

OFFICE OF ECONOMIC
& DEMOGRAPHIC RESEARCH

Economic Evaluation for Select State Economic Development Incentive Programs

Capital Investment Tax Credit – Research and Development Tax Credit – Urban High-Crime Area Job Tax Credit – Rural Job Tax Credit – Florida Job Growth Grant Fund – Brownfield Redevelopment Bonus Refund – High-Impact Business Performance Grants – Qualified Target Industry Tax Refund – Quick Action Closing Fund – Innovation Incentive Program

Fiscal Years 2021-22, 2022-23 and 2023-24

Table of Contents

<i>EXECUTIVE SUMMARY</i>	3
<i>Background and Purpose</i>	3
<i>Explanation of Return on Investment</i>	4
<i>Overall Results and Conclusions</i>	4
<i>EVALUATION ELEMENTS</i>	6
<i>Statewide Model</i>	6
<i>Data and Methodology</i>	7
<i>Key Assumptions</i>	7
<i>Key Terms</i>	9
<i>CAPITAL INVESTMENT TAX CREDIT</i>	10
<i>RESEARCH AND DEVELOPMENT TAX CREDIT</i>	15
<i>URBAN HIGH-CRIME AREA & RURAL JOB TAX CREDIT PROGRAMS</i>	18
<i>FLORIDA JOB GROWTH GRANT FUND</i>	21
<i>BROWNFIELD REDEVELOPMENT BONUS TAX REFUND</i>	23
<i>HIGH-IMPACT SECTOR PERFORMANCE GRANT</i>	26
<i>QUALIFIED TARGET INDUSTRY TAX REFUND</i>	28
<i>QUICK ACTION CLOSING FUND</i>	32
<i>INNOVATION INCENTIVE PROGRAM</i>	34

EXECUTIVE SUMMARY

Background and Purpose

Legislation enacted in 2013 and revised in 2014 directs the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to analyze and evaluate specified state economic development incentive programs on a recurring three-year schedule.¹ EDR is required to evaluate the economic benefits of each program, using project data from the most recent three-year period, and to provide an explanation of the model used in its analysis and the model's key assumptions. Economic Benefit is defined as "the direct, indirect, and induced gains in state revenues as a percentage of the state's investment" – which includes "state grants, tax exemptions, tax refunds, tax credits, and other state incentives."² EDR's evaluation also requires identification of jobs created, the increase or decrease in personal income, and the impact on state Gross Domestic Product (GDP) for each program.

In this report, the following programs are under required review:

- Capital Investment Tax Credit (CITC) established under s. 220.191;
- Research and Development Tax Credit under s. 220.196;
- Urban High-Crime Area Job Tax Credit Program established under s. 212.097;
- Rural Job Tax Credit Program established under s. 212.098;
- Florida Job Growth Grant Fund under s. 288.101.
- Brownfield Redevelopment Bonus Refund (BFR) established under s. 288.107;

The current list of programs for review was set in 2023, largely by the provisions of CS/CS HB 5 (s. 31 of Ch. 2023-173, L.O.F.). At the time, the following programs were outright repealed, substantially amended or realigned to the new structure. All have been removed from future reviews:

- High-Impact Business Performance Grants (HIPI) established under s. 288.108;
- Qualified Target Industry Tax Refund (QTI) established under s. 288.106;
- Quick Action Closing Fund (QACF) established under s. 288.1088;
- Innovation Incentive Program (IIP) established under s. 288.1089;
- Enterprise Zone Program incentives established under ss. 212.08(5) and (15), 212.096, 220.181, and 220.182; and
- New Markets Development Program established under ss. 288.991-288.9922.

The effective date for these changes was July 1, 2023.³ This review period (or "window") covers Fiscal Years 2021-22, 2022-23 and 2023-24. Because QTI and QACF had been operational for two of the three years in the review period with continuing commitments into the third year and were bundled with programs that are still under review, this report includes a full analysis for these programs despite their repeal. The IIP was also repealed but had no payments in the relevant window. While HIPI continues to

¹ Section 288.0001, F.S. In the 2025 Florida Statutes, 18 programs are specified. This analysis is based on s. 288.0001(2)(a), F.S.

² Section 288.005(1), F.S.

³ The previous reports and several presentations related to the findings of previous reports can be found at EDR's website: <http://edr.state.fl.us/Content/returnoninvestment/>

exist, development of a ROI is no longer required; however, one was produced for this report since it is bundled with CITC.

Explanation of Return on Investment

In this report, the term “Return on Investment” (ROI) is synonymous with economic benefit and is used in lieu of the statutory term. This measure does not address issues of overall effectiveness or societal benefit; instead, it focuses on tangible financial gains or losses to state revenues. As such, it is ultimately conditioned by the state’s tax policy.

The ROI is developed by summing net state revenues generated by a program less state expenditures invested in the program, and dividing that calculation by the state’s investment. It is most often used when a project is to be evaluated strictly on a monetary basis, and externalities and social costs and benefits—to the extent they exist—are excluded from the evaluation. The basic formula is:

$$\frac{(\text{Increase in State Revenue} - \text{State Investment})}{\text{State Investment}}$$

Since EDR’s Statewide Model⁴ is used to develop these computations and to model the induced and indirect effects, EDR can simultaneously generate State Revenue and State Investment from the model so all feedback effects mirror reality. The result (a net number) is used in the final ROI calculation.

As used by EDR for this analysis, the returns can be categorized as follows:

- **Greater Than One (>1.0):** The program more than breaks even. The return to the state produces more revenues than the total cost of the investment.
- **Equal to One (=1.0):** The program breaks even. The return to the state in additional revenues equals the total cost of the investment.
- **Less Than One, But Positive (+, <1):** The program does not break even. However, the state generates enough revenues to recover a portion of its cost of the investment.
- **Less Than Zero (-, <0):** The program does not recover any portion of the investment cost. State revenues are less than they would have been in the absence of the program. This typically occurs because taxable activity is shifted to non-taxable activity.

The numerical ROI can be interpreted as return in tax revenues for each dollar spent by the state. For example, a ROI of 2.5 would mean that \$2.50 in tax revenues is received back from each dollar spent by the state.

The basic formula for ROI is typically calculated in the same manner, but the inputs used in the calculation can differ depending on the needs of the investor. Florida law requires the return to be measured from the state’s perspective as the investor, in the form of state tax revenues.

Overall Results and Conclusions

Ten programs were included in this evaluation. A return on investment could not be calculated for four of the ten programs. Like the 2023 evaluation cycle, the Quick Action Closing Fund program had no state investments in the window even though payments were made using the escrow account balance built up from prior periods. The Innovation Incentive Program made no state payments during the

⁴ See the Methodology section for a description of the Statewide Model.

review period, precluding the calculation of a ROI just as it did in the 2020 and 2023 evaluation cycles. From a modeling perspective, the number of projects and the associated state payments were inconsequential for both the Urban High-Crime Area Job Tax Credit and the Rural Job Tax Credit programs. This made the generation of discrete ROIs for those programs—even when merged—problematic. Instead, the economic elements of this type of incentive are discussed generally.

This leaves six programs with updated or new ROIs: the Capital Investment Tax Credit; the Brownfield Redevelopment Bonus Refund; the High-Impact Business Performance Grants; the Qualified Target Industry Tax Refund; the Research and Development Tax credit; and the Florida Job Growth Grant Fund. The latter two programs are under review for the first time.

ROI Results by Program	State Payment		State Payment		State Payment		State Payment		State Payment	
	2026	2026	2023	2023	2020	2020	2017	2017	2014	2014
Capital Investment Tax Credit	-0.75	\$306.4m	-0.58	\$187.8m	-0.22	83.4m	-0.49	\$60.2m	N/A	N/A
Research and Development Tax Credit	-0.96	\$13.4m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Urban High-Crime Area and Rural Job Tax Credit	N/A	\$1.7m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Florida Job Growth Grant Fund	0.04	\$152.6m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brownfield Bonus Redevelopment Tax Refund	-0.95	\$0.7M	-0.89	\$1.4m	1.51	\$0.7m	1.7	\$0.7m	1.1	\$1.5m
High-Impact Sector Performance Grant	-0.90	\$3.3M	-0.79	\$13.4m	-0.85	\$13.6m	0.05	\$2.5m	0.7	\$1.0m
Qualified Target Industry	1.29	\$33.2M	0.23	\$42.2m	0.66	\$27.7m	0.84	\$15.1m	-0.27	\$18.9m
Quick Action Closing Fund	N/A	N/A	N/A	N/A	0.84	\$48.6m	0.6	\$78.7m	1.1	\$32.2m
Innovation Incentive Program	N/A	N/A	N/A	N/A	N/A	N/A	0.1	\$60.0m	0.2	\$204.0m

EVALUATION ELEMENTS

Statewide Model

EDR used the Statewide Model to evaluate the economic impact of the programs under review. The Statewide Model is a dynamic computable general equilibrium (CGE) model that simulates Florida's economy and government finances.⁵ The Statewide Model is enhanced and adjusted each year to reliably and accurately model Florida's economy. These enhancements include updating the base year the model uses as well as adjustments to how the model estimates tax collections and distributions.

