



# enterprise zone incentives – appendix **D**

# Enterprise Zones

City of Fort Myers and Lee County

## **What is the Enterprise Zone?**

An Enterprise Zone, designated by the State of Florida, is an area targeted for economic revitalization. Investing capital and creating jobs in Enterprise Zones provides the foundation for revitalizing the quality of life in Florida's distressed communities. Towards this end the State of Florida has developed the Enterprise Zone Program through which it offers state tax incentives to eligible companies.

## **What benefits are offered in the Enterprise Zone?**

The State of Florida's Enterprise Zone Program consists of six tax credits against corporate income taxes and state sales taxes. Job credits, applicable to either corporate income or state sales taxes, are available for eligible companies who hire Enterprise Zone residents. Community contribution tax credits against corporate income taxes are available for cash and specified goods donated to eligible sponsors. Property tax credits up to \$50,000 are available against corporate income taxes. Finally, building materials state sales tax refunds, and utility tax exemptions (municipal utility and state sales tax) are also available. If the business is located within the City limits of Fort Myers the following applies: sales tax exemption for electrical energy used; 50% fee rebate for occupational license; and water and sewer impact fee waiver for new construction.

## **Where is the Enterprise Zone?**

Two non-contiguous business districts make up the City of Fort Myers/Lee County Enterprise Zone. A map included in this booklet shows the boundaries of each area.

## **When can I apply?**

The program was reauthorized July 1, 2005, and is in effect for 10 years. Most of the tax savings require that part-time or full-time, permanent employees be employed for at least three calendar months before the business is eligible to receive benefits.

## **How do I apply?**

The Fort Myers/Lee County Enterprise Zone Coordinator must certify all applications for the Enterprise Zone programs. For applications and more information, call (239) 338-3161 or visit web site [www.floridaenterprisezone.com](http://www.floridaenterprisezone.com) to download forms.

**FORT MYERS / LEE COUNTY STATE ENTERPRISE ZONE PROGRAM OVERVIEW**

	<p align="center">ENTERPRISE ZONE JOBS TAX CREDIT (Sales &amp; Use Tax)</p> <p align="center">Section 212.096, Florida Statutes</p>	<p align="center">SALES TAX REFUND FOR BUSINESS MACHINERY AND EQUIPMENT USED IN AN ENTERPRISE ZONE</p> <p align="center">Section 212.08(5)(h), Florida Statutes</p>	<p align="center">SALES TAX REFUND FOR BUILDING MATERIALS USED IN AN ENTERPRISE ZONE</p> <p align="center">Section 212.08(5)(g), Florida Statutes</p>
<p>What is the program?</p>	<ul style="list-style-type: none"> <li>•Allows businesses located in an enterprise zone that collect and pay sales and use tax, a credit against tax due.</li> <li>•This credit is for wages paid to new employees who have been employed by the business for at least 3 consecutive months and are residents of a Florida enterprise zone (or are welfare transition program participants who aren't required to live in the zone to be eligible).</li> <li>•A new job must be created before the business earns a tax credit. New employee cannot be an Owner, Partner, or Stockholder.</li> </ul>	<ul style="list-style-type: none"> <li>•A refund is available for sales taxes paid on the purchase of certain business property, (e.g. tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), which is used exclusively in an enterprise zone for at least three years.</li> <li>•Business equipment purchased must have a sales price of at least \$5,000 per unit.</li> </ul>	<ul style="list-style-type: none"> <li>•A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an enterprise zone.</li> <li>•Incentive is limited to owners, lessors, and lessees of the real property that is rehabilitated within an Enterprise Zone.</li> </ul>
<p>What are the advantages?</p>	<ul style="list-style-type: none"> <li>•If 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone the credit is 30% of monthly wages paid to new employees who are residents of a Florida enterprise zone.</li> <li>•If less than 20% of the permanent, full-time employees are residents of a Florida enterprise zone the credit is 20% of monthly wages paid to new employee.</li> <li>•Tax credits shall be allowed for up to 24 months per new employee.</li> </ul>	<ul style="list-style-type: none"> <li>•This incentive reduces the cost of purchasing new and used qualified tangible personal property that is used in an enterprise zone.</li> </ul>	<ul style="list-style-type: none"> <li>•This incentive reduces the cost of new construction or rehabilitating real property that is located in an enterprise zone.</li> </ul>
<p>What are the limitations?</p>	<ul style="list-style-type: none"> <li>•The credit is limited to the amount of sales tax owed. There is no refund or carry-forward for credit in excess of the tax due.</li> <li>•Employee must work at least 36 hours per week (no part-time employees)</li> <li>•Employees leased from an employee leasing company (Chapter 468) must be continuously leased to an employer for more than 6 months.</li> <li>•This credit is not available if the Enterprise Zone Jobs Tax Credit, (corporate tax), is taken.</li> </ul>	<ul style="list-style-type: none"> <li>•The total amount of the sales tax refund must be at least \$100, but no more than the lesser of \$5,000 or 97% of the tax paid.</li> <li>•If 20% or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone, the refund will be no more than the lesser of \$10,000 or 97% of the tax paid.</li> </ul>	<ul style="list-style-type: none"> <li>•The total amount of the sales tax refund must be at least \$100, but no more than the lesser of \$5,000 or 97% of the tax paid.</li> <li>•If 20% or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone, the refund will be no more than the lesser of \$10,000 or 97% of the tax paid.</li> </ul>
<p>How do I receive the credit?</p>	<ul style="list-style-type: none"> <li>•Form DR-15ZC must be submitted to an Enterprise Zone Coordinator for signature and filed within 6 months of the hire date.</li> </ul>	<ul style="list-style-type: none"> <li>•Form DR-26S and Form EZ-E must be certified by an Enterprise Zone Coordinator and must be filed with the Department of Revenue within 6 months or when the business equipment is purchased.</li> </ul>	<ul style="list-style-type: none"> <li>•Form DR-26S and Form EZ-M certified by an Enterprise Zone Coordinator must be filed with the Department of Revenue within 6 months of when the improvements are certified by the building inspector as being substantially complete or within 9 months after the property is subject to assessment.</li> </ul>

