibility for Administering the Research and Development Tax Credit Program

Florida Department of Commerce	<ul style="list-style-type: none">• Certifies businesses as eligible qualified target industry businesses
Florida Department of Revenue	<ul style="list-style-type: none">• Reviews and approves tax credit applications• Allocates tax credits to approved businesses

Source: OPPAGA analysis of Florida Department of Commerce and Florida Department of Revenue information.

Eligibility

To be eligible for the RDTC program, a business must meet several requirements.

- The business must be in a qualified target industry and subject to Florida corporate income tax.⁶⁴
- In the year for which the credit is determined, the business must have qualified research expenses in Florida that exceed a base amount, defined as the average of the business's

⁶¹ The review period covers calendar years rather than fiscal years because participating businesses report finances on a calendar year basis.

⁶² Qualified target industries include manufacturing, life sciences, information technology, aviation and aerospace, homeland security and defense, cloud information technology, marine sciences, materials science, and nanotechnology industries.

⁶³ Chapter [2023-173](#), *Laws of Florida*, renamed the Department of Economic Opportunity as the Florida Department of Commerce; eliminated Enterprise Florida, Inc. (EFI); and transferred EFI's responsibilities to FloridaCommerce.

⁶⁴ Section [220.196\(1\)\(b\)](#), *F.S.*

qualified in-state research expenses allowed under 26 U.S.C. s. 41 for the four preceding taxable years.^{65,66}

- The business must receive the federal credit for increasing research activities for the same taxable year for which the credit is determined.⁶⁷

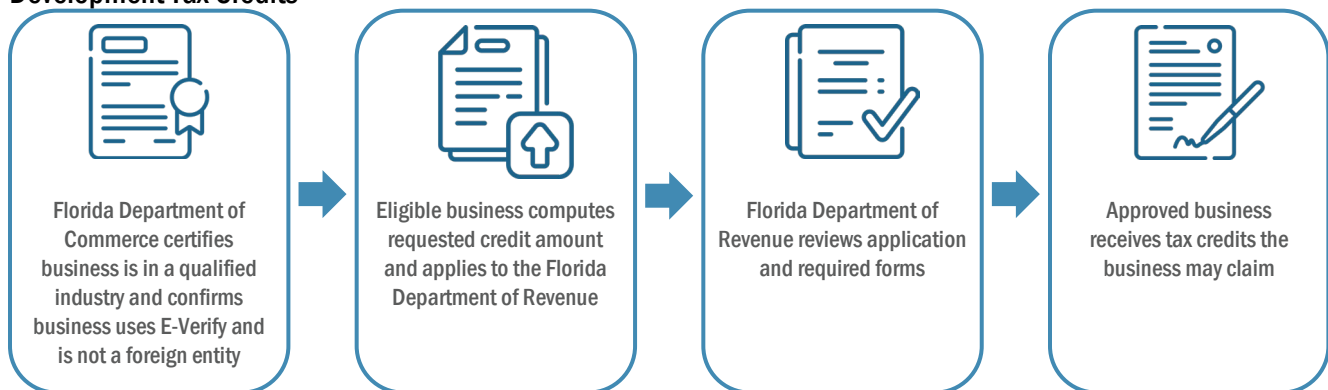
Certification

A business must submit a certification request form and obtain a letter from FloridaCommerce identifying it as a qualified target industry business. Certification letters from FloridaCommerce are valid for three years. In certification request forms, applicants must provide information such as the physical location in Florida where eligible research and development expenses were incurred. In addition, the business must provide proof that it is registered with and uses E-Verify and is not a foreign entity.⁶⁸

Businesses certified by FloridaCommerce may apply to DOR for RDTCs from March 20 through March 26 of each year. Applications to DOR must include certification letters from FloridaCommerce and a computation of the requested credit. DOR approves tax credit applications for businesses based on FloridaCommerce certification, eligibility for the federal credit for increasing research activities, and reported research and development expenses in Florida. (See Exhibit 2.)

Exhibit 2

Businesses Must Meet Eligibility Requirements and Apply to the Florida Department of Revenue for Research and Development Tax Credits



Source: Section [220.196](#), *F.S.*, and Florida Department of Commerce and Florida Department of Revenue information.

Claims Process

DOR allocates businesses up to 10% of the growth in qualified research expenses.⁶⁹ State law limits the total amount of tax credits that may be granted to all businesses during any calendar year to \$9

⁶⁵ Allocations granted are based on expenses from the previous calendar year.

⁶⁶ Qualified research expenses include wages paid to in-house research staff, supplies used in research activities (not including land, improvements to land, or certain depreciable property), and up to 65% of funds paid to contracted personnel for qualified research. Qualified research includes research undertaken to discover technological information that is intended to be useful in the development of a new or improved business component.

⁶⁷ The Federal Credit for Increasing Research Activities, outlined in 26 U.S.C. s. 41, provides subsidies to encourage business investment in research intended to foster innovation and promote long-term economic growth. Florida's RDTC program is modeled after the federal program.

⁶⁸ Chapter [2023-33](#), *Laws of Florida*, requires applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity. In addition, Ch. [2023-40](#), *Laws of Florida*, requires employers with 25 or more employees to use the E-Verify system to participate in the program. The E-Verify system is used to verify the employment eligibility of new employees.

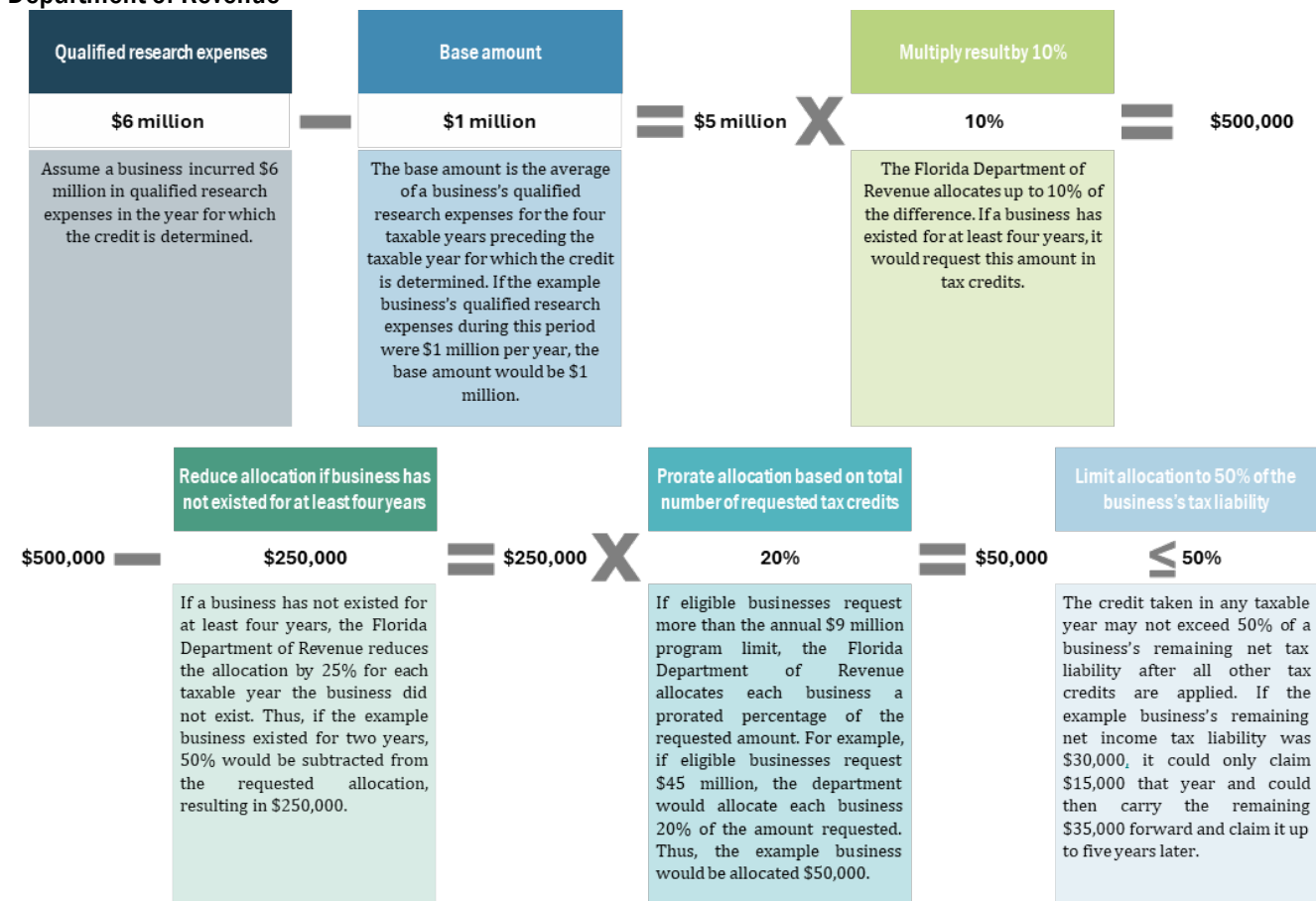
⁶⁹ DOR provides allocations based on the amount by which a business's qualified research expenses in the calendar for which the credit is determined exceed the base amount. Approved businesses are credited up to 50% of the remaining net income tax liability.

million.⁷⁰ However, when total approved requests exceed the statutory limit, DOR allocates each applicant an equivalent, prorated percentage of approved credits. (See Exhibit 3.) After DOR allocates credits, businesses then claim the credits when filing corporate income tax returns. A business may carry unused tax credits forward for up to five years.

As part of its general tax administration process, DOR conducts random audits of business tax returns. DOR audits businesses to determine whether state taxes were collected, reported, and paid correctly, which sometimes involves businesses claiming tax credits through the RDTC program on tax returns. DOR's methods for audit selection vary by tax, but department representatives noted that they will generally request an audit when issues are detected on tax credit claims. Such issues generally include taxpayer filing anomalies, statistical data related to certain businesses, and other information from public entities or third-party sources.