Among other things, the Statewide Model captures the indirect and induced economic activity resulting from the direct program effects. This is accomplished by using large amounts of data specific to the Florida economy and fiscal structure. Mathematical equations⁶ are used to account for the relationships (linkages and interactions) between the various economic agents, as well as likely responses by businesses and households to changes in the economy.⁷ The model also has the ability to estimate the impact of economic changes on state revenue collections and state expenditures in order to maintain a balanced budget by fiscal year.

When using the Statewide Model to evaluate economic programs, the model is shocked⁸ using static estimates of the initial or direct effects attributable to the programs funded by the state. In this analysis, direct effects are essentially the changes experienced by the businesses receiving the grants. Generally, the annual direct effects (shocks) took the form of:

- Removal of the incentive payments from the state budget, with corresponding awards to businesses as subsidies to production.
- Exclusion of capital investments or residual capital benefits related to the projects.
- Decreased outputs based on the loss of retained or created jobs attributed to the projects.

After the direct effects are developed and estimated, the model is then used to estimate the additional—indirect and induced—economic effects generated by the program. This includes the supply-side responses to the activity, where the supply-side responses are changes in investment and the demand for labor arising from that activity. Indirect effects are the changes in employment, income, and output by local supplier industries that provide goods and services to support the direct economic activity. Induced effects are the changes in spending by households whose income is affected by the direct and indirect activity.

All of these effects can be measured by changes (relative to the baseline) across a wide array of economic measures. Required measures for this report include the number of jobs created, population,

⁵ The statewide economic model was developed using GEMPACK software with the assistance of the Centre of Policy Studies (CoPS) at Victoria University (Melbourne, Australia). CoPS has since relocated to Victoria University (Melbourne, Australia).

⁶ These equations represent the behavioral responses to economic stimuli, as well as changes in economic variables.

⁷ The business reactions simulate the supply-side responses to the new activity (e.g., changes in investment and the demand for labor).

⁸ In economics, a shock typically refers to an unexpected or unpredictable event that affects the economy, either positive or negative. In this regard, a shock refers to some action that affects the current equilibrium or baseline path of the economy. It can be something that affects demand, such as a shift in the export demand equation, or it could be something that affects the price of a commodity or factor of production, such as a change in tax rates. In the current analyses, a counter-factual shock is introduced to remove the impact of the incentives on the economy.

real output, consumption by households and government, revenue received by governments, real and nominal personal income, and real gross domestic product, all of which are included in the model results. EDR’s calculation of the return on investment (ROI) uses the model’s estimate of net state revenues and expenditures based on changes in these measures.

Data and Methodology

The Florida Department of Commerce is the primary source of program-specific project information. For the Capital Investment Tax Credit, the combined Urban and Rural Tax Credit, and the Research and Development Tax Credit, internal files from the Department of Revenue provide an additional source of information.

As with previous evaluations, EDR’s ROI calculation is based on the net economic impact rather than the gross economic activity generated by or attributed to program projects. The impact is due to new economic activity induced by the state subsidy after taking account of what would have occurred in the absence of that particular investment. EDR employs a number of approaches to isolate the new economic activity, including an assessment of the “but-for” assertion and culling⁹ Florida market or resource dependent projects. The resultant net economic benefit is then proportionately attributed to all contributors, including public programs. Culling market or resource dependent projects and proportionally attributing economic benefit are just two of the strategies used to derive a credible estimate of the program’s real return to the state.

The Department of Commerce and the Department of Revenue provided data for 582 unique projects with payments or credits taken in the review period. Of the 582 projects, 21 were “bundled,” meaning that there were multiple incentives for the same project (3.6%). The table below shows the number of unique projects and the value of payments by incentive for the review period.

		BFR	CITC	HIPI	QTI	QACF	Urban & Rural	R&D	Job Growth	Grand Total
Payments or Credits Taken	Nominal \$(M)	0.70	306.40	3.27	33.19	n/a	1.73	13.37	156.62	515.28
Count of Payments or Credits Taken by Incentive		7	28	3	174	18	11	268	73	582

To calculate a true ROI for each program, the distinction between the bundled and unbundled projects is important. The state incentive payments for a bundled project are identified separately by program and limited to the review period. However, benefits such as capital expenditures, jobs, and wages for a bundled project are attributable to all of the investments made in the project, regardless of when the state payments were made or from which program. In effect, each program is assumed to have contributed to the business’s decision to locate or expand in Florida. The jobs and capital expenditures for a bundled project are apportioned across the programs based on the size of each program’s award relative to the total awards for the project. Operationally, this share is represented by a percentage. To be included in the universe, the project must have received state dollars from at least one of the evaluated programs during the review period. Funds from other sources that were not received during the period are only used to allocate the benefits.

Key Assumptions

The following key assumptions are used in the Statewide Model to determine the economic benefits of the incentive programs under review. Some of the assumptions are used to resolve ambiguities in the literature, while others conform to the protocols and procedures adopted for the Statewide Model.

⁹ Culling refers to removing the economic benefit of a particular project if it is determined to rely on Florida’s markets or resources and/or would have existed in Florida in the absence of the incentive. See Appendix One (2023) for further details.

1. The analysis assumes all data provided was complete and accurate. The data was not independently audited or verified by EDR.
2. The analysis assumes that given the time span under review, applying discount rates would not prove material to the outcome.
3. The analysis assumes that any state expenditure made for a program is a redirection from the general market basket of goods and services purchased by the state. Similarly, any revenue gains from increased business activities are fully spent by the state.
4. The analysis assumes that businesses treated the incentives as subsidies. The subsidies lowered the cost of production for each individual firm.
5. The analysis assumes the relevant geographic region is the whole state, not individual counties or regions. The model accounts and adjusts for the fact that industries within the state cannot supply all of the goods, services, capital, and labor needed to produce the state's output.

The following assumptions are specific to the programs under review:

1. The analysis assumes that state incentives were the determining factor in business retention, expansion, or location decisions, provided the program was created and designed to achieve one or more of those purposes. The analysis further assumes that for bundled projects, the total value of the incentive package was the deciding factor for the business, not the individual components of the package.
2. The analysis assumes that the influence of any federal incentives awarded to state-funded projects is immaterial to the size and location of the project. This is also true for local incentives; however, this assumption was relaxed for required local matches.
3. The analysis assumes businesses received the full value of the state incentives and that related costs due to federal taxes or consultant fees are immaterial to the decision-making process.
4. The analysis assumes that the distribution of capital purchases by each business was the same as the industry in which it operates. This assumption was made because data was not available regarding the specific capital purchases associated with each project. It is also assumed that the businesses within a program were not large enough to affect the rate of return on capital within the industries in which the businesses operated.
5. The analysis assumes that the output from projects did not displace the market for goods and services of existing Florida businesses. To do this, output associated with the businesses was assumed to be exported to the rest of the world. The rest of the world is defined as other states or the international market.
6. The analysis assumes that businesses are indifferent between tax credits and cash awards and will not change their behavior based on the type of incentive award given.

Key Terms

In the pages that follow, diagnostic tables describing the composition and statistics of the reviewed programs precede the discussion. Key terms used in the tables are described below:

State Payments Used in Analysis \$(M) – Represents the amount of state payments made to the program in each fiscal year.

Total Net State Revenues \$(M) – Represents the overall change in state revenue caused by the program in each fiscal year.

Personal Income (Nominal \$(M)) – Reflects income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments. It is the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance.

Real Disposable Personal Income (Fixed 2024-25 \$(M)) – Reflects total after-tax income received by persons; it is the income available to persons for spending or saving.

Real Gross Domestic Product (Fixed 2024-25 \$(M)) – Measures the state's output; it is the sum of value added from all industries in the state. GDP by state is the state counterpart to the Nation's gross domestic product.

Consumption by Households and Government (Fixed 2024-25 \$(M)) – Reflects the goods and services purchased by persons plus expenditures by governments consisting of compensation of general government employees, consumption of fixed capital (CFC), and intermediate purchases of goods and services less sales to other sectors and own-account production of structures and software. It excludes current transactions of government enterprises, interest paid or received by government, and subsidies.

Real Output (Fixed 2024-25 \$(M)) – Consists of sales, or receipts, and other operating income, plus commodity taxes and changes in inventories.

Total Employment (Jobs) – Provides estimates of the number of jobs, full time plus part time, by place of work. Full time and part time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

Population (Persons) – Reflects first of year estimates of people, including survivors from the previous year, births, special populations, and three types of migrants (economic, international, and retired).