**FORT MYERS / LEE COUNTY STATE ENTERPRISE ZONE PROGRAM OVERVIEW**

	ENTERPRISE ZONE JOBS TAX CREDIT (Corporate Income Tax)  Section 220.181, Florida Statutes	ENTERPRISE ZONE PROPERTY TAX CREDIT (Corporate Income Tax)  Section 220.182, Florida Statutes	COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM (Corporate Income Tax)  Section 220.183, Florida Statutes
What is the program?	<ul style="list-style-type: none"> <li>•Allows businesses located in an enterprise zone who pay state corporate income tax an income tax credit for wages paid to new employees who have been employed by the business for at least 3 consecutive months and are residents of a Florida enterprise zone (or are welfare transition program participants who don't have to live in the zone).</li> <li>•A new job must be created before the business earns a tax credit.</li> </ul>	<ul style="list-style-type: none"> <li>•New or expanding businesses located in an enterprise zone are allowed a tax credit against Florida corporate income tax equal to 96% of ad valorem taxes paid on the new or improved property (the assessment rate varies by County).</li> </ul>	<ul style="list-style-type: none"> <li>•Allows businesses anywhere in Florida a 50% credit on Florida corporate income tax, insurance premium tax or sales tax refund for donations to local community development projects. Donations must be made to an eligible sponsor conducting an approved community development project.</li> <li>•The annual amount of credit granted is limited to \$200,000 per firm and \$10,000,000 for the state.</li> </ul>
What are the advantages?	<ul style="list-style-type: none"> <li>•If 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone the credit is 30% of monthly wages paid to new employees who are residents of a Florida enterprise zone.</li> <li>•If less than 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone the credit is 20% of monthly wages paid to new employee.</li> <li>•Tax credits shall be allowed for up to 24 months per new employee.</li> <li>•A five-year carry-forward provision is available for unused portions of past credits.</li> </ul>	<ul style="list-style-type: none"> <li>• If 20% or more of the full-time employees are enterprise zone residents, the maximum of \$50,000 annual credit can be claimed for 5 years.</li> <li>•If less than 20% of the full-time employees are enterprise zone residents, the maximum of \$25,000 annual credit can be claimed for 5 years.</li> <li>•Any unused portion of the credit can be carried forward for 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>•For each dollar donated, businesses may receive a 55.5-cent reduction in Florida tax liability (50 cents from the credit, 5.5 cents from the deductibility of the donation). The donation may also be deducted from Federal taxable income.</li> <li>•A five-year carry-forward provision is available for any unused portion of the tax credit (sales tax refunds are available for up to three years after the first sales tax refund application is submitted).</li> </ul>
What are the limitations?	<ul style="list-style-type: none"> <li>•Employees leased from an employee leasing company (Chapter 468) must be continuously leased to an employer for more than 6 months.</li> <li>•Firms must earn more \$5,000 to take advantage of the credit.</li> <li>•The Federal tax burden may increase since state tax liability is reduced. The amount of the credit also must be added back to Florida taxable income.</li> <li>•This credit is not available if the business claims the enterprise zone jobs credit against sales tax.</li> </ul>	<ul style="list-style-type: none"> <li>•Firms must earn more than \$5,000 to take advantage of the credit.</li> <li>•New businesses must establish 5 or more new jobs.</li> <li>•Expanding business must establish 5 or more new jobs.</li> <li>•Rebuilding businesses must have suffered damage in an "emergency".</li> <li>•The Federal tax burden may increase since state tax liability is reduced. The amount of the credit also must be added back to Florida taxable income.</li> </ul>	<ul style="list-style-type: none"> <li>•Firms must earn more than \$5,000 to take advantage of the credit.</li> <li>•IRS rules for the valuation of donated goods may require depreciation recapture; therefore, the deduction may be decreased.</li> <li>•By reducing the state tax liability, state taxes deducted from federal income are decreased; therefore, the federal tax burden may increase.</li> </ul>
How do I receive the credit?	<ul style="list-style-type: none"> <li>•Form F-1156Z must be certified by an Enterprise Zone Coordinator and filed with corporate tax return for each tax year in which the credit is claimed.</li> </ul>	<ul style="list-style-type: none"> <li>•Businesses must file Form DR-456 with the county property appraiser before April 1 of the first year in which the new or expanded property is subject to assessment. •An Enterprise Zone Coordinator must certify Form F-1158Z. Firms must include copies of receipts for applicable ad valorem taxes paid with tax returns and Form F-1158Z with the return.</li> </ul>	<ul style="list-style-type: none"> <li>•The project sponsor submits a proposal to O.T.T.E.D. for approval and solicits donations from businesses. Businesses file form 8E-17TCA#01 to O.T.T.E.D.</li> <li>•Once the donation has been approved; a copy of the approval letter must be submitted with the state tax return.</li> <li>•Project proposals must be recertified on an annual basis.</li> </ul>