Exhibit 3

Businesses Compute Research and Development Tax Credit Allocation Requests in Applications to the Florida Department of Revenue



Source: Section 220.196, F.S., and Florida Department of Revenue documents.

Program Costs

During the review period, estimated costs to administer the program totaled \$95,126. The estimated cost for FloridaCommerce was \$36,258 and the estimated cost for DOR was \$58,868. FloridaCommerce dedicated 0.2 full-time equivalent (FTE) employees and DOR dedicated 5.0 FTEs to administer the program.

⁷⁰ Section 220.196(3)(e), F.S.

FINDINGS

From calendar years 2014 through 2023, applications for Research and Development Tax Credits consistently exceeded the annual \$9 million statutory limit

From calendar years 2014 through 2023, the Florida Department of Revenue approved 87.9% (1,281) of the 1,457 applications that were received. The total value of requested credits from approved applications during this period was \$726.8 million, and DOR allocated businesses \$111.5 million. The annual amount requested varied, with the highest amount—\$107.4 million—requested for 2018 expenses. While the annual statutory limit on tax credits is \$9.0 million, the Legislature temporarily increased the limit to \$23.0 million and \$16.5 million in 2016 and 2018, respectively.^{71,72,73} (See Exhibit 4.)

Exhibit 4

From Calendar Years 2014 Through 2023, Eligible Businesses Requested \$726.8 Million in Research and Development Tax Credits

Calendar Year of Qualified Research Expenses	Applications Approved	Credits Requested ¹	Statutory Limit	Prorated Percentage Allocated
2014	21	\$9,000,000	\$9,000,000	100.0% ²
2015	118	50,447,562	23,000,000	45.6%
2016	137	53,986,728	9,000,000	16.7%
2017	145	65,560,879	16,500,000	25.2%
2018	188	107,369,288	9,000,000	8.4%
2019	127	101,741,648	9,000,000	8.8%
2020	141	83,654,266	9,000,000	10.8%
2021	135	77,600,438	9,000,000	11.6%
2022	128	94,745,187	9,000,000	9.5%
2023	141	82,659,847	9,000,000	10.9%
Total	1,281	\$726,765,843	\$111,500,000	

¹ This is the total value of requested credits from approved applications in each calendar year.

² For taxable years up to and including 2014, the Florida Department of Revenue allocated credits in the order in which applications were received until the maximum allotment was reached, and those received after that point were all denied. In 2015, the \$9.0 million limit was reached six minutes after the application window opened. Applications are filed with the department for qualified research expenses incurred within the previous calendar year.

Source: OPPAGA analysis of Florida Department of Revenue data.

During the review period, DOR approved 404 applications from 231 eligible businesses requesting \$255.0 million in allocations, exceeding the program's \$27.0 million statutory limit for the three years. Consequently, while the program allows credits up to 10% of the taxpayers' increase in qualified research expenses over the base amount, the program allocated recipients a pro-rated amount of no more than 1.2% of the increase in expenses. Businesses approved to receive RDTCs reported \$9.6 billion in qualified research expenses and over \$2.5 billion in growth in these expenses.

⁷¹ Chapter [2015-221](#), *Laws of Florida*.

⁷² Chapter [2017-36](#), *Laws of Florida*.

⁷³ Applications are filed with DOR for qualified research expenses incurred within the previous calendar year.

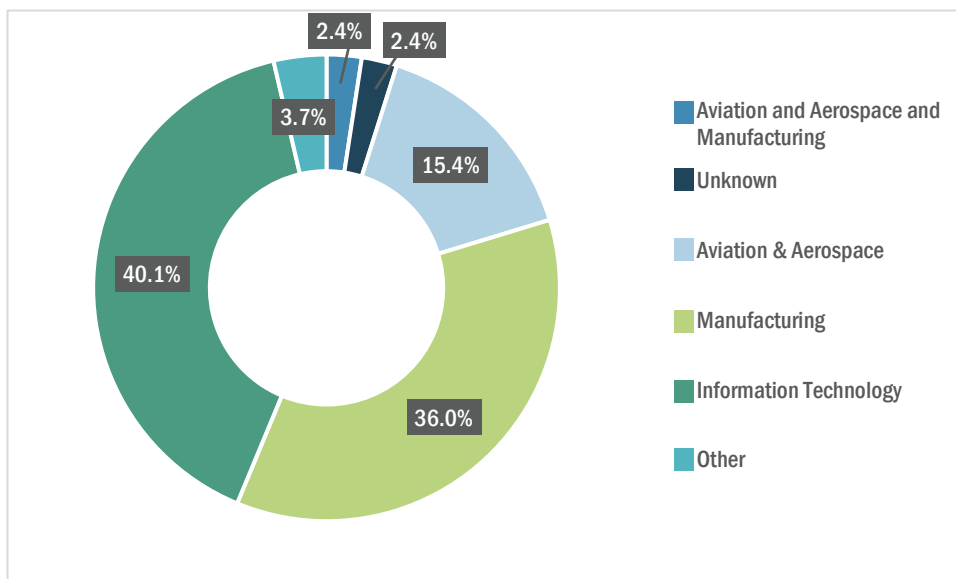
During the review period, eight businesses were allocated over half of the RDTCs

DOR allocated \$27.0 million in RDTCs to 231 businesses during the review period. Eight (3.5%) of these businesses were allocated 53.3% of the tax credits. One business accounted for over 20% of the allocation each year—29.6% (2021), 20.9% (2022), and 22.0% (2023).

Most allocated tax credits were for businesses conducting research and development in the information technology and manufacturing qualified target industry sectors.^{74,75} (See Exhibit 5.) Specifically, businesses performing information technology research comprised 184 of these allocations, totaling \$10.8 million (40.1%), and businesses performing manufacturing research comprised 128 of these allocations, totaling \$9.7 million (36.0%).⁷⁶

Exhibit 5

Businesses in the Information Technology and Manufacturing Sector Were Allocated Most Research and Development Tax Credits During the Review Period



¹ The Other category includes cloud information technology, homeland security and defense, life sciences, marine sciences, materials science, and businesses involved in more than one qualified research industry.

Source: OPPAGA analysis of Florida Department of Revenue data.

Businesses allocated tax credits during the review period were located in 26 counties.^{77,78} However, 73.1% of the tax credits were allocated to businesses in three counties. The most allocations were for

⁷⁴ OPPAGA received data that includes the industry for 388 of 404 (96.0%) total approved applications, representing \$26.3 million (97.6%) of the \$27 million in total allocations. FloridaCommerce reported that the missing data was due to a parent business claiming tax credits for which subsidiary businesses were issued certifications.

⁷⁵ Percentages in this paragraph are taken from the total sum/count of allocations which could be attributed to a physical location in Florida.

⁷⁶ Of this total, \$253,421 (0.9%) was allocated to eight businesses involved in both information technology and another industry.

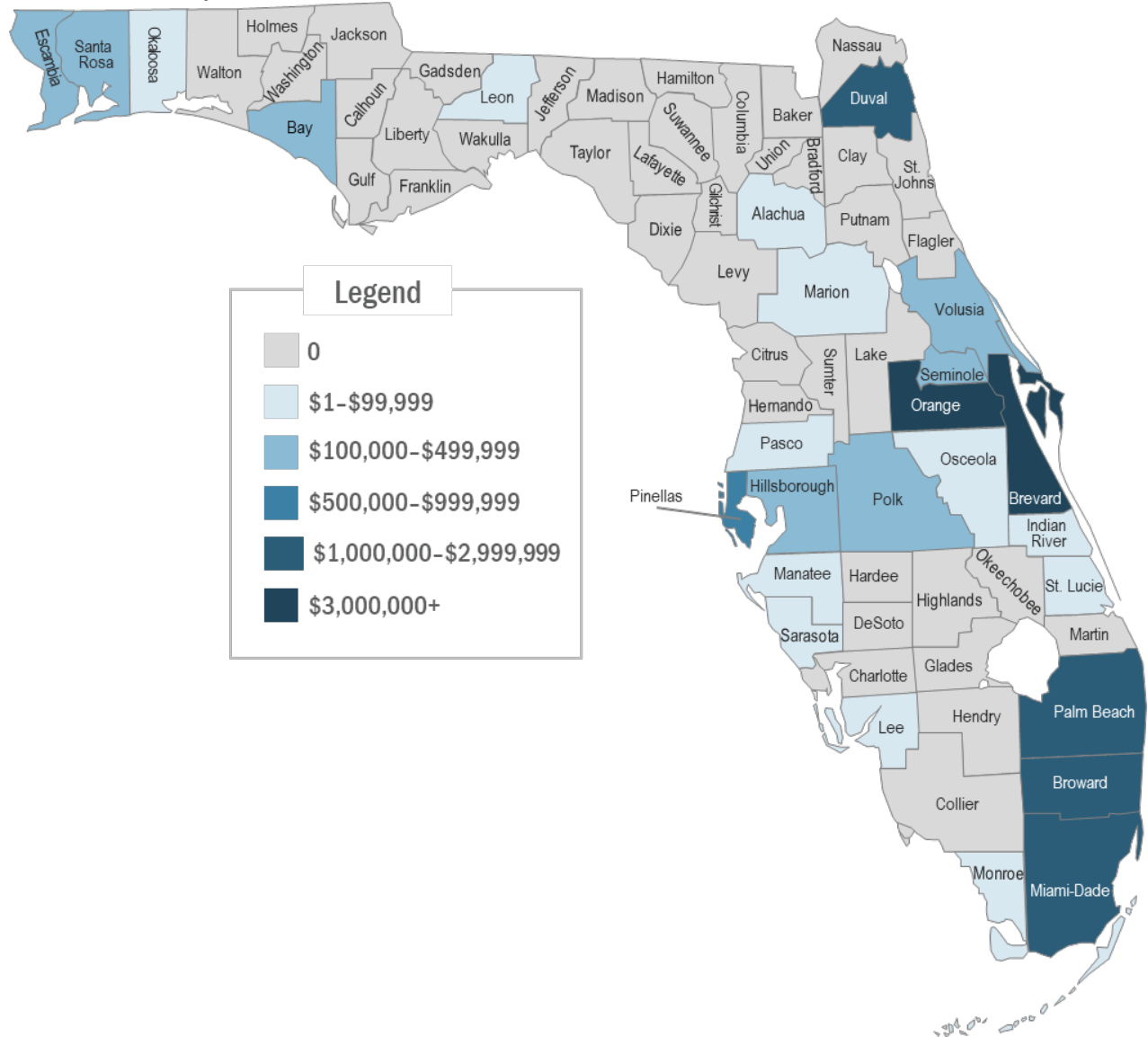
⁷⁷ Florida addresses where expenses were incurred were not listed for 39 of 404 (9.7%) total approved applications, representing \$2.1 million (7.9%) of the allocations. FloridaCommerce reported that address fields were blank because businesses had multiple Florida locations where the research and development was conducted, or businesses had multiple remote employees within Florida working at different addresses. OPPAGA identified county based on the address reported in the application most closely associated with the credit. Because some businesses may have multiple addresses, OPPAGA's data may not reflect the location where the research and development expenses were incurred for all applications.

