

# MANUFACTURING JOURNAL & MOORE

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## Enterprise Zones & Brownfield Benefits

According to the Environmental Protection Agency a “brownfield site” is, “where there is redevelopment potential, and where reuse or redevelopment of that site is slowed due to real or perceived concerns about actual or potential contamination.”

The Florida Department of Environmental Protection established the Brownfield Redevelopment Act with the goal of redeveloping these areas, thereby preventing the premature development of farmland and natural habitats, and reducing public costs for installing new water, sewer and highway infrastructure. Local governments have designated areas throughout the State of Florida as brownfields, which are most likely found in enterprise zones.

### Electricity

A 50% exemption may be available on the cost of electrical energy use by a qualified business within a designated area, as long as the county and municipality where the business is located has enacted an ordinance allowing for such an exemption. A full exemption of sales and use tax imposed on electricity may be available if at least 20% of the business' full-time employees are residents of an enterprise zone.

The exemption is scheduled to expire December 31, 2015, but any business granted the exemption prior to this date is allowed the full benefit for the five-year allowable period. Along with filing the appropriate tax forms the business must obtain certification from the Enterprise Zone Coordinator in which the business is located.

*A qualified business is one that is:*

- » The first business to occupy a structure where electricity has not been previously provided or furnished (outside of that used for construction purposes).
- » Newly occupying an existing or remodeled structure where electrical service has not been provided within the three preceding billing periods (except to allow for renovation).
- » Occupying a structure for which an enterprise zone refund has been granted.

### New Jobs

**Corporate Income Tax Credit** - A \$2,500 refund is available for each new job created in a designated brownfield area by an eligible business. If the business is located in an enterprise zone an additional credit may be taken if the business has increased the number jobs compared to 12 months prior. There are restrictions, including employment tenure or position, on when the credit may be applied. If a business qualifies the following credits are available:

- » 20% of the monthly wages paid to each new employee hired (The individual must have been hired to fill a new position.) Additional credits are available if the individual hired is a participant in the welfare transition program.
- » 45% of monthly wages up to 24 consecutive months (The business must be located in a rural enterprise zone).



Designated brownfields and those areas being considered for this designation can be found at: <http://www.dep.state.fl.us/waste/categories/brownfields/pages/Geoviewer.htm>

**Sales and Use Tax Credit** – Businesses located in a designated enterprise zone may also be eligible to claim a monthly credit against their tax due on wages paid to new employees. There are, once again, restrictions based on employee tenure, position within the firm, and residence, as well as if the individual is an employee of the firm or that of a leasing company. Dependent on qualifiers, the credit available ranges between 20% and 45%. To be considered for the credit the employee must:

- » Work in a job which had not existed prior to their employment in an Enterprise zone and reside in a rural county. (Unless they are Welfare Transition participants, which allows them to reside in any county.)
- » Be employed a minimum of 36 hours per work week.
- » Be employed for a minimum of three consecutive months.



The business must, along with filing the appropriate tax forms within the imposed time limits, obtain certification from the Enterprise Zone Coordinator for the zone in which the business is located.

### Business Expansion

If you are considering expanding your business to another location, a business income tax credit may be available. If a business establishes a new business, expands, or rebuilds in an enterprise zone the business may be eligible for a the credit the year the taxes are first levied, as well as four years following.

The business must retain a minimum of five employees at the new location to qualify for the credit, as well as file a notice with the property appraiser of the county in which the business property is or will be located by April 1 of the filing year. There is a limit on the amount which can be filed (up to \$50,000), which is directly affected by employee residential status.

### Additional Financial Incentives

If your property is in a designated brownfield area you may also be eligible for a sales tax credit on building materials purchased for a mixed-use affordable housing project. In addition, entering into a Brownfield Site Rehabilitation Agreement (BRSA), you may be eligible for:

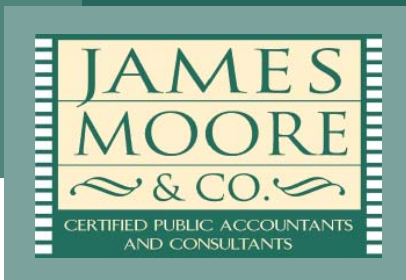
50% Voluntary Cleanup Tax Credit (VCTC) annually on all eligible costs

25% additional VCTC on all eligible costs when clean-up is complete

- » 50% one-time VCTC on eligible solid waste removal costs

In order to qualify for any of these benefits the appropriate forms need to be filed with your District Brownfield Coordinator for review.

**Additional materials may be required in order to qualify for tax benefits available by supporting Florida's push to develop on what was once considered undeveloped land. To determine if your business qualifies we suggest you contact your tax advisor.**



*Your Success Is Our Business*

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