CAPITAL INVESTMENT TAX CREDIT

Project Summary Statistics

Total Number of CITC Projects	28	100.0%
Industry Composition		
Ambulatory Health Care Services	1	3.6%
Broadcasting (except Internet)	2	7.1%
Chemical Manufacturing	1	3.6%
Computer & Electronic Product Manufacturing	1	3.6%
Credit Intermediation & Related Activities	1	3.6%
Electrical Equipment, Appliance, & Component Manufacturing	1	3.6%
Management of Companies & Enterprises	3	10.7%
Miscellaneous Manufacturing	1	3.6%
Monetary Authorities-Central Bank	1	3.6%
Other Information Services	1	3.6%
Primary Metal Manufacturing	1	3.6%
Professional, Scientific, & Technical Services	4	14.3%
Securities, Commodity Contracts, & Other Financial Investments	1	3.6%
Space Research & Technology	1	3.6%
Transportation Equipment Manufacturing	8	28.6%
Number of Bundled CITC Projects	24	85.7%
Bundle Composition		
CITC; HIPI	5	17.9%
CITC; QACF	4	14.3%
CITC; QTI	7	25.0%
CITC; QTI-BRBR	1	3.6%
CITC; HIPI; QACF	1	3.6%
CITC; HIPI; QTI	2	7.1%
CITC; QTI; QACF	3	10.7%
CITC; QTI-BRBR; QACF	1	3.6%
Number of Single CITC Projects	4	14.3%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the Capital Investment Tax Credit

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	62.25	128.84	115.31	306.40
Total Net State Revenues	Nominal \$ (M)	(41.97)	(103.17)	(84.68)	(229.81)
Return-on-Investment by Year		(0.67)	(0.80)	(0.73)	
Return-on-Investment for the 3 year period					-0.75

		FY2022	FY2023	FY2024	Total	Average per Year
Personal Income	Nominal \$ (M)	865.25	1,116.25	1,410.50	3,392.00	1,130.67
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	721.90	942.96	1,192.00	2,856.87	952.29
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	871.67	1,041.66	1,252.92	3,166.25	1,055.42
Consumption by Households and Government	Fixed 2024-25 \$ (M)	733.45	1,023.72	1,310.75	3,067.92	1,022.64
Real Output	Fixed 2024-25 \$ (M)	1,611.34	1,763.46	2,051.00	5,425.80	1,808.60

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	2,603	1,827	1,623	1,623	2,603	2,018
Population	Persons	0	1,476	2,616	0	2,616	1,364

Program Description...

Florida created the Capital Investment Tax Credit (CITC) program in 1998 to encourage businesses in high-impact sectors to build or expand facilities within Florida. These sectors are designated by the Department of Commerce and currently comprise the following:

- Aviation/aerospace transportation equipment;
- Information technology;
- Life sciences;
- Financial services;
- Corporate headquarters; and
- Clean energy.

To participate in the program a business must meet several criteria:

- Be in a designated high-impact sector;
- Build or expand a facility within Florida;
- Incur cumulative construction or expansion costs of at least \$25 million; and
- Create and maintain at least 100 new jobs within Florida.

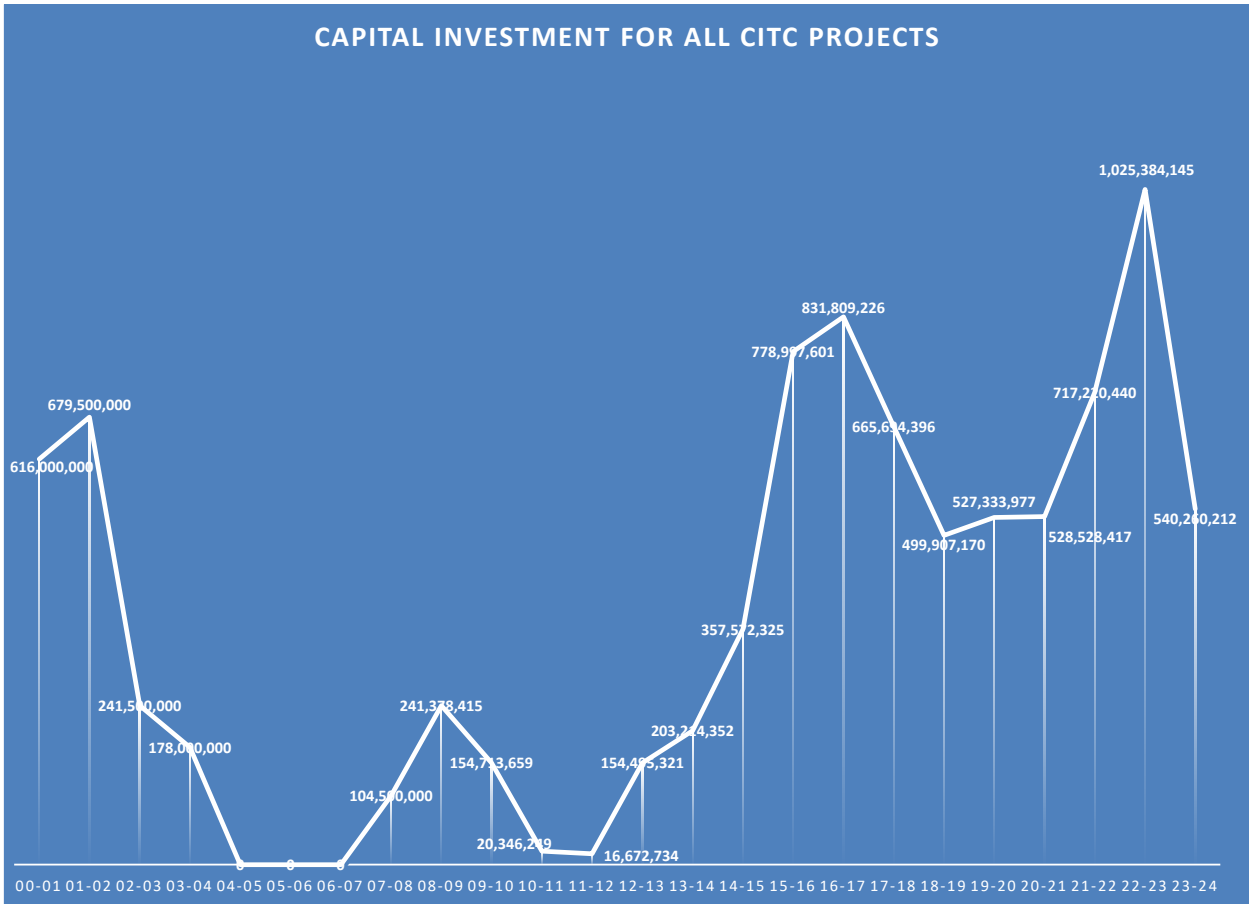
A qualifying business receives authority equal to 5% of the project's eligible capital costs for up to a 20-year period immediately following the date it commences operations at the new or expanded facility.¹⁰ The business can use the credits to reduce its corporate income or insurance premium tax liability. Depending on the project's size, the annual tax credit cannot exceed the following

¹⁰ The unused credits can be carried forward under specified conditions established by the Florida Department of Revenue in an administrative rule published in January 2019. Of note, the unused credits can be used in the ten years following the end of the twenty-year period in certain circumstances. For further information on these conditions, see the Department of Revenue's rule at: <https://flrules.elaws.us/fac/12C-1.0191>.

percentages of the annual corporate income tax liability or the premium tax liability generated by or arising out of a qualifying project:

- Tier 1: \$25 million (50 percent).
- Tier 2: \$50 million (75 percent), and
- Tier 3: \$100 million (100 percent).

To date, no credits have been taken against the insurance premium tax. The following graph shows confirmed capital investments for all projects since the inception of the program.¹¹



Analysis and Findings...

The benefits arising out of this program flow from two sources: the activity generated by the capital investment undertaken by the businesses, and the presumed enhanced activity associated with the ongoing operations of the firm, both during and after the completion of the capital investment. The ability to measure these benefits is partially limited by the structure of the program. The Department of Commerce is only required to certify the level of capital investment and new jobs created in the year that the business claims a CITC credit. If the business has no liability against which to take a credit, there is no certification of activity for that period – meaning any benefits

¹¹ This graph is different from the Confirmed Capital Investment graph for the 2023 evaluation cycle in that it includes the additional years in the current review period as well as updates to the reported values for prior years.

generated by the underlying activity would be missing. To compensate for this, the evaluation assumes that the activity associated with any credits claimed in an earlier period persists through future periods. These and other caveats discussed later should be taken into account when looking at the measured ROI for this program.