⁷⁸ Percentages in this paragraph are taken from the total sum/count of allocations which could be attributed to a physical location in Florida.

businesses in Brevard County (\$10.0 million, or 40.4%), Orange County (\$5.2 million, or 20.9%), and Broward County (\$2.9 million, or 11.8%). (See Exhibit 6.)

Exhibit 6

Research and Development Tax Credit Allocations Were Concentrated Within a Small Number of Counties



¹ OPPAGA received data that includes the industry for 192 of 215 claims (89.3%), representing \$20.1 million of \$21.3 million (94.5%) of total claimed tax credits. Industry is not known for all claims because some businesses claimed credits carried over from allocations that were granted before the review period.

Source: OPPAGA analysis of Florida Department of Revenue data.

A small number of businesses claimed over half of the RDTs during the review period

From calendar years 2021 through 2023, 134 unique businesses claimed \$21.3 million in tax credits; 5 (3.7%) of these businesses claimed 52.6% of the tax credits. In 2021, one business claimed 52.0% of the total amount, and in 2022 another claimed 37.6% of the total amount.

Businesses in the manufacturing sector and information technology sector claimed \$18.8 million (93.3%) in tax credits.^{79,80} Businesses involved in manufacturing claimed \$10.5 million (52.1%), and businesses involved in information technology claimed \$8.3 million (41.2%). Manufacturing businesses comprised the largest share of the total tax credit amount claimed in 2021 and 2022, while information technology businesses claimed the most tax credits in 2023.

Businesses that claimed tax credits during the review period were located in 21 counties.^{81,82} (See Exhibit 7.) However, 76.7% of the total amount of tax credits claimed were for businesses located in three counties. Five businesses claimed a total of \$8.8 million (46.4%) for qualified research expenses incurred in Brevard County, 17 claimed a total of \$2.9 million (15.1%) for expenses in Orange County, and 11 claimed a total of \$2.9 million (15.1%) for expenses in Broward County.

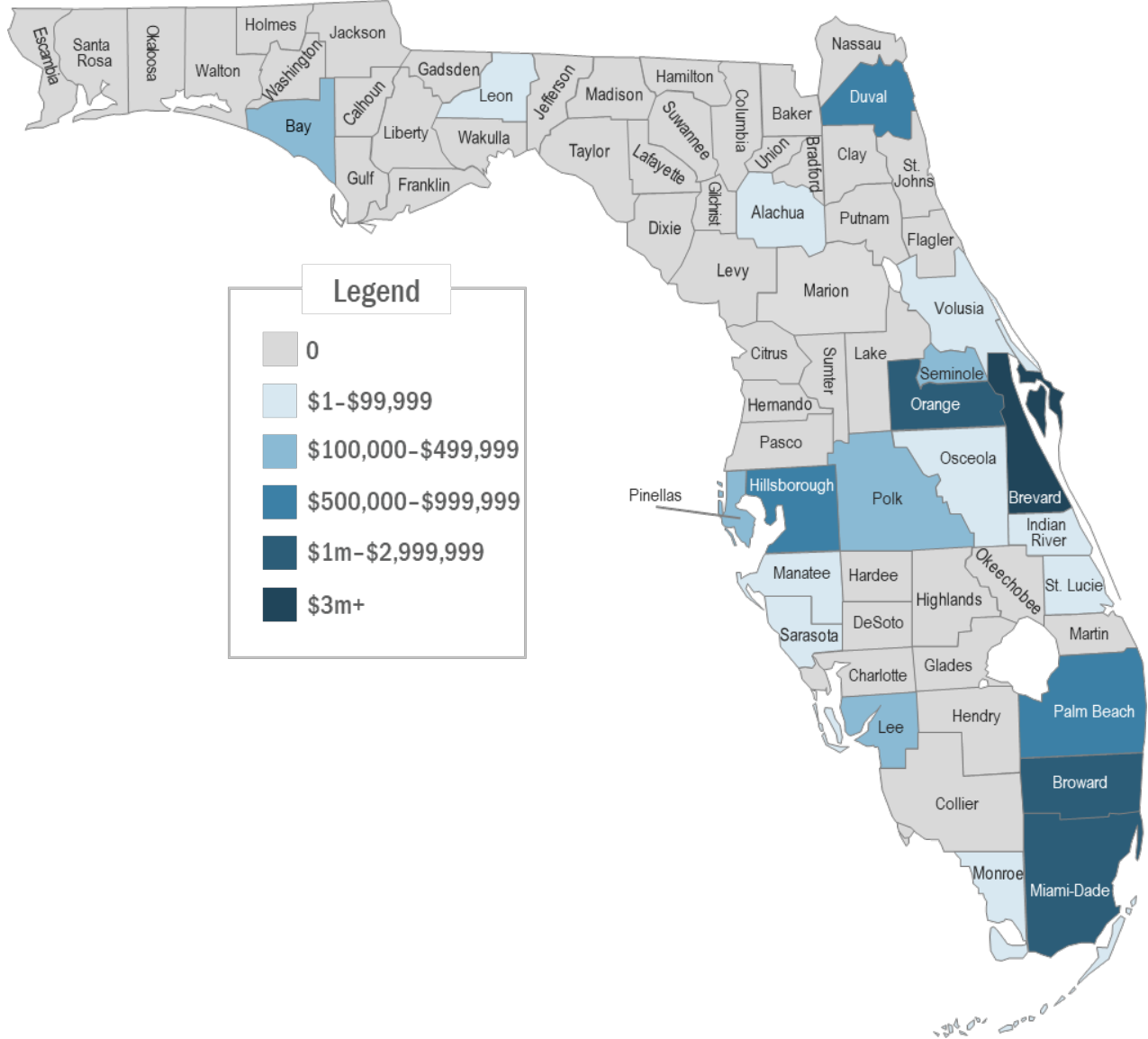
⁷⁹ OPPAGA received data that includes the industry for 192 of 215 claims (89.3%) representing \$20.1 million of \$21.3 million (94.5%) of total claimed tax credits. Industry is not known for all claims because some businesses claimed credits carried over from allocations that were granted before the review period.

⁸⁰ Percentages in this paragraph are taken from the total sum/count of claims for which industry is known.

⁸¹ OPPAGA received data that includes the county for 181 of 215 claims (84.2%) representing \$19.0 million of \$21.3 million (89.3%) of total claimed tax credits. County is not known for all claims because some businesses claimed credits carried over from allocations that were granted before the review period.

⁸² Percentages in this paragraph are taken from the total sum/count of claims which could be attributed to a physical location in Florida.

Exhibit 7
Businesses Claiming Research and Development Tax Credits Incurred Expenses Within a Small Number of Counties



¹ OPPAGA received data that includes the county for 181 of 215 claims (84.2%) representing \$19.0 million of \$21.3 million (89.3%) of total claimed tax credits. County is not known for all claims because some businesses claimed credits carried over from allocations that were granted before the review period.

Source: OPPAGA analysis of Florida Department of Revenue data.

Chapter 5: Rural Job Tax Credit Program

OPPAGA reviewed the Rural Job Tax Credit Program established under s. 212.098, *Florida Statutes*, and authorized under s. 220.1895, *Florida Statutes*. The review period is calendar years 2021 through 2023.⁸³ This is the first OPPAGA review of the Rural Job Tax Credit Program.

BACKGROUND

Program Purpose

The 1997 Legislature created the Rural Job Tax Credit (RJTC) Program to encourage the provision of meaningful employment opportunities and economic expansion of businesses in rural areas of the state.⁸⁴ The program provides \$1,000 in tax credits per qualified employee. Tax credits under the program can be applied against either the Florida corporate income tax or the Florida sales and use tax.⁸⁵

Program Administration

The Florida Department of Commerce (FloridaCommerce) and the Florida Department of Revenue (DOR) administer the program on a calendar year basis.⁸⁶ (See Exhibit 1.)

Exhibit 1

The Florida Department of Commerce and the Florida Department of Revenue Collaborate to Administer the Rural Job Tax Credit Program

Florida Department of Commerce	<ul style="list-style-type: none">• Receives and reviews business applications for the program• Certifies and approves businesses to receive an allocated tax credit amount
Florida Department of Revenue	<ul style="list-style-type: none">• Processes approved allocations for tax credits• Issues approval letters that advise businesses how to claim certain credits on tax returns

Source: OPPAGA analysis of s. 212.098, *F.S.*, and Florida Department of Commerce and Florida Department of Revenue information.