**CITY OF FORT MYERS APPROVED ENTERPRISE ZONE INCENTIVES OVERVIEW**

	<p align="center">CITY OF FORT MYERS ENTERPRISE ZONE OCCUPATIONAL LICENSE FEE REBATE</p> <p align="center">Section 8-467 (Code of Ordinances)</p>	<p align="center">CITY OF FORT MYERS ENTERPRISE ZONE WATER &amp; SEWER IMPACT FEE WAIVER</p> <p align="center">Article I, Section 39-5 &amp; Article II, Section 39-18 (Code of Ordinances)</p>	<p align="center">CITY OF FORT MYERS SALES TAX EXEMPTION FOR ELECTRICAL ENERGY USED IN AN ENTERPRISE ZONE</p> <p align="center">Section 16-29 (Code of Ordinances)</p>
<p>What is the program?</p>	<ul style="list-style-type: none"> <li>•Allows any business, occupation or profession located in the City of Fort Myers portion of the enterprise zone to receive a partial exemption of the occupational license tax imposed.</li> </ul>	<ul style="list-style-type: none"> <li>•Allows for any new construction for a business or single family dwelling located in the City of Fort Myers portion of the enterprise zone to receive a waiver of the water and sewer impact fees imposed.</li> </ul>	<ul style="list-style-type: none"> <li>•A 100% sales tax exemption is available if 20% or more of the permanent, full-time employees are residents in the zone.</li> <li>•A 50% sales tax exemption if less than 20% of the permanent, full-time employees are residents of the zone. Effective January 1, 2002, eligible businesses are: (1) businesses located in a newly occupied structure; (2) renovated structure (no electrical service for 3 months); or (3) has received a building materials sales tax refund.</li> </ul>
<p>What are the advantages?</p>	<ul style="list-style-type: none"> <li>•A 50% rebate each year for the cost of the occupational license.</li> </ul>	<ul style="list-style-type: none"> <li>•A 100% waiver of the fees.</li> </ul>	<ul style="list-style-type: none"> <li>•The 50% or 100% exemption of state sales tax on utilities and the 50% abatement of municipal utility tax are available for up to five years.</li> </ul>
<p>What are the limitations?</p>	<ul style="list-style-type: none"> <li>•To qualify, the permanent business location or branch office must be located in the approved enterprise zone within the City limits.</li> </ul>	<ul style="list-style-type: none"> <li>•To qualify, the new construction of the business or single-family dwelling must be located in the approved "Impact Fees Exemption Areas" of the City enterprise zone.</li> </ul>	<ul style="list-style-type: none"> <li>•The tax exemption is limited to municipalities that have passed an ordinance to reduce the municipal utility tax for enterprise zone businesses.</li> <li>•If 20% or more of the businesses employees are residents of an enterprise zone; the business will receive a larger abatement. Available only to businesses located in the City of Fort Myers portion of the Enterprise Zone.</li> </ul>
<p>How do I receive the credit?</p>	<ul style="list-style-type: none"> <li>•An application for partial exemption shall be submitted on forms provided by the City to the license inspector. Such application shall be filed with the initial application for a license for new businesses, occupations or professions.</li> </ul>	<ul style="list-style-type: none"> <li>•When you apply for a building permit, if you know that your business is located in the City portion of the enterprise zone you need to indicate this; or if you don't know then ask.</li> </ul>	<ul style="list-style-type: none"> <li>•Form DR-15JEZ must be filed with an application certified by an Enterprise Zone Coordinator.</li> </ul>