In total, 127 projects have been identified as eligible for the program. Of these, 81 are designated as active; the remainder were completed (4), inactive (12), terminated (1) or vacated (29). From the 81 still active projects, a total of 28 projects claimed CITC credits within the review period (FY 2021-22, FY 2022-23 and FY 2023-24). Only these projects are considered in EDR's analysis of the ROI for this review period. Out of the 28 projects, 24 were bundled with other incentive awards: 4 also received QACF incentives, 7 also received QTI incentives, 5 also received HIPI, and 8 received more than one additional incentive (various combinations of QACF, QTI, HIPI and QTI-BRBR).

To estimate the ROI of the CITC program, EDR compared the total value of the CITC credits claimed by these 28 projects within the three-year review period (the state "costs") to the economic benefits that those costs brought about. The direct benefits (the benefits input into the statewide model) were the projects' capital investment and wages paid for each fiscal year within the review period. Stepwise, for each project and for each fiscal year, its capital investment and its wages paid were first apportioned between the CITC program and all other state incentives that the project received using the relative values of the individual incentives. A second apportionment was then made to address the CITC credits that were claimed within the three-year review period relative to the remainder of the CITC credits initially available to the project. The rationale for the apportionments is that the project's capital investment and wages paid were generated by the total value of the bundled incentives, so the CITC credits claimed within the three-year review period only resulted in a portion of the total economic benefits.

Over the entire review period, \$306.40 million was taken in credits. This figure is adjusted by any taxable gain in economic activity associated with capital investments and wages paid. Ultimately, state revenues showed a net decrease of \$229.81 million. This results in a ROI for these projects of -0.75. The historic ROIs for this program were -0.58 in 2023, -0.22 in 2020, and -0.49 in 2017. The state continues to lose all of its investment, plus incurs additional losses as previously taxable activity is effectively removed from the tax base.

Even though the net revenues to the state were negative, Florida's economy still benefited from these investments. The projects generated an average of \$952 million a year in inflation-adjusted disposable personal income and \$1.06 billion a year in real gross domestic product.¹² On average, there were 2,018 additional jobs in the economy each year.

There are a number of factors that could affect the ROI for these projects, and they can move the ROI in either direction. Not the least of these is the program design. Since nearly all of the CITC projects were bundled with other incentive programs, it is assumed that some of the capital investment is attributable to those other incentives. If all of the capital investment were instead credited to the CITC program, the ROI would have been slightly higher; however, there is no guarantee that the same level of investment, or even the projects themselves, would have taken place without the additional incentives.

¹² These inflation-adjusted figures are in FY 2024-25 dollars.

Overall, the 2026 results are not significantly different from those reported in 2023 in terms of the ROI. At that time, the 18 projects in the CITC program generated a ROI of -0.58, based on the actual credits taken. The 28 participating businesses in this review had sufficient corporate tax liability arising out of the projects to claim a larger level of credits (\$306.4 million compared to \$187.8 million, a level increase of 63.2% since the 2023 report).

Capital Investment Tax Credit Projects Used in Analysis

	2021-22	2022-23	2023-24	Total
Anticipated CIT Credits in Window*	\$253,666,839	\$258,228,525	\$263,228,525	\$775,123,889
Actual CIT Credits Used in Analysis	\$62,250,007	\$128,835,872	\$115,311,603	\$306,397,482
Confirmed Capital Investment	\$20,937,807	\$19,190,665	\$395,593	\$40,524,065
Average Annual Wage of Projects	\$99,702	\$106,791	\$108,146	
Statewide Average Annual Wage	\$66,140	\$68,849	\$71,536	
Percentage of Statewide Average Annual Wage	150.7%	155.1%	151.2%	

**Assumes business was able to take the full credit for which it was eligible based on confirmed capital investment.*

This has longer-term implications as well. Added to the 28 projects that took credits during the review period is another four that could have taken credits but did not. This leads to an upper boundary of \$775.1 million in credits that could have been taken within the three-year window, meaning there were \$468.7 million in unused credits. Nearly all of these unused credits can be carried forward. Further, there are unused credits from prior periods that can be carried forward as well. Put together, the potential exists for \$2.29 billion in credits to be carried forward and taken at some time in the future. Given the level of credits taken to date, the likelihood is that many of the credits carried forward will never be used. So far, only 24.3% of potential credits have been taken. If this same percentage is applied to credits carried forward, approximately \$556 million in unused credits might be taken in the coming years. As illustrated, the feasible range is large and puts future Corporate Income Tax receipts at risk.

Conclusion...

The structure of the CITC program makes it unique among the programs analyzed in this report. Most important are the limitations on the annual credit authorizations. First, the credits must be taken over a 20-year period. This limits the maximum potential credit in any year to five percent of the “qualifying expenditures.”

There are two other potential limiting factors. As mentioned above, the credit can only be used to offset tax liability arising out of the new or expanded facility. Second, only a percentage of the liability can be offset (as determined by the tier the business falls under).

Of the over \$3.16 billion in potential credits that could have been taken by qualifying businesses to date, only \$767.5 million has been taken, or 24.3 percent of the total potential. There are \$2.29 billion in outstanding credits that still could be claimed in future years.

RESEARCH AND DEVELOPMENT TAX CREDIT

Project Summary Statistics

Total Number of Accounts in Research and Development Tax Credit	268	100.0%
Accommodations	2	0.7%
Administrative Support	2	0.7%
Aerospace Manufacturing	17	6.3%
Ambulatory	1	0.4%
Apparel	1	0.4%
Broadcast	1	0.4%
Chemicals	5	1.9%
Computer Electronics Manufacturing	12	4.5%
Computer System Design	87	32.5%
Construction, Highway	2	0.7%
Education	1	0.4%
Electrical Equipment Manufacturing	5	1.9%
Fabricated Metal Manufacturing	5	1.9%
Banks and Credit Unions	2	0.7%
Food	5	1.9%
Furniture	1	0.4%
Information Data	16	6.0%
Insurance	1	0.4%
Leather	2	0.7%
Machinery	12	4.5%
Management	1	0.4%
Miscellaneous Manufacturing	9	3.4%
Motion Picture Sound	22	8.2%
Motor Vehicle Parts Manufacturing	3	1.1%
Natural Metal Minerals Manufacturing	1	0.4%
Ordnance	2	0.7%
Other Professional Technical Services	24	9.0%
Other Transportation Manufacturing	6	2.2%
Paper	1	0.4%
Plastics, Rubber	5	1.9%
Primary Metal Manufacturing	2	0.7%
Rents, Lease	1	0.4%
Scenic Transportation	5	1.9%
Securities	1	0.4%
Telecommunications	2	0.7%
Waste Remediation	1	0.4%
Wholesale	1	0.4%
Wood Products Manufacturing	1	0.4%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the Research and Development Tax Credit Program

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	3.63	6.08	3.66	13.37
Total Net State Revenues	Nominal \$ (M)	(3.45)	(5.92)	(3.43)	(12.79)
Return-on-Investment by Year		(0.95)	(0.97)	(0.94)	
Return-on-Investment for the 3 year period					-0.96

		FY2022	FY2023	FY2024	Total		Average per Year
Personal Income	Nominal \$ (M)	9.75	11.00	12.75	33.50		11.17
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	8.11	9.31	10.75	28.17		9.39
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	10.40	12.80	13.35	36.55		12.18
Consumption by Households and Government	Fixed 2024-25 \$ (M)	8.52	10.65	11.45	30.62		10.21
Real Output	Fixed 2024-25 \$ (M)	21.47	25.56	26.57	73.60		24.53

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	36	23	14	14	36	24
Population	Persons	0	16	28	0	28	15

Program Description...

Florida provides a corporate income tax credit for eligible businesses for certain qualified research expenses incurred within the state during the prior calendar year.¹³ The combined total amount of tax credits which may be granted to all recipients during any given calendar year is \$9 million.¹⁴ The maximum individual credit award is 10 percent of the amount by which qualified research expenses for a business exceeded its base amount, where the base amount is the average of qualified research expenses over the previous four tax years. Further, the credit cannot exceed 50 percent of the business's remaining corporate income tax liability after all other credits have been applied. Any unused credit can be carried forward for up to five years.

To participate in this program, the corporation must first claim and be allowed a research credit against federal income tax for the same qualified research expenses under 26 U.S.C. s. 41, and be in one of the following targeted industries:

- Aviation and Aerospace
- Cloud Information Technology
- Homeland Security and Defense
- Information Technology
- Life Sciences
- Manufacturing
- Marine Sciences
- Materials Science
- Nanotechnology

¹³ Section 220.196, Florida Statutes.

¹⁴ Authorized exceptions were made for the 2016 and 2018 calendar years such that the total awarded amounts were \$23.0 million and \$16.5 million, respectively.

Analysis and Findings...

During this review period, 268 projects received the Research and Development tax credit. Of the 268 projects, four projects were culled from the analysis, as they were Florida market or resource dependent industries. For these projects, the cost to the state was included in the analysis but the associated economic benefits (jobs, wages, and output) were not considered.