Eligibility

To be eligible for the RJTC program, a business must be located in a qualified area, which includes rural areas of opportunity designated under s. 288.0656, *Florida Statutes*, or counties with populations below certain thresholds.^{87,88} Thirty-six areas in the state qualify for the program. (See Exhibit 2.) Eligible businesses must also be predominantly engaged in activities related to certain standard industrial classifications (SIC).^{89,90}

⁸³ The review period covers calendar years rather than fiscal years because s. [212.098](#), *F.S.*, caps program credits on a calendar year basis and FloridaCommerce administers the program on a calendar year basis.

⁸⁴ Chapter [97-50](#), *Laws of Florida*.

⁸⁵ A tax credit is issued to a business against taxes owed, reducing the business's tax liability and representing foregone revenue to the state.

⁸⁶ Chapter [2023-173](#), *Laws of Florida*, renamed the Florida Department of Economic Opportunity as the Florida Department of Commerce; eliminated Enterprise Florida, Inc. (EFI); and transferred EFI's responsibilities to FloridaCommerce.

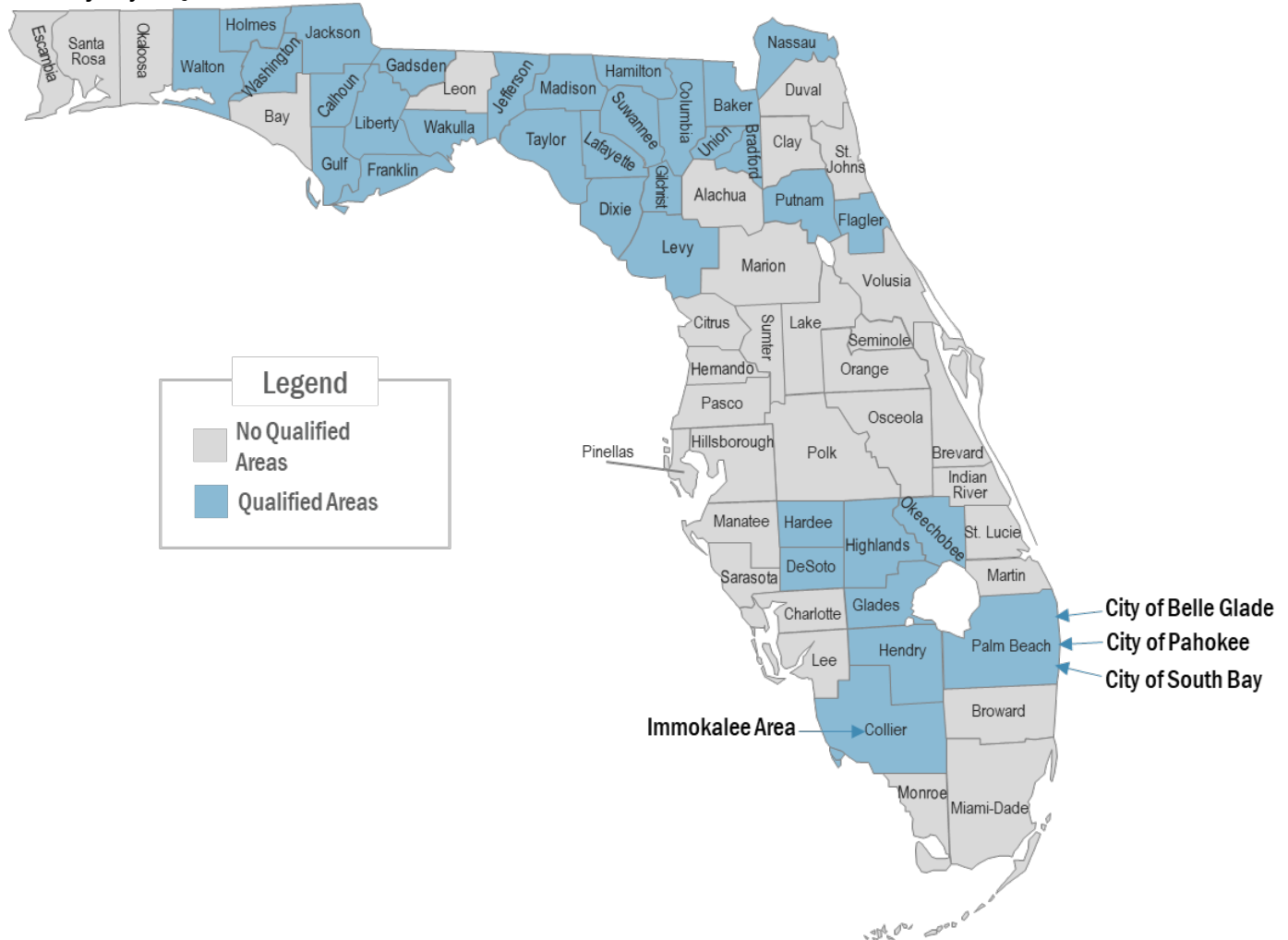
⁸⁷ Under s. [288.0656](#), *F.S.*, rural areas of opportunity are rural communities or regions composed of rural communities, designated by the Governor, that have been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster, or that present a unique economic development opportunity of regional impact.

⁸⁸ The population thresholds include counties with fewer than 75,000 residents or counties that have populations of 125,000 residents or fewer that are contiguous to a county with fewer than 75,000 residents.

⁸⁹ *Predominantly engaged in* means that more than 50% of the business's gross receipts from all sources is generated by those activities in the specified SIC.

⁹⁰ The qualified classifications include agriculture, forestry, and fishing; manufacturing; public warehousing and storage; hotels and other lodging places; research and development; motion picture production and allied services; public golf courses; and amusement parks. A call center or similar customer service operation that services a multistate market or an international market is also an eligible business.

The Majority of Qualified Rural Areas Are in Northern Florida



Note: The Immokalee area, in addition to the cities of Belle Glade, Pahokee, and South Bay, are qualified rural communities per s. [288.0656, F.S.](#)

Source: OPPAGA analysis of s. [212.098](#), *F.S.*, and Florida Department of Commerce information.

New and existing businesses may be approved to receive tax credits if the businesses create a minimum number of new jobs in a calendar year.⁹¹ However, no business may apply more than once every 12 months. New businesses must have at least 10 employees. Existing businesses with fewer than 50 employees must have 20% more employees than they had one year prior to application, while existing businesses with 50 employees or more must have at least 10 more employees than they had one year prior to application. The RJTC program provides \$1,000 in tax credits per qualified employee.⁹² The maximum total credit amount FloridaCommerce may approve for the program during a calendar year is \$5 million, and individual businesses may not receive more than \$500,000 in tax credits during any one calendar year.

⁹¹ New businesses are businesses that are in the first year of operation.

⁹² An additional \$500 per employee is available for welfare transition employees. Welfare transition employees are participants in Florida's Welfare Transition Program administered by FloridaCommerce, which provides training, education, support services, and skills needed to gain unsubsidized employment.

Certification

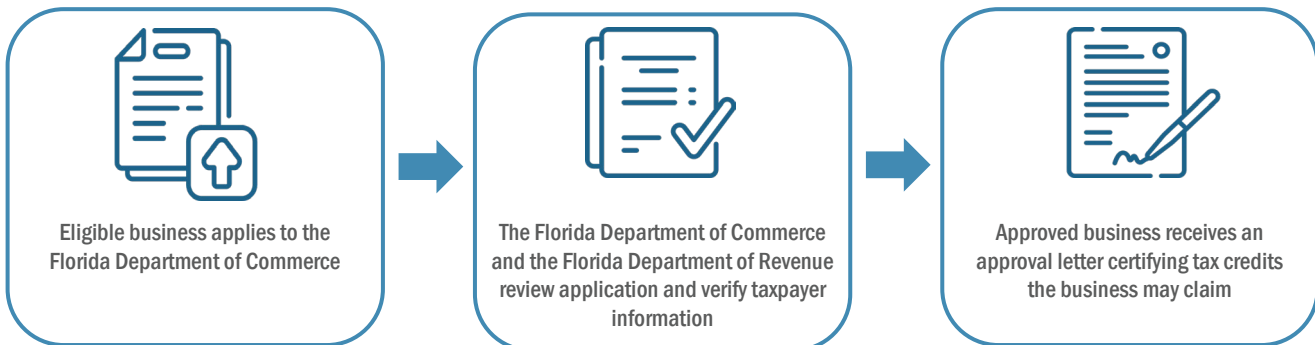
To be certified to participate in the RJTC program, businesses must submit an economic development incentive application to FloridaCommerce. Among other items, applications include the business location, qualified area where the business is located, whether the business is new or existing, and the number of qualified employees for which the business is applying to receive tax credits. Department staff review applications in the order received, regardless of whether the business is new or existing.⁹³ FloridaCommerce's application review process includes

- verifying that the business attached proof of E-Verify use and the Foreign Entity Affidavit to the application;
- confirming that the business location is within a qualified area;
- requesting that DOR verify the applicant's business address, federal employer identification number, SIC code, and sales tax registration number (if applicable);
- determining if the applicant created the required number of jobs and confirming employment in DOR's tax administration system (i.e., SUNTAX);⁹⁴ and
- determining how many tax credits are available in the calendar year.

If FloridaCommerce approves an application, it issues a tax credit certification letter to the approved applicant specifying the amount of tax credits the business is eligible to claim on its tax returns from DOR. Upon certification of a business's application, FloridaCommerce also sends the certification letter to DOR. (See Exhibit 3.)

Exhibit 3

Businesses That Create Jobs in Qualified Areas May Be Approved by the Florida Department of Commerce for Rural Job Tax Credits



Source: OPPAGA analysis of s. [212.098](#), F.S., and Florida Department of Commerce and Florida Department of Revenue information.

Claims Process

Businesses may claim authorized tax credits against either Florida corporate income taxes or Florida sales and use taxes, but not both. DOR processes tax credits differently depending on the tax type.

⁹³ Chapter [2023-33](#), *Laws of Florida*, required applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity. In addition, Ch. [2023-40](#), *Laws of Florida*, required employers with 25 or more employees to use the E-Verify system to participate in the program. The E-Verify system is used to verify the employment eligibility of new employees.

⁹⁴ SUNTAX is DOR's tax administration and accounting system used to establish and manage taxpayer accounts. SUNTAX provides functions such as processing tax returns, payments, and related correspondence.

To process a **corporate income tax credit**, DOR uploads the approved amount into SUNTAX, which results in the approved credit appearing on the business's account. A business claiming against its corporate income tax liability must include a copy of the FloridaCommerce tax credit certification letter with its corporate income tax return. Corporate income tax credits may be carried forward for up to five years if not fully used in the first year. The carryover can be used in a later year when the tax owed is more than the available credit, after applying other credits and carryovers in the order listed in s. 220.02(8), *Florida Statutes*.

To process a **sales and use tax credit**, DOR prepares a letter that authorizes the tax return and informs the business how to claim the credit on tax returns. DOR then uploads the credit to the approved business's account and sends a letter to the business and FloridaCommerce. If the approved sales and use tax credit is larger than the amount that can be used on a single tax return, a business may claim the unused portion on any tax return filed within 12 months after the application's approval.

As part of its general tax administration process, DOR conducts random audits of business tax returns. DOR audits businesses to determine whether state taxes were collected, reported, and paid correctly, which sometimes involves businesses claiming RJTCs on tax returns. DOR's methods for audit selection vary by tax, but department representatives noted that they will generally request an audit when issues are detected on tax credit claims. Such issues generally include taxpayer filing anomalies, statistical data related to certain businesses, and other information from public entities or third-party sources.

Program Costs

During the review period, estimated costs to administer the program totaled \$3,528. During the review period, the estimated cost for FloridaCommerce was \$2,550 and the estimated cost for DOR was \$978. Both departments dedicated 1.0 full-time equivalent (FTE) employee to administer the program.

Legislative Changes

In 2023, the Legislature enacted new laws to address economic development programs, including the RJTC Program. Chapter 2023-173, *Laws of Florida*, repealed the Qualified Target Industry Business Tax refund and made such businesses ineligible to receive a tax credit through the RJTC program.

FINDINGS

Participation in the Rural Job Tax Credit Program was low, with most jobs created in one county

The Florida Department of Commerce received 24 Rural Job Tax Credit Program applications from calendar years 2014 through 2023 and 6 applications during the review period. (See Exhibit 4.) All applicants were approved to receive tax credits. From calendar years 2014 through 2023, approved tax credits have been consistently below allowable total amounts. Specifically, the total tax credits allocated from calendar years 2014 through 2023 was \$822,000 out of a potential maximum of \$50 million. For calendar years 2021 through 2023, FloridaCommerce approved a total of \$195,000 in tax credits for four businesses.

Exhibit 4

Rural Job Tax Credits Certified Each Year Were Below the Statutory Cap of \$5 Million From Calendar Years 2014 Through 2023

Calendar Year	Number of Applications	Number of Approvals	Approved Credit Amounts
2014	3	3	\$46,000
2015	3	3	94,000
2016	0	0	0
2017	4	4	229,000
2018	2	2	141,000
2019	4	4	100,000
2020	2	2	17,000
2021	2	2	19,000
2022	2	2	123,000
2023	2	2	53,000
Total	24	24	\$822,000

Source: OPPAGA analysis of Florida Department of Commerce information and annual incentives reports.

Few businesses claimed the approved tax credits. During the review period, only five businesses claimed credits, for a total of \$66,000.⁹⁵ These businesses were in five qualified rural areas—Columbia, Hendry, Palm Beach (Belle Glade), Suwannee, and Taylor counties.⁹⁶

For calendar years 2021 through 2023, businesses claiming tax credits created 195 jobs. Manufacturing industry businesses created the majority of jobs (179) and received the majority of allocated tax credits (\$179,000). Job creation and allocated tax credits were mostly concentrated in a timber processing facility in Suwannee County, where 74% (145 of 195) of the total jobs were created. Most jobs (123) were created by new businesses in the first year of operation and applying to the program for the first time.

A lack of awareness may contribute to limited program participation. Enterprise Florida, Inc. (EFI), was responsible for marketing economic development incentive programs during the first two years of the review period (calendar years 2021 and 2022), but Ch. 2023-173, *Laws of Florida*, transferred EFI's responsibilities to FloridaCommerce. FloridaCommerce representatives reported that the department markets and conducts outreach for economic development programs, including virtual and in-person efforts across the state through speaking engagements, written publications, webinars, roundtables, conferences, and workshops. However, department representatives were unsure why program participation has been limited, noting that limited RJTC Program participation has been a long-term trend.

RECOMMENDATIONS

OPPAGA reviewed the Rural Job Tax Credit Program to assess business participation, program administration, and job creation. The four businesses that were approved for and claimed tax credits during the review period created 195 jobs and received approximately \$53,000 in tax credits. According to Florida Department of Commerce officials, low RJTC program participation is a longstanding issue. To address low program participation, administration, and implementation, the Legislature and FloridaCommerce could consider several options.

The Legislature could consider discontinuing the RJTC program. Program participation was low from calendar years 2014 through 2023, including during the review period, with tax credits allocated and received by four businesses and well below the statutory caps. For calendar years 2021 through

⁹⁵ One business making a claim carried the credit forward from an approval prior to the review period.

⁹⁶ Four of the five tax credit recipients were in the manufacturing target industry. The other was in hotels and other lodging places.

2023, the program reported six approved applications and allocated tax credits totaling less than \$200,000. Further, program participation and job creation was concentrated in one county, with one business accounting for 74% of the approved tax credits and jobs created. Given the low program participation, the Legislature could consider discontinuing the program.

If the Legislature continues the RJTC program, FloridaCommerce should expand its marketing efforts to help increase program participation. If the Legislature decides to continue the program, FloridaCommerce should improve program awareness and marketing. Enhanced marketing efforts by FloridaCommerce could include

- displaying program information more prominently on local economic development organizations' websites;
- developing program brochures or other marketing materials; and
- providing program information to business associations, industry organizations, and site selection consultants.

Chapter 6: Urban High-Crime Area Job Tax Credit Program

OPPAGA reviewed the Urban High-Crime Area Job Tax Credit Program established under s. 212.097, *Florida Statutes*, and authorized under s. 220.1895, *Florida Statutes*. The review period is calendar years 2021 through 2023.⁹⁷ This is the first OPPAGA review of the Urban High-Crime Area Job Tax Credit Program.

BACKGROUND

Program Purpose

The 1997 Legislature created the Urban High-Crime Area Job Tax Credit Program to encourage new and existing businesses to create job growth within designated high-crime areas.⁹⁸ Businesses located in these areas can receive tax credits ranging from \$500 to \$2,000 per qualified job, which can be applied against either the Florida corporate income tax or Florida sales and use tax.⁹⁹ Qualified jobs are held by employees working full-time for an average of at least 36 hours per week for at least three months within the high-crime area in which the eligible business is located.

Program Administration

The Florida Department of Commerce (FloridaCommerce) and the Florida Department of Revenue (DOR) administer the program on a calendar year basis.¹⁰⁰ (See Exhibit 1.)

Exhibit 1

The Florida Department of Commerce and the Florida Department of Revenue Collaborate to Verify Business Eligibility for the Urban High-Crime Area Job Tax Program

Florida Department of Commerce	<ul style="list-style-type: none">• Designates and ranks qualified high-crime areas• Reviews business applications for the program• Certifies and approves businesses to receive tax credits
Florida Department of Revenue	<ul style="list-style-type: none">• Verifies business tax information• Processes approved tax credits• Issues approval letters and advises businesses how to claim credits on tax returns

Source: OPPAGA analysis of Florida Department of Commerce and Florida Department of Revenue information.

Eligibility

To be eligible for the Urban High-Crime Area Job Tax Credit Program, a new or existing business must be located within a designated high-crime area. In addition, businesses must be predominantly engaged in, or are headquarters for a business predominantly engaged in, activities classified within 1

⁹⁷ The review period covers calendar years rather than fiscal years because s. [212.097, F.S.](#), caps the program credits on a calendar year basis, and businesses can claim credits after the calendar year ends. FloridaCommerce also administers the program on a calendar year basis.

⁹⁸ Chapter [97-50, Laws of Florida](#).

⁹⁹ A tax credit is an amount issued to a business against taxes owed, reducing the business's tax liability and representing foregone revenue to the state.

¹⁰⁰ Chapter [2023-173, Laws of Florida](#), renamed the Florida Department of Economic Opportunity as the Florida Department of Commerce; eliminated Enterprise Florida, Inc. (EFI); and transferred EFI's responsibilities to FloridaCommerce.

of 11 Standard Industrial Classification (SIC) codes, which include business sectors such as manufacturing, research and development, amusement parks, and retail.¹⁰¹

State law allows any local government (i.e., county or municipality) to nominate an area for designation as an urban high-crime area by applying to FloridaCommerce after its governing body adopts a resolution to seek designation.¹⁰² A local government must identify an area as suffering from chronic poverty, unemployment, deterioration, and disinvestment; determine that rehabilitation, conservation, or redevelopment is necessary for residents' health, safety, and welfare; and conclude that revitalization is possible if public or private investment is induced. State law allows up to 15 designated high-crime areas.¹⁰³ In 1997, the program designated 13 areas; most of these areas are in the central and southern areas of the state.¹⁰⁴ The designated areas are located in Fort Lauderdale, Jacksonville, Lakeland, Miami-Dade County (includes three areas), Ocala, Orlando, Palm Beach County, Pompano Beach, St. Petersburg, Tallahassee, and Tampa. (See Exhibit 2.)