The analysis shows a return on investment of -0.96 for the Research and Development Tax Credit program, which means the state lost all of its investment, plus incurred additional losses on top of this. The ROI was calculated based on a net loss of \$12.79 million in tax revenue from the projects during the review period. Real Gross Domestic Product increased by an annual average of \$12.18 million, and the number of jobs increased by 24 per year on average.

Conclusion...

The purpose of the Research and Development Tax Credit Program is to stimulate research and development industries. It is questionable as to whether this goal is achieved. In the marketing materials for one tax credit optimization company, the following statement can be found: “The Florida R&D tax credit puts real money back into your company for research you’re already doing.”¹⁵

Nonetheless, a contributing factor to the low ROI is the industry composition of the projects in the analysis. Unlike other industries receiving state incentives, research and development has relatively low multiplier effects. Further, research and development activities tend to be longer-term investments with benefits that take years to appear; these future benefits are well beyond the study’s three-year window.¹⁶ There are also significant intangible benefits that would not be included in the state’s current approach to the ROI calculation. Externalities and social costs and benefits—to the extent they exist—are excluded from the evaluation.

¹⁵ See <https://federaltaxcredits.org/florida-r-and-d-tax-credit/>.

¹⁶ Some studies estimate that it takes 5 to 10 years for benefits from R&D spending to emerge.

URBAN HIGH-CRIME AREA & RURAL JOB TAX CREDIT PROGRAMS

Project Summary Statistics

Total Number of Accounts in Rural and Urban Tax Credit I	11	100%
Accommodations	2	18%
Crops	1	9%
Fabricated Metal Manufacturing	1	9%
Food	1	9%
Machinery	1	9%
Concrete Pipe Manufacturing	1	9%
Retail	3	27%
Wood Product Manufacturing	1	9%

Economic and Fiscal Impacts...

From a modeling perspective, the number of projects and the associated state payments were inconsequential for both the Urban High-Crime Area Job Tax Credit and the Rural Job Tax Credit programs. This makes the generation of separate ROIs for the two programs inadvisable. Leveraging the similarities between the programs, EDR attempted to treat them as one to illustrate how subsidizing new employment performs as an economic development tool. Even after merging the programs, the state payments in the window reached a total of only \$1.73 million, with most of the payments landing in the first year of the three-year review. For these reasons, the stability of any calculated ROI would continue to be of great concern. Instead, the economic elements of this type of incentive are discussed below.

Program Description...

Both the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program share a common approach to economic development: the use of job credits to subsidize businesses that achieve employment growth in a specified location.

- **Urban High-Crime Area Job Tax Credit Program**
The Urban High-Crime Area Job Tax Credit Program offers an incentive for eligible businesses located within one of the 13 designated urban areas to create new jobs.¹⁷ The credit ranges from \$500 to \$2,000 per qualified employee and can be taken against either the Corporate Income Tax or the Sales and Use Tax, but not both. These tax credits are provided to address “extreme and unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment” in high-crime areas, based on the hope that “the public sector or private sector can be induced to invest its own resources in productive enterprises that build or rebuild the economic viability of the area.”¹⁸ No more than \$5 million in tax credits may be approved for any given calendar year.

¹⁷ Section 212.097(1)(e) of the Florida Statutes anticipates up to 15 areas that have size limits (population-based square miles). Today’s areas were initially nominated by their respective local governments in 1997. Staff at the Department of Commerce has closed entry into the program based on their interpretation that this was the program’s only entry point.

¹⁸ Section 212.097(6), Florida Statutes.

- **Rural Job Tax Credit Program**

The Rural Job Tax Credit Program offers an incentive for eligible businesses located within one of 36 designated qualified rural areas to create new jobs. The tax credit ranges from \$1,000 to \$1,500 per qualified employee and can be taken against either the Corporate Income Tax or the Sales and Use Tax, but not both. These tax credits are provided to address high county unemployment rates; low per capita incomes; high percentages of residents whose incomes are below the poverty level; and low average weekly manufacturing wages—all of which are relative to the rest of the state.¹⁹ A single business may not receive more than \$500,000 of tax credits during any one calendar year. Further, the Department of Revenue may allocate no more than \$5 million in tax credits for any given calendar year.

Analysis and Findings...

In terms of the state’s tax impact, the two job tax credit programs are arguably most similar to the Enterprise Zone Program that was evaluated by EDR in 2014 and 2015. In January 2014, EDR found that:

“For a number of reasons, the Enterprise Zone Program produces a negative return-on-investment to the state. Most importantly, previously taxable activity has been converted to non-taxable activity. Further, to the extent the state funds supporting the incentive could have been more productively spent elsewhere and the business activity would have occurred anyway, the state actually foregoes revenues beyond the direct cost of the incentives.”²⁰

Further, these conclusions were based on several factors, including the program purpose and design:

“Whereas most of the other programs were developed to induce business expansion or location to the state, the Enterprise Zone program has a more narrow purpose: to induce investment in designated “severely distressed” areas within the state and provide jobs to area residents. The program primarily captures or shifts existing economic activity from other in-state locations to the zone rather than inducing new economic activity.”²¹

Additionally, the 2015 report found two issues that also apply to the two job tax credit programs:

- By themselves, enterprise zone incentives are an insufficient inducement to relocate to Florida; and
- New business activity is frequently Florida market or resource dependent, which results in no ROI to the state.

Like the first bullet, the job tax credit under current review represents a small fraction of the employee’s wage. By themselves, these incentives— \$500 to \$2,000 per qualified employee or \$1,000 to \$1,500 per qualified employee—are unlikely to induce the decision to hire a new employee. Almost certainly, the business owner would aggregate the credits derived from multiple employees until they approximated the salary of a single new employee. This means that most of the tax credits subsidize hiring which would have taken place regardless.²² Otherwise, the job credits would be used as a direct subsidy to lower the costs of production and/or increase profits.

¹⁹ Section 212.098, Florida Statutes.

²⁰ See https://edr.state.fl.us/Content/returnoninvestment/EDR_ROI.pdf.

²¹ Ibid.

²² Joel Elvery, “The Impact of Enterprise Zones on Resident Employment: An Evaluation of the Enterprise Zone Programs of California and Florida.” Maxine Goodman Levin College of Urban Affairs, Cleveland State University (September, 2007): 21.

Relative to the second bullet, eleven projects received urban and rural job tax credits during the review period. Of the eleven projects, six projects were Florida market or resource dependent industries. For these projects, the cost to the state would be included in the analysis but the associated economic benefits (jobs, wages, and output) would not be considered. This means that most of the tax credits subsidize business activity that would have occurred had the program not existed, making it highly probable that the state's investment would have performed better elsewhere.

Conclusion...

When the Enterprise Zone program was last evaluated, it had a negative ROI of -0.5. That is, the program did not recover any portion of the state's investment. Moreover, state revenues were less than they would have been in the program's absence as taxable activity was shifted to non-taxable activity. Because of its similarities to the job tax credit programs under review, a comparable result would have been expected had sufficient projects existed for the evaluation.

FLORIDA JOB GROWTH GRANT FUND

Project Summary Statistics

Total Number of Projects in the Florida Job Growth Grant Fund	73	100%
Construction	44	60%
Education	29	40%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the Florida Job Growth Grant Fund

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	18.36	70.98	67.27	156.62
Total Net State Revenues	Nominal \$ (M)	2.61	3.35	1.08	7.04
Return-on-Investment by Year		0.14	0.05	0.02	0.04
Return-on-Investment for the 3 year period					0.04

		FY2022	FY2023	FY2024	Total	Average per Year
Personal Income	Nominal \$ (M)	110.00	172.50	84.00	366.50	122.17
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	89.70	138.66	67.00	295.36	98.45
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	95.75	169.24	87.92	352.91	117.64
Consumption by Households and Government	Fixed 2024-25 \$ (M)	101.42	192.05	115.30	408.77	136.26
Real Output	Fixed 2024-25 \$ (M)	215.39	297.51	100.84	613.74	204.58

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	536	596	21	21	596	384
Population	Persons	0	184	408	0	408	197

Program Description...

The purpose of the Florida Job Growth Grant Fund is to promote economic opportunities by improving public infrastructure and enhancing workforce training.²³ By law, it cannot be used for the exclusive benefit of any single company, corporation, or business entity. Proposals are reviewed by the Department of Commerce and chosen by the Governor to meet specified statutory criteria.

For infrastructure, the criteria are:

- State or local public infrastructure projects to promote:
 1. Economic recovery in specific regions of this state;
 2. Economic diversification; or
 3. Economic enhancement in a targeted industry.
- State or local public infrastructure projects to facilitate the development or construction of affordable housing. This purpose has a repeal date of July 1, 2033.