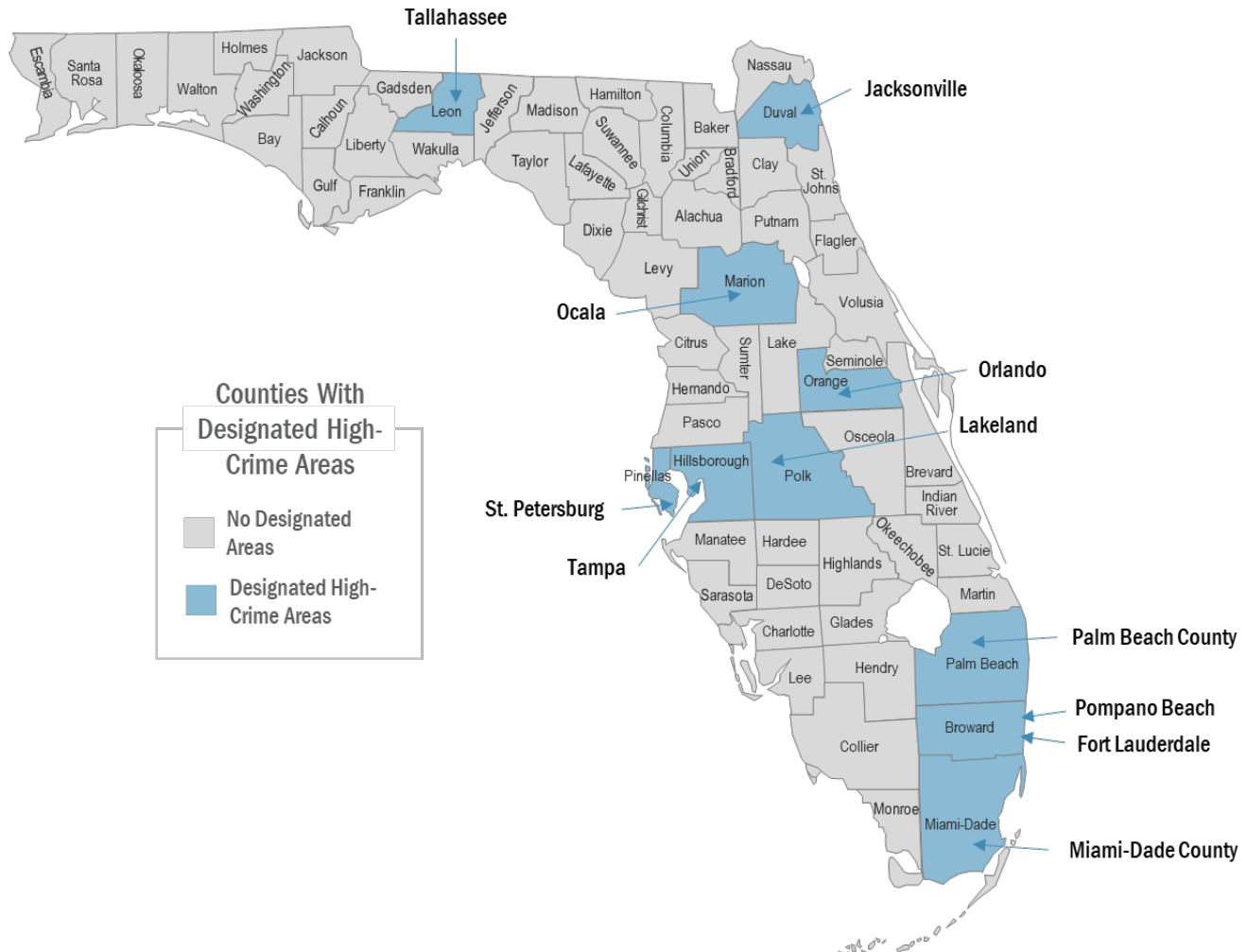
¹⁰¹ *Predominantly engaged in* means that more than 50% of the business's gross receipts from all sources is generated by those activities in the specified SIC.

¹⁰² Section [212.097](#), *F.S.*, provides that any county or municipality, or a county and one or more municipalities, may apply for designation as a high-crime area. A municipality or a county and one or more municipalities may not nominate more than one high-crime area. A county may nominate no more than three areas. Nominated areas can range from fewer than 3 square miles to 20 square miles, depending on the population of the nominated area.

¹⁰³ Section [212.097\(1\)\(e\)](#), *F.S.*

¹⁰⁴ Chapter [97-50](#), *Laws of Florida*, assigned the program's administrative duties to the Office of Tourism, Trade, and Economic Development (OTTED). OTTED, established within the Executive Office of the Governor, assisted the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement statewide economic development policies and strategies.

The Majority of Designated Urban High-Crime Areas Are in Central and South Florida¹



¹ Miami-Dade County has three designated areas. The first includes portions of Hialeah, Miami, and Opa-locka; the second includes portions of Florida City, Homestead, Leisure City, and Naranja; and the third includes portions of Carol City, Goulds, and Miami.

Source: OPPAGA analysis of Florida Department of Commerce data.

Urban high-crime areas are designated limited square mileage areas within a county or municipality. (See Exhibit 3.) For example, the designated Tampa high-crime area is 16.0 square miles, but the municipality itself is 177.2 square miles. Additionally, areas nominated by the local government cannot exceed certain square mileage limits based on population size. (See Appendix A for more information on each designated urban high-crime area.)

Exhibit 3

The Maximum Square Mileage Allowed for Designated Urban High-Crime Areas Is 20 Square Miles

Community Population	Maximum Area Allowed
150,000 or more	20 square miles
50,000 to 149,999	10 square miles
20,000 to 49,999	5 square miles
Fewer than 20,000	3 square miles

Source: Section [212.097](#), *F.S.*

Florida law requires that FloridaCommerce rank and tier designated high-crime areas based on updated crime data that local governments must submit every three years. The department must use prioritized criteria that includes the highest

- arrest rates within the geographic area for violent crime and for such other crimes as drug sale, drug possession, prostitution, vandalism, and civil disturbances;
- reported crime volume and rate of specific property crimes such as business and residential burglary, motor vehicle theft, and vandalism;
- percentage of reported index crimes that are violent in nature;
- overall index crime volume for the area; and
- overall index crime rate for the geographic area.¹⁰⁵

State law does not provide a crime threshold that areas must meet to maintain areas' status as a qualified high-crime area.¹⁰⁶ Urban high-crime areas are ranked from 1 to 15. Areas ranked 1 through 5 are in Tier 1, which represents the highest crime areas. Areas ranked 6 through 10 are in Tier 2, and those ranked 11 through 15 are in Tier 3. To determine what areas fall into each tier, FloridaCommerce uses overall crime and arrest rates provided by local governments for Part I and Part II crimes, which are based on the Federal Bureau of Investigation's Uniform Crime Reporting Program.¹⁰⁷ Part I crimes are serious offenses such as homicide, robbery, and arson; Part II crimes are less severe offenses such as forgery, fraud, and embezzlement. When assessing crime and arrest volume, FloridaCommerce reviews the crime and arrest rates per 100,000 residents. Each designated area receives a score in four crime categories: crime volume for Part I crimes, arrest volume for Part I crimes, crime volume for Part II crimes, and arrest volume for Part II crimes. These scores are combined across crime categories to generate an overall score, which determines each area's tier as a high-crime area.

Existing and new businesses may apply to receive tax credits at any time during the calendar year. However, no business may apply more than once every 12 months. The maximum credit amount that may be approved during any calendar year is \$5 million; \$1 million is reserved for Tier 1 areas. Job creation requirements differ based on the tier in which the business is located and whether the business is new or existing. (See Exhibit 4.) New businesses must have a minimum number of employees on the application date. Existing businesses must have a required increase in the number of employees than it had one year prior to the date of application.

¹⁰⁵ Section [212.097\(1\)\(e\)](#), *F.S.*

¹⁰⁶ Crime thresholds statistically determine the normal range of crime for a place relative to other locations, allowing decision makers to know the upper and lower limits of crime and determine if places are within, above, or below expected levels.

¹⁰⁷ The Uniform Crime Reporting Program generates crime statistics for law enforcement use. The program includes data from over 18,000 law enforcement agencies throughout the United States that voluntarily submit crime data.

Exhibit 4

Urban High-Crime Area Job Tax Credit Amounts Depend on Business Type and Number of Employees

Tiers	Eligibility Requirements	Credit Amount ¹
Tier 1	<ul style="list-style-type: none">• New business – At least 10 qualified employees• Existing business – At least 5 more qualified employees	\$1,500 per employee
Tier 2	<ul style="list-style-type: none">• New business – At least 20 qualified employees• Existing business – At least 10 more qualified employees	\$1,000 per employee
Tier 3	<ul style="list-style-type: none">• New business – At least 30 qualified employees• Existing business – At least 15 more qualified employees	\$500 per employee

¹ A new or existing business will receive an additional \$500 in credit if the qualified employee is a welfare transition employee. Welfare transition employees are participants in Florida's Welfare Transition Program, administered by the Florida Department of Commerce, which provides training, education, support services, and skills needed to gain unsubsidized employment. To qualify, welfare transition employees must have been employed for less than one year on the date of a business's application.

Source: OPPAGA analysis of *Florida Statutes* and Florida Department of Commerce data.

Certification

To be certified to participate in the Urban High-Crime Area Job Tax Credit Program, a business must submit an economic development incentive application to FloridaCommerce. Applications must include the business location; whether the business is new or existing; number of jobs for which the business is applying to receive tax credits; and whether the business will be applying the credit against its corporate income tax or sales and use tax.¹⁰⁸ FloridaCommerce staff reviews applications in the order received, granting tax credits on a first-come, first-served basis. FloridaCommerce's review process includes

- verifying that the businesses attached proof of E-Verify use and the Foreign Entity Affidavit to the application;
- confirming that the business location is within a designated high-crime area;
- asking DOR to verify the applicant's business address, Federal Employer Identification Number, Standard Industrial Classification code, and Sales Tax Registration Number (if applicable);
- determining if the applicant created the required number of jobs and confirming employment in DOR's tax administration system (i.e., SUNTAX);¹⁰⁹ and
- determining how many tax credits are available in the calendar year.