²³ Section 288.101, Florida Statutes.

For workforce training, the criteria is:

- Support of programs at state colleges and state technical centers that provide participants with transferable, sustainable workforce skills applicable to more than a single employer, and for equipment associated with these programs. These programs must be offered to the public and cannot exclude applicants who are unemployed or underemployed.

Analysis and Findings...

Seventy-three unique projects received a Florida Job Growth Grant at some point during the review period. No projects were culled from this analysis as the investments are in either infrastructure or education.

The analysis shows a return on investment of 0.04 for the Florida Job Growth Grant Fund program, which means the program recouped \$0.04 for every dollar spent. The ROI was calculated on a net return of \$7.04 million in tax revenue from the \$156.62 million in state payments. On average, total employment increased by 384 jobs per year, and Real Gross Domestic Product increased by \$117.64 million per year.

Conclusion...

From the perspective of the state as the investor, the program did not pay for itself. While the large capital investments associated with many of the projects benefited the overall economy, most have projected long-term economic benefits that extend well beyond the three-year review cycle and, therefore, are not fully captured by the analysis.

BROWNFIELD REDEVELOPMENT BONUS TAX REFUND

Project Summary Statistics

Total Number of Brownfield Redevelopment Projects	7	100%
Hotels (except Casino Hotels) & Motels	3	43%
Supermarkets & Other Grocery Retailers	2	29%
General Warehousing & Storage	1	14%
Other Grocery & Related Products Merchant Wholesalers	1	14%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the Brownfield Redevelopment Bonus Tax Refund Program

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	0.24	0.21	0.25	0.70
Total Net State Revenues	Nominal \$ (M)	(0.23)	(0.19)	(0.23)	(0.66)
Return-on-Investment by Year		(0.98)	(0.93)	(0.93)	
Return-on-Investment for the 3 year period					-0.95

		FY2022	FY2023	FY2024	Total	Average per Year
Personal Income	Nominal \$ (M)	0.00	0.25	0.00	0.25	0.08
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	0.00	0.00	0.00	0.00	0.00
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	(0.09)	0.08	0.13	0.11	0.04
Consumption by Households and Government	Fixed 2024-25 \$ (M)	(0.08)	0.17	0.16	0.25	0.08
Real Output	Fixed 2024-25 \$ (M)	0.00	(0.03)	0.12	0.09	0.03

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	0	0	1	0	1	0
Population	Persons	0	0	0	0	0	0

Program Description...

The Brownfield Redevelopment Bonus Tax Refund Program previously contained two distinct incentives designed to encourage economic expansion within Florida’s Brownfield areas.²⁴ Only one continues to exist in the same form today.²⁵ Despite the program’s name, these incentives are grants, subject to annual appropriations from the Economic Incentives Account within the Economic Development Trust Fund.²⁶ No taxes are directly refunded by the Department of Revenue or local governments. The grant award is determined by the number of qualifying employees in a brownfield area. These are geographic locations that are generally abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.

²⁴ Section 288.107, Florida Statutes.

²⁵ The Brownfield Redevelopment Bonus Program previously had an additional incentive linked to the QTI program. That program was repealed July 1, 2023. Refer to Chapter 2023-173, Laws of Florida, for further detail.

²⁶ Section 288.095(2), Florida Statutes.

The discontinued incentive – QTI with Brownfield Bonus – provided a bonus grant per job created by approved QTI projects located in brownfield areas. Because it was an added amount to the QTI award, projects receiving this bonus incentive were subject to the same qualification and performance criteria as QTI projects. Since it was a feature contributing to the QTI award, this incentive was included in the analysis of QTI projects and excluded from the Brownfield ROI review.

In 2000, the QTI with Brownfield Bonus program was expanded to include a separate stand-alone incentive²⁷ based on a minimum capital investment. Recipients receive a grant of up to \$2,500 per job created by businesses:

“...that can demonstrate a fixed capital investment of at least \$2 million in mixed-use business activities, including multiunit housing, commercial, retail, and industrial in brownfield areas eligible for bonus refunds, and that provides benefits to its employees.”²⁸

In addition, the project must create at least 10 new full-time permanent jobs. The per-job award is limited to 20 percent of the average annual wage for the jobs created.

Legislation enacted in 2013 changed the Brownfield Redevelopment Bonus Tax Refund Program requirements. Projects only qualify if the project is either on a parcel designated as a Brownfield site or on any real property parcel abutting the Brownfield site within a Brownfield area.²⁹ Prior to 2013, projects qualified if the development occurred anywhere within a Brownfield area.

Analysis and Findings...

In enacting the 1997 Brownfields Redevelopment Act, the Legislature found that:

“The reduction of public health and environmental hazards on existing commercial and industrial sites is vital to their use and reuse as sources of employment, housing, recreation, and open space areas. The reuse of industrial land is an important component of sound land use policy for productive urban purposes which will help prevent the premature development of farmland, open-space areas, and natural areas, and reduce public costs for installing new water, sewer, and highway infrastructure.”³⁰

This intent provision also addressed environmental justice, community blight and environmental equity issues. EDR’s analysis of ROI does not account for these non-economic features.

In this review period, seven projects received state incentives related to the Brownfield Redevelopment Bonus Tax Refund Program. Of the seven projects, six projects were culled from the analysis, as they were Florida market or resource dependent—in this case, businesses within the Retail Trade, Wholesale Trade, and Hotels and Motels industries. For these projects, the cost to the state was included in the analysis but the associated economic benefits (jobs, wages, and output) were not considered. The one remaining project was in General Warehousing & Storage sector.

²⁷ Section 4, Chapter 2000-317, Laws of Florida.

²⁸ Section 288.107(1)(d), Florida Statutes.

²⁹ Brownfield site is defined as any property where the expansion, redevelopment or reuse of which may be complicated by actual or perceived environmental contamination. The Florida Department of Environmental Protection designates these sites. In contrast, a Brownfield area includes any property designated by resolution of a local government, as well as the areas contiguous to one or more Brownfield sites, some of which may not be contaminated. There are more properties designated as Brownfield areas than designated as Brownfield sites.

³⁰ Section 2, Chapter 97-277, Laws of Florida, codified in s. 376.78(1), F.S.

The analysis shows a return on investment of -0.95 for the Brownfield Redevelopment Bonus Tax Refund Program, which is a marginal decrease from the last review (-0.89). The ROI was calculated based on a net loss of \$0.66 million in tax revenue from the Brownfield projects during the review period. Real Gross Domestic Product increased by an annual average of \$0.04 million.

Conclusion...

This review completes the fifth evaluation of this program. While the number of projects and the associated state payments are both small, the number of years included in the historical and current reviews (Fiscal Years 2009-10 through 2023-24) provide a relatively stable foundation for assessing the ROI.

The purpose of the Brownfields Redevelopment Act is to facilitate the redevelopment of areas with contamination or blight. The results are negative in this period due to the culling of projects that are Florida market or resource dependent.

HIGH-IMPACT SECTOR PERFORMANCE GRANT

Project Summary Statistics

Total Number of HIPI Projects	3	100%
Miscellaneous Electrical Equipment & Component Manufacturing	1	33%
Corporate, Subsidiary, & Regional Managing Offices	1	33%
Iron & Steel Mills & Ferroalloy Manufacturing	1	33%

Bundled Project Summary Statistics

Number of Bundled HIPI Projects	3	100.00%
Bundled Composition		
HIPI, CITC	1	33%
HIPI, CITC, QTI	2	66%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the HIPI Program

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	0.00	1.90	1.37	3.27
Total Net State Revenues	Nominal \$ (M)	0.15	(1.81)	(1.27)	(2.93)
Return-on-Investment by Year		*	(0.95)	(0.93)	
Return-on-Investment for the 3 year period					-0.90

		FY2022	FY2023	FY2024	Total	Average per Year
Personal Income	Nominal \$ (M)	4.50	4.25	4.00	12.75	4.25
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	4.31	4.28	4.25	12.84	4.28
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	7.14	5.72	4.87	17.73	5.91
Consumption by Households and Government	Fixed 2024-25 \$ (M)	3.78	4.20	3.75	11.73	3.91
Real Output	Fixed 2024-25 \$ (M)	11.03	8.78	5.54	25.35	8.45

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	15	10	5	5	15	10
Population	Persons	0	8	8	0	8	5

*The ROI could not be calculated for FY2022, because there were no HIPI incentives awarded

Program Description...

The High-Impact Sector Performance Grant (HIPI) is designed to encourage the growth of high-impact sector facilities.³¹ The program awards grants of at least \$500,000 to businesses that create a minimum of 50 new full-time equivalent jobs and provide a cumulative capital investment of at least \$50 million in facilities operating in designated high-impact sectors.³² This performance-based grant is paid in two equal installments: upon commencement of operations and upon commencement of full operations (project is fully constructed and all jobs are in place). According to law, the total amount of active performance grants scheduled for payment by the Department of Commerce in any single fiscal year may not exceed the lesser of \$30 million or the amount appropriated by the Legislature for that fiscal year for qualified high-impact business performance grants.

The Legislature has removed HIPI from the evaluation list even though the program remains in place. Throughout the review period, the project awards were bundled with CITC which necessitates attribution.

Analysis and Findings...

During the review period, three projects received payments totaling \$3.27 million. Each of the three projects also had a Capital Investment Tax Credit (CITC) award. Two projects were further bundled with Qualified Target Industry Tax Refunds (QTI). By the end of Fiscal Year 2023-24, the Department of Commerce reported a total of 9 active projects on its books.

The return on investment for the HIPI Program is -0.90. This means the program does not recover any portion of the state's investment, and state revenues are less than they would have been in the absence of the program. The previously reported ROIs for 2014, 2017, 2020 and 2023 were 0.70, 0.05, -0.85, and -0.79 respectively. The bundling of HIPI with CITC further undermines HIPI's ROI since the relative size of the CITC awards swamp the contributions from HIPI.

For this review period, the Department of Commerce reported that HIPI produced 1,903 jobs, with an average confirmed wage of \$88,126. The department also reported that the confirmed capital investment for these projects was \$353.3 million, almost eighty percent of which is coming from one project. However, all of the projects are bundled with other state incentives. The HIPI portion of the projects accounts for a weighted average of only 4.1 percent of the total incentive packages, and as a result, only 4.1 percent of the total output and capital investment is apportioned to HIPI. After the data is run through the model, HIPI is responsible for total output of \$25.35 million over the review period.

Conclusion...

This review completes the fifth evaluation of this program. While the number of projects and the associated state payments are both small, the number of years included in the historical and current reviews (Fiscal Years 2009-10 through 2023-24) provide a relatively stable foundation for assessing the ROI. Due to the consistency of bundling HIPI with CITC, it is unlikely that the ROI would be materially different even if the program involved a larger number of projects.

³¹ Section 288.108, Florida Statutes.

³² For research and development projects, the criteria were lower: a minimum of 25 new full-time equivalent jobs and a cumulative capital investment of at least \$25 million in facilities.

QUALIFIED TARGET INDUSTRY TAX REFUND

Project Summary Statistics

Total Number of QTI Projects	174	100%
NAICS	Count	Percent
Aircraft Manufacturing	1	0.57%
All Other Basic Organic Chemical Manufacturing	1	0.29%
All Other Miscellaneous Electrical Equipment & Component Manufacturing	1	0.29%
All Other Plastics Product Manufacturing	1	0.29%
All Other Professional, Scientific, & Technical Services	1	0.29%
Audio & Video Equipment Manufacturing	1	0.29%
Boat Building	4	1.17%
Commercial & Service Industry Machinery Manufacturing	1	0.30%
Computer Facilities Management Services	1	0.30%
Computer Systems Design Services	2	0.60%
Consumer Lending	1	0.30%
Corporate, Subsidiary, & Regional Managing Offices	50	15.02%
Couriers & Express Delivery Services	7	2.47%
Custom Computer Programming Services	7	2.54%
Cut & Sew Apparel Manufacturing (except Contractors)	1	0.37%
Dental Laboratories	1	0.37%
Direct Property & Casualty Insurance Carriers	1	0.37%
Drugs & Druggists' Sundries Merchant Wholesalers	2	0.75%
Employment Placement Agencies	1	0.38%
Ethyl Alcohol Manufacturing	1	0.38%
Financial Transactions Processing, Reserve, & Clearinghouse Activities	2	0.76%
Flight Training	2	0.77%
Fluid Milk Manufacturing	1	0.39%
Freight Transportation Arrangement	5	1.95%
Frozen Fruit, Juice, & Vegetable Manufacturing	1	0.40%
Frozen Specialty Food Manufacturing	1	0.40%
Fruit & Vegetable Canning	1	0.40%
General Line Grocery Merchant Wholesalers	1	0.40%
General Warehousing & Storage	2	0.81%
Guided Missile & Space Vehicle Manufacturing	2	0.81%
Heavy Duty Truck Manufacturing	1	0.41%
Household Furniture (except Wood & Upholstered) Manufacturing	1	0.41%
Human Resources Consulting Services	2	0.83%
Ice Cream & Frozen Dessert Manufacturing	1	0.42%
Industrial & Commercial Fan & Blower & Air Purification Equipment Manufacturing	1	0.42%
Industrial Valve Manufacturing	1	0.42%
Institutional Furniture Manufacturing	1	0.42%
International, Secondary Market, & All Other Nondepository Credit Intermediation	2	0.85%
Investment Banking & Securities Intermediation	4	1.71%
Iron & Steel Mills & Ferroalloy Manufacturing	1	0.43%
Libraries & Archives	1	0.44%
Medical Laboratories	1	0.44%
Metal Can Manufacturing	3	1.32%
Metal Kitchen Cookware, Utensil, Cutlery, & Flatware (except Precious) Manufacturing	1	0.45%
Metal Window & Door Manufacturing	1	0.45%
Miscellaneous Financial Investment Activities	1	0.45%
Motion Picture & Video Production	2	0.90%

Offices of Certified Public Accountants	3	1.37%
Offices of Other Holding Companies	1	0.46%
Ornamental & Architectural Metal Work Manufacturing	1	0.47%
Other Aircraft Parts & Auxiliary Equipment Manufacturing	1	0.47%
Other Computer Related Services	3	1.41%
Other Concrete Product Manufacturing	2	0.95%
Other Electronic Component Manufacturing	1	0.48%
Other Grocery & Related Products Merchant Wholesalers	1	0.48%
Other Measuring & Controlling Device Manufacturing	1	0.49%
Other Miscellaneous Nondurable Goods Merchant Wholesalers	4	1.95%
Other Nonferrous Metal Foundries (except Die-Casting)	1	0.50%
Other Snack Food Manufacturing	1	0.50%
Payroll Services	1	0.50%
Perishable Prepared Food Manufacturing	2	1.01%
Pharmacy Benefit Management & Other Third Party Administration of Insurance & Pension Funds	2	1.02%
Process, Physical Distribution, & Logistics Consulting Services	3	1.55%
Real Estate Credit	1	0.52%
Sanitary Paper Product Manufacturing	1	0.53%
Sawmills	1	0.53%
Search, Detection, Navigation, Guidance, Aeronautical, & Nautical System & Instrument Manufacturing	3	1.60%
Security Systems Services (except Locksmiths)	1	0.54%
Semiconductor & Related Device Manufacturing	1	0.54%
Ship Building & Repairing	1	0.55%
Special Die & Tool, Die Set, Jig, & Fixture Manufacturing	1	0.55%
Telemarketing Bureaus & Other Contact Centers	1	0.55%
Tortilla Manufacturing	1	0.56%
Toy & Hobby Goods & Supplies Merchant Wholesalers	1	0.56%
Travel Agencies	1	0.56%
Unlaminated Plastics Profile Shape Manufacturing	1	0.56%
Wired Telecommunications Carriers	1	0.57%
Wood Preservation	1	0.57%

Bundled Project Summary Statistics

Number of Bundled QTI Projects	16	
Bundled Composition		
QTI/CITC	10	63%
QTI/QACF	3	19%
QTI/QACF/CITC	1	6%
QTI/HIPI/CITC	2	13%

Economic and Fiscal Impacts

Statewide Economic Model Impact Projections of the Qualified Target Industry Tax Refund Program

		FY2022	FY2023	FY2024	Total
State Payments in the Window	Nominal \$ (M)	11.66	10.73	10.80	33.19
Total Net State Revenues	Nominal \$ (M)	6.26	14.99	21.54	42.79
Return-on-Investment by Year		0.54	1.40	1.99	
Return-on-Investment for the 3 year period					1.29

		FY2022	FY2023	FY2024	Total	Average per Year
Personal Income	Nominal \$ (M)	635.00	947.25	1,252.50	2,834.75	944.92
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	515.64	763.78	1,003.00	2,282.43	760.81
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	696.73	1,000.19	1,291.52	2,988.45	996.15
Consumption by Households and Government	Fixed 2024-25 \$ (M)	522.02	807.04	1,084.72	2,413.77	804.59
Real Output	Fixed 2024-25 \$ (M)	1,302.08	1,737.46	2,149.61	5,189.15	1,729.72

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	2,380	2,338	2,404	2,338	2,404	2,374
Population	Persons	0	1,188	2,500	0	2,500	1,229

Program Description...

The Qualified Target Industry Tax Refund Program (QTI) was repealed July 1, 2023.³³ It was intended to encourage the creation of high-wage jobs (115 percent or more of the area or statewide annual wage) in targeted industries, with awards ranging from \$3,000 to \$13,500 per job. Unless waived by the Department of Commerce or an action of the Legislature, the affected local government was required to provide 20 percent of the award.