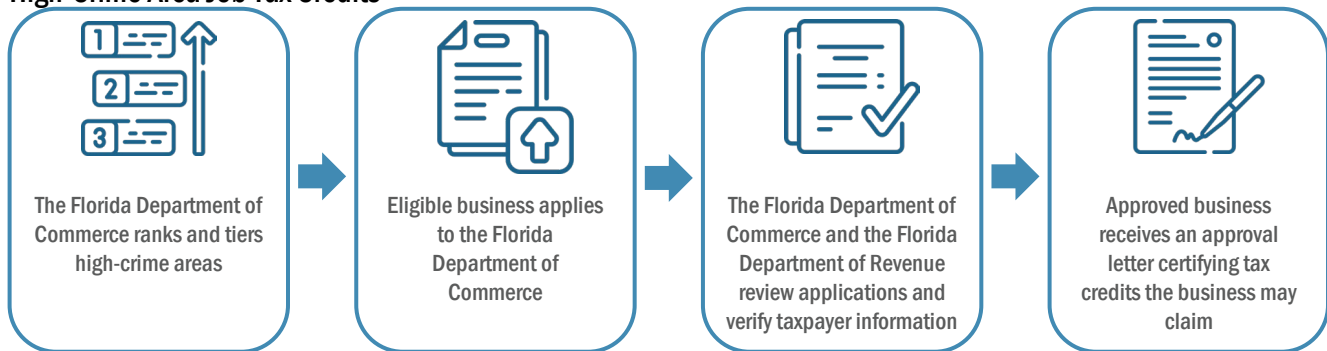
FloridaCommerce may deny the application if it is insufficient to support the credit allowed through the program, such as when a business fails to create the required number of jobs or is not located in a designated high-crime area. FloridaCommerce must notify the business of its denial, and the business may reapply for the credit within three months after such notification. If FloridaCommerce approves the business's application, it sends the approved application and a certification letter to the business and DOR specifying the amount of tax credits that the business is eligible to claim. (See Exhibit 5.)

¹⁰⁸ Chapter [2023-33](#), *Laws of Florida*, required applicants to provide FloridaCommerce with a signed affidavit attesting that the business is not a foreign entity. In addition, Ch. [2023-40](#), *Laws of Florida*, required employers with 25 or more employees to use the E-Verify system to participate in the program. The E-Verify system is used to verify the employment eligibility of new employees.

¹⁰⁹ SUNTAX is a system that DOR uses to conduct its tax administration and accounting tasks. SUNTAX provides functions such as processing tax returns, payments, and related correspondence.

Exhibit 5

Businesses That Create Jobs in High-Crime Areas May Apply to the Florida Department of Commerce for Urban High-Crime Area Job Tax Credits



Source: OPPAGA analysis of Florida Department of Commerce and Florida Department of Revenue information.

Claims Process

Businesses may claim authorized tax credits against either corporate income taxes or sales and use taxes, but not both. DOR processes tax credits differently depending on the tax type.

To process a **corporate income tax credit**, DOR uploads the approved amount into SUNTAX so the approved credit appears on the business's account. A business claiming against the corporate income tax must include a copy of the FloridaCommerce tax credit certification letter with its corporate income tax return on which the credit is claimed. Corporate income tax credits may be carried forward for up to five years, if not fully used in the first year. The carryover can be used in a later year when the tax owed is more than the available credit, after applying other credits and carryovers in the order listed in s. 220.02(8), *Florida Statutes*.¹¹⁰

To process a **sales and use tax credit**, DOR prepares a credit memorandum that authorizes the tax credit and advises the business how to claim the credit on tax returns. DOR then uploads the credit to the business's account and sends a letter to the approved business and FloridaCommerce. If the approved sales and use tax credit is larger than the amount that can be used on a single tax return, a business may claim the unused portion on any tax return filed within 12 months after the application's approval.

As part of its general tax administration process, DOR conducts random audits of business tax returns. DOR audits businesses to determine whether state taxes were collected, reported, and paid correctly, which sometimes involves businesses claiming tax credits through the Urban High-Crime Area Job Tax Credit Program on tax credit claims. DOR's methods for audit selection vary by tax, but department representatives noted that they will generally request an audit when issues are detected on tax returns. Such issues generally include taxpayer filing anomalies, statistical data related to certain businesses, and other information from public entities or third-party sources.

Program Costs

During the review period, estimated costs to administer the program totaled \$13,995. The estimated cost for FloridaCommerce to administer the program was \$11,061, and the estimated cost for DOR to administer the program was \$2,934. Both departments dedicated 1.0 full-time equivalent (FTE) employee to administer the program.

¹¹⁰ Section [220.1895](#), *F.S.*

FINDINGS

Current designated areas may not include locations with the highest crime rates in the state

No new urban high-crime areas have been designated since 1997. According to state law, any local government may apply for designation as a high-crime area.¹¹¹ The Florida Department of Commerce reported that the department interprets state law to have allowed local governments one opportunity to apply for designation as a high-crime area in 1997 and that the areas would remain in effect throughout the life of the program. The department also reported that there is no statutory mechanism for local governments to amend the boundaries of designated areas once established. However, the original chapter law and current state law does not specify when FloridaCommerce may accept nominations or when a local government may apply to the department for the designation of a high-crime area at any time.¹¹²

Areas designated as high crime in 1997 may no longer have higher crime rates compared to other areas of the state. Florida's population and overall crime rates have changed substantially since program inception. Specifically, according to the Office of Economic and Demographic Research, the state's population increased by 54% from 1997 to 2024. In contrast, according to Federal Bureau of Investigation estimates, Florida's crime rate (crimes per 100,000 residents) decreased by 77% during the same period. Considering the statewide changes in population and crime rates, it is likely that crime rates have changed in the designated high-crime areas.

Designated areas are not always ranked and tiered using updated crime data submitted by local governments. FloridaCommerce representatives reported that local governments that fail to submit the required updated crime data every three years still maintain high-crime area status. If a local government fails to submit the required crime data, the department retains the designated area in the program but lowers its rank to Tier 3. FloridaCommerce reported that the local government for one high-crime area failed to submit crime data during the review period, and that this local government failed to submit the required crime data for prior rankings.

Participation in the Urban High-Crime Area Job Tax Credit Program has steadily declined from calendar years 2014 through 2023 and was at its lowest during the review period

From calendar years 2014 through 2023, FloridaCommerce received 120 applications and certified 106 for the Urban High-Crime Area Job Tax Credit Program. (See Exhibit 6.) Certifications fluctuated between 11 and 16 annually from 2014 through 2019, peaking at 16 in 2018. However, beginning in 2020, certifications dropped to seven per year and have remained at that level or lower since then. During the review period, FloridaCommerce received 30 applications and certified 19 applications for six businesses.¹¹³ In 2023, FloridaCommerce certified five applications, the lowest number from

¹¹¹ Section [212.097\(6\)](#), F.S.

¹¹² Ibid.

¹¹³ The department denied five applications, while six businesses withdrew applications.

calendar years 2014 through 2023. Of the 13 designated high-crime areas, 5 had no businesses apply to participate in the program.¹¹⁴

During the review period, FloridaCommerce certified six businesses' applications for approximately \$1.4 million, which represents 9% of the \$15 million (\$5 million per year) in tax credits authorized by state law. The highest amount of annual certified tax credits from 2021 through 2023 did not exceed \$1 million in any year.

Exhibit 6

Urban High-Crime Area Job Tax Credits Certified Each Year Since 2014 Have Been Below the Statutory Cap of \$5 Million

Calendar Year	Number of Applications	Number of Denials	Number of Certifications	Approved Credit Amounts
2014	13	0	13	\$2,069,500
2015	15	0	11	1,421,500
2016	8	0	12 ¹	2,607,000
2017	14	0	14	3,035,000
2018	17	0	16	1,248,000
2019	15	0	14 ²	838,000
2020	8	0	7	636,000
2021	9	0	7	306,500
2022	11	1	7	968,500
2023 ³	10	4	5	83,500
Total	120	5	106	\$13,213,500

¹ The Florida Department of Commerce certified four applications in 2016 that were received in 2015.

² The Florida Department of Commerce certified one application in 2019 that was received in 2018.

³ Between calendar years 2019 and 2023, nine entities withdrew applications.

Source: OPPAGA analysis of Florida Department of Commerce data and documents.

During the review period, seven businesses received a total of \$1.4 million in tax credits.^{115,116} These businesses were located in eight urban high-crime areas: Lakeland, Miami-Dade County (portions of Hialeah, Miami, and Opa-locka), Miami-Dade County (portions of Carol City, Goulds, and Miami), Orlando, Palm Beach County (Delray Beach, Lake Park, Mangonia Park, Riviera Beach, and West Palm Beach), St. Petersburg, Tallahassee, and Tampa.¹¹⁷ Two businesses received \$1.2 million in tax credits, representing 86% of all tax credits claimed; these businesses were a grocery store chain and a used merchandise store.

Businesses receiving tax credits during the review period created 1,181 new jobs; 756 (64%) of these jobs were created in Miami-Dade County.¹¹⁸ The Lakeland urban high-crime area created the second-highest number of jobs, with 227 jobs (19%). The majority of jobs created (65%) were located in Tier 1 urban high-crime areas.¹¹⁹ The two businesses that claimed the most tax credits created 995 jobs, 84% of all jobs created by businesses claiming tax credits during the period.

¹¹⁴ The five areas are Fort Lauderdale, Jacksonville, Miami-Dade County (Florida City, Homestead, Leisure City, and Naranja), Ocala, and Pompano Beach.

¹¹⁵ Businesses that claimed tax credits were classified in the following Standard Industrial Classification codes: bread and other bakery products, field crops, grocery stores, hotels and motels, industrial machinery and equipment, motor vehicle dealers, used merchandise stores.

¹¹⁶ In addition to the six businesses approved for and claiming tax credits during the review, another business was approved for tax credits in 2020 and claimed the tax credits in 2021 through sales and use tax carryover.

¹¹⁷ One business claiming tax credits was located in multiple urban high-crime areas.

¹¹⁸ The total number of jobs includes one business that was approved for the program in 2020. During the review period, Miami-Dade County had three high-crime areas in different tiers; two Tier 1 areas (one that includes portions of Hialeah, Miami, and Opa-locka, and another that includes portions of Florida City, Homestead, Leisure City, and Naranja) and one Tier 2 area (includes portions of Carol City, Goulds, and Miami).

¹¹⁹ Businesses in Tier 2 high-crime areas created 170 jobs (14%), and businesses in Tier 3 high-crime areas created 244 jobs (21%).

RECOMMENDATIONS

OPPAGA reviewed the Urban High-Crime Area Job Tax Credit Program to assess business participation, tax credit certification, and job creation. The seven businesses that claimed tax credits during the review period created 1,181 jobs and received \$1.4 million in tax credits. To address issues related to program participation, administration, and implementation, the Legislature and the Florida Department of Commerce could consider the following options.

The Legislature could consider discontinuing the Urban High-Crime Area Job Tax Credit Program. Program participation has steadily declined from calendar years 2014 through 2023, with the program reporting the lowest number of certified applications (five) and tax credits (\$83,500) in 2023. In addition, during this time, program participation and job creation was concentrated, with only two businesses accounting for 86% of the claimed tax credits and 84% of the jobs created. Given the low program participation, the Legislature could consider discontinuing the program.

If the Legislature continues the Urban High-Crime Area Job Tax Credit Program, program administration and implementation could be improved. No new urban high-crime areas have been designated since 1997, while Florida's population and crime rates have substantially changed since program inception. Thus, the designated areas may no longer reflect current high-crime areas in the state. The Legislature could consider

- requiring FloridaCommerce to solicit nominations from local governments and designate new areas every three years to ensure that these areas represent the highest crime areas in the state; or
- establishing a crime threshold, based on current statewide crime statistics, to ensure that only areas with significant high crime remain eligible for designation as a high-crime area.

In addition, FloridaCommerce should work with local governments to ensure compliance with requirements to submit crime data for ranking and tiering designated areas.

APPENDIX A

Designated Areas Square Mileage Compared to County or Municipal Actual Square Mileage

The 13 designated urban high-crime areas vary widely by population and size. (See Exhibit A-1.) For example, in 2022, the areas' populations ranged from 8,026 residents in Ocala to 265,358 residents in St. Petersburg, while designated areas square mileage ranged from 3.3 square miles in Lakeland to 20.0 square miles in Jacksonville. The Office of Office of Tourism, Trade, and Economic Development established these areas in 1997, and the Florida Department of Commerce reported that there are no statutory mechanisms for local governments to amend the boundaries of the designated areas once established.

Exhibit A-1

Designated Areas Square Mileage Is Based on Population

Urban High-Crime Area	Designated Area Population (2022)	Designated Area Square Mileage	County or Municipal Square Mileage
Fort Lauderdale	71,866	9.4	36.3
Jacksonville	51,849	20.0	874.5
Lakeland	120,279	3.3	75.3
Miami-Dade County (Hialeah Miami, and Opa-locka)	166,335	19.3	2,389.3
Miami-Dade County (Carol City, Goulds, and Miami)	95,419	18.8	2,389.3
Miami-Dade County (Florida City, Homestead, Leisure City, and Naranja)	28,750	5.1	2,389.3
Ocala	8,026	4.9	47.3
Orlando	77,599	18.8	119.5
Palm Beach County	73,874	14.2	2,383.2
Pompano Beach	34,328	4.8	24.7
St. Petersburg	265,358	16.0	135.5
Tallahassee	26,775	5.6	105.3
Tampa	62,224	16.0	177.2

Source: OPPAGA analysis of Florida Department of Commerce and U.S. Census Bureau data.

AGENCY RESPONSES



Ron DeSantis GOVERNOR
J. Alex Kelly SECRETARY

December 9, 2025

Ms. Kara Collins-Gomez
Coordinator
OPPAGA
111 West Madison Street
Room 312, Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Ms. Collins-Gomez:

FloridaCommerce has reviewed the preliminary findings and recommendations of OPPAGA's Economic Development Program Evaluations 2025 report (Report), and we thank you and your staff for the opportunity to participate in the review process. Pursuant to section 11.51(2), Florida Statutes, this letter serves as FloridaCommerce's response and addresses concerns found within the Report.

1. Brownfield Redevelopment Bonus Refund Program:

Page 42: *"Participation in the Brownfield Redevelopment Bonus Refund Program was low."*

While program participation may be low it is not for lack of program awareness or marketing. Over the past decade, there have been two legislative changes that have impacted the program. The program first saw a reduction after the fiscal year 2013/14 legislative statute changes brought about in Ch. 2013-039 that limited a Brownfield area eligible for program participation to those brownfield sites for which a rehabilitation agreement (BSRA) with the Department of Environment Protection (DEP) or a local government delegated by DEP had been executed under section 376.80, Florida Statutes, or any abutting real property parcel within a brownfield. Previously, BSRA's were not required. From FY 2012/13 to FY 2013/14, there was a 79% reduction in approved projects from 33 to 7.

Subsequently, when the Qualified Target Industry Tax Refund (QTI) program expired on 6/30/2020, the option to combine the two programs for eligible businesses was eliminated, thus reducing both the tax refund amounts available and the value of the program to a locating business. Moreover, when the QTI program was repealed on 7/1/2023, the option to include target industries as eligible industries for the program was eliminated, further narrowing the pool of eligible businesses.

It is worth noting that the businesses that did participate in the program during the review period exceeded the number of jobs committed and the capital investment committed – creating nearly 500 new Florida jobs and making \$22.8 million in capital investment.

2. Capital Investment Tax Credit Program (CITC):

Page 14: *"Active CITC projects exceeded capital investment and job creation requirements during the review period"*

FloridaCommerce would like to underscore the more than \$5 billion of capital investment made by businesses receiving tax credits during the review period, more than 1,470% of the

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total amount of program tax credits granted during that same period. This massive investment in our state helps drive Florida's economy, now the #1 economy in the nation, and helps drive Florida's GDP of over \$1.7 trillion. It is businesses such as these that have helped propel Florida to the 15th largest economy in the world.

3. Florida Job Growth Grant Fund (FJGGF):

The creation of nearly 3,000 new Florida jobs and the \$1.3 billion secured in capital investment for FJGGF projects are a direct result of the state's investment in the infrastructure that keeps our communities strong and competitive. For further context for the Report reader, it is important to reiterate that awardees are provided ten years to reach project's job commitment. This is because jobs aren't created until after completion of the infrastructure. For instance, the FJGGF may fund an access road to a publicly owned industrial park. Once complete, parcels are only then accessible for development, private capital investment, and job creation. The Report finds that Grant recipients are well on their way to securing the \$1.6 billion in overall capital investment commitment, with grant recipients reporting that \$1.3 billion in capital investment has been secured.

4. Research and Development Tax Credit Program:

Page 33: "From calendar years 2014 through 2023, applications for Research and Development Tax Credits (RDTC) consistently exceeded the annual \$9 million statutory limit"

Amounts requested in Research and Development Tax Credit applications have consistently exceeded the annual statutory limit. This reflects Florida's growth in Research and Development and warrants a consideration of whether to increase the statutory limit of this program to support a growing ecosystem.

5. Rural Job Tax Credit Program (RJTC):

Page 42: "Participation in the Rural Job Tax Credit Program was low, with most jobs created in one county"

FloridaCommerce works alongside local economic development organizations to raise awareness of the RJTC program's benefits to current and potential employers located in qualified rural areas. FloridaCommerce's marketing efforts include virtual and in-person efforts across the state through speaking engagements, written publications, webinars, roundtables, conferences, and workshops.

Page 43 of the Report includes a statement which reads: "However, department representatives were unsure why program participation has been limited, noting that RJTC Program participation has been a long-term trend." For the Report reader, it is important to note that during the review, Department staff indicated that several factors may impact program participation, including the eligibility limitation to certain Standard Industrial Codes, limited applicability to either corporate income or sales and use tax, or the minimum eligible job creation thresholds. While Department staff does not have substantiating data to rebut

Ms. Kara Collins-Gomez
December 9, 2025
Page 3 of 3

the statement on page 43, Department staff does believe that the above-noted limitations are all factors in program participation and conveyed this during the review.

If you have any questions or need additional information, please contact James E. Landsberg, Inspector General, at (850) 245-7135.

Sincerely,



J. Alex Kelly

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Florida Department of Revenue
Office of the Executive Director

Jim Zingale
Executive Director

5050 West Tennessee Street, Tallahassee, FL 32399

floridarevenue.com

December 12, 2025

Ms. Kara Collins-Gomez, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Ms. Collins-Gomez:

Thank you for the opportunity to comment on the Office of Program Policy Analysis and Government Accountability's (OPPAGA's) draft report titled *Economic Development Programs: 2025*, dated November 17, 2025. We appreciate the professionalism displayed by your staff during this review.

While completing the review, OPPAGA determined that one business received \$158,879 in Capital Investment Tax Credit (CITC) program tax credits without providing the Florida Department of Commerce (FloridaCommerce) all necessary documentation to obtain its annual jobs certifications. Since completion of the review, our team has taken additional steps to strengthen controls regarding missing annual jobs certifications. These controls include enhanced notifications to the assigned auditor for missing certifications. In addition, updates to existing training materials are planned with additional emphasis on the annual jobs certification requirements.

In follow-up regarding this issue, the business provided FloridaCommerce with the missing information which is currently under review. The Florida Department of Revenue is awaiting the outcome of this review. If this additional information results in certification for all the missing years, the credits at issue would be valid.

Sincerely,

Jim Zingale, Executive Director

JZ/dc

cc: Alec Yarger, Executive Deputy Director
Frank DiMarco, Legislative and Cabinet Services Director
Rebecca Evers, Chief of Staff
Angela Welch, Inspector General
Maria Johnson, GTA Director
Nicole Turnquest, GTA Deputy Director