QTI operated as a grant program, subject to annual appropriation, with the grant award determined by the number of qualifying employees. As such, no taxes were directly refunded by the Department of Revenue or local governments. Each QTI project had a performance-based contract, which outlined specific milestones that had to be achieved and verified by the state prior to payment of funds.

The Legislature has removed QTI from the evaluation list; however, it was fully in place for two of the three years in the review period with continuing commitments into the third year. It was also bundled with CITC for projects occurring in the window which necessitates attribution.

Analysis and Findings...

During the review period, 174 projects received payment from the QTI program. This is less than the number of projects that received payments during the 2023 review period (232). Eighteen projects were market or resource dependent industries and were culled from the analysis. For culled projects, the cost to the state is included in the analysis, but the associated economic benefits (jobs, wages, and output) are removed.

Of the 174 projects, sixteen projects also received payments from other incentive programs. These “bundled” projects are treated uniquely in the model. The project’s jobs, wages, and investments are

³³ Refer to Chapter 2023-173, Laws of Florida, for further detail.

distributed among the different contributing programs in proportion to each program’s share of payments relative to the total payments across all contributing programs.

The 174 projects received state payments totaling \$33.19 million from QTI during the review period. The return on investment for these projects is 1.29, meaning the State recouped all of its investment plus an additional \$0.29 for each dollar spent. This positive ROI is due to the concentration of active projects in high wage industries in this period. The 2023 review chronicled an average annual wage of \$51,958 for new jobs across the review period; this year’s report shows \$88,550.

	<i>2021-2022</i>	<i>2022-2023</i>	<i>2023-2024</i>	<i>Average</i>
<i>Confirmed Average Wage</i>	81,305.86	92,513.57	92,404.55	88,550.41

The high wages increased real disposable income by an average of \$760.81 million per year and household consumption by about \$804.59 million per year. State revenues directly benefited from the rise in household consumption through higher collections of consumption-based taxes.

These factors contributed to the increase in the ROI from 0.23 in the 2023 review to 1.29 in the current review. Prior to this evaluation, the highest ROI for this program over a three-year period was 0.84 in 2017.

Conclusion...

The QTI program design was intended to attract businesses in high growth, recession resistant, market independent and high wage industries such as manufacturing and professional services. These industries also have some of largest multipliers which leads to strong ROIs. In addition, fewer projects were bundled relative to the 2023 review (16 versus 46) which allowed more of the benefits to be retained by the QTI program.

QUICK ACTION CLOSING FUND

Project Summary Statistics

Industry Composition

Aerospace Manufacturing	3	17%
Electrical Equipment Manufacturing	1	6%
Fabricated Metal	2	11%
Banks and Credit Unions	1	6%
Management	4	22%
Misc Manufacturing	1	6%
Motion Picture Sound	1	6%
Other Professional Technical Services	4	22%
Other Transportation Manufacturing	1	6%
Total QACF Projects	18	100%

Number of Bundled QACF Projects **8** **100%**

QACF/QTI	4	50%
QACF/CITC	3	38%
QACF/CITC/QTI	1	13%

Economic and Fiscal Impacts

		FY2022	FY2023	FY2024	Total		Average per Year
Personal Income	Nominal \$ (M)	418.75	123.00	69.25	611.00		203.67
Real Disposable Personal Income	Fixed 2024-25 \$ (M)	338.78	98.65	55.50	492.93		164.31
Real Gross Domestic Product	Fixed 2024-25 \$ (M)	449.50	95.77	48.28	593.55		197.85
Consumption by Households and Government	Fixed 2024-25 \$ (M)	344.50	102.36	57.94	504.80		168.27
Real Output	Fixed 2024-25 \$ (M)	866.08	183.85	78.62	1,128.55		376.18

		FY2022	FY2023	FY2024	Minimum	Maximum	Average per Year
Total Employment	Jobs	1,362	(322)	(250)	(322)	1,362	263
Population	Persons	0	868	928	0	928	599

Program Description...

The Quick Action Closing Fund (QACF) was repealed July 1, 2023.³⁴ Structured as a grant program, it was previously used by the Department of Commerce as a “deal closing” tool which allowed them to “respond to extraordinary economic opportunities” for:

³⁴ Refer to Chapter 2023-173, Laws of Florida, for further detail.

“...certain high-impact business facilities, privately developed critical rural infrastructure, or key facilities in economically distressed urban or rural communities which provide widespread economic benefits to the public...”³⁵

Awards were limited to target industry jobs that paid an average annual wage of at least 125 percent of the area-wide or statewide private sector average annual wage, and projects that had a positive economic benefit ratio of at least five to one. The department was allowed to waive these requirements under specified circumstances. Statutorily, the Governor could approve projects that were less than \$2 million in funding without Legislative approval.

The Legislature has removed QACF from the evaluation list; however, it was fully in place for two of the three years in the review period with continuing commitments into the third year. It was also bundled with CITC for projects occurring in the window which necessitates attribution.

Analysis and Findings...

During the review period, each of the remaining eighteen active projects received one or more payments from the Quick Action Closing Fund program. This is lower than the project number reported in the 2023 evaluation (54) and the reported number in 2020’s evaluation (30). Eight of the total projects were bundled with other incentives.

Over this same period, QACF payments totaled \$17.45 million from the escrow account. According to the department’s Annual Incentives Report for Fiscal Year 2023-2024:

“The Quick Action Closing Fund was last funded in 2015-2016. Funds for active projects remain in an escrow account held by the Department of Financial Services Treasury.”³⁶

The escrow account now has a zero balance; the last action occurred on March 1, 2026.³⁷

No ROI could be calculated for QACF since all payments to projects came from the escrow account. Those funds are not a part of the state’s investment during the review period because they were removed from the state budget prior to its commencement and held in abeyance. Nonetheless, there was economic activity associated with the jobs and capital investment supported by the release from escrow. QACF generated an increase in Real Gross Domestic Product of \$593.55 million over the three years in the review period, as well as producing an average of 263 jobs per year.

Conclusion...

Like the 2023 report, EDR did not produce a ROI for QACF because there were no payments to program recipients that qualified as contemporaneous investments. The investment was actually made during a prior period.

³⁵ Section 288.1088, F.S. (2022). It is important to note that of all state incentive programs, only QACF, the Economic Development Transportation Fund (commonly referred to as the "Road Fund," s. 239.2821, F.S.), and the Qualified Defense & Space Flight Business Tax Refund (QDS, s. 288.1045(3)(f)7., F.S.) programs may be used for “retention” projects. However, other state incentives may be awarded for new jobs created in conjunction with retention projects.

³⁶ See <https://state-reports.floridacollections.org/2023-2024-165>.

³⁷Final interest payout on 03/01/2026.

INNOVATION INCENTIVE PROGRAM

Program Description...

The Innovation Incentive Program (IIP) was repealed July 1, 2023.³⁸ It was designed to encourage high-value research and development, innovation business, and alternative and renewable energy projects.³⁹ Jobs were required to pay 130 percent of the average private sector wage, and state awards had to be matched by local sources.⁴⁰ Upon completion of project milestones, payments were requested at will and did not follow a predetermined schedule. Somewhat uniquely, IIP performance contracts also included a reinvestment requirement, obliging recipients to remit a portion of their royalty revenues back to the state for reinvestment.

The Legislature has removed IIP from the evaluation list; however, it was in place for two of the three years in the review period. No attribution to other programs was required.

Analysis and Findings...

DEO identified nine entities that have been awarded IIP grants, but only one was active during the review period.⁴¹ Despite its active status, the entity received no state payments. Like the 2023 and 2020 evaluation cycles, this prohibited the calculation of a ROI. The ROI was 0.10 in the 2017 review, and 0.20 in the 2014 review.

A contributing factor to the low ROI in the two early review periods was the industry composition of the projects in the analysis. Unlike other target industries receiving state incentives, the research and development industry has relatively low multiplier effects. To a large degree, this measure fails to capture its true benefit to the broader economy, in part because it has aspects of being a public good with significant positive externalities over the long term. These projects would be expected to take a substantial amount of time, effort, and investment to come to fruition.

Conclusion...

Similar to the 2023 and 2020 reports, EDR did not produce a ROI for IIP because there were no state payments to program recipients during the review period and project attribution was unnecessary.

³⁸ Refer to Chapter 2023-173, Laws of Florida, for further detail.

³⁹ Section 288.1089, F.S. The program is similar to the Scripps Florida project approved in 2003.

⁴⁰ Local match for this program can take forms other than cash.

⁴¹ See <https://floridajobs.org/office-directory/division-of-strategic-business-development/economic-development-incentives-portal>.