

# Florida Opportunities for Offshore Wind Businesses

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## A. The Advantages of Florida

Florida features a business-friendly environment with streamlined regulations, expedited permitting, access to capital, and tax advantages. The state ranks amongst the top in the nation for business due to its pro-business state tax policies and competitive cost of doing business.<sup>1</sup> For example, Florida has no corporate income tax on limited partnerships or on subchapter S-corporations, no property tax on business inventories, and no sales or use tax on goods manufactured or produced for export. Additional financial incentives, such as refunds for capital investment, R&D, and job creation, are available for select targeted industries, including energy equipment manufacturing.

Florida has an extensive multi-modal transportation system, featuring international airports, deep-water ports, extensive highway and rail networks, and some of the fastest telecom hubs. The state is ranked number two in best transportation infrastructure in the U.S. It has 14 public deep-water ports, which move over 100 million tons of cargo annually and accommodate a variety of commercial activities. Some are single-purpose cargo ports, while others are diversified and can handle multiple operations. Some are designated special districts; others are county or city departments. However, all the ports move cargo, though they differ in whether they are serviced by rail or highway.

The Florida Seaport Transportation and Economic Development Council Program, a public entity, is charged with implementing capital improvement projects at Florida's seaports. The seaports are the major reason Florida ranked fourth among the nation's top exporting states in 2010. The state is committed to improving port infrastructure and is engaged in widening piers, developing larger container cargo terminal yards, and constructing berths.

Florida's clean technology industry clusters take advantage of the state's rich natural resources, diverse R&D assets, and a multitude of university clean energy research centers. In addition, manufacturers benefit from the presence of advanced R&D facilities at various universities, military installations, and NASA. Thanks to the many incentives and a well-developed transportation network, the state ranks in the top ten for manufacturing. There are more than 17,500 manufacturers engaged in industry clusters across the state. These businesses are supported by state and local manufacturers trade associations and the Florida Manufacturing Extension Partnership.

Several wind energy manufacturers either produce components in Florida or are headquartered in Florida. GE's offshore turbine generators are made in Pensacola and Siemens' U.S. Wind

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<sup>1</sup> Florida's business climate, [http://www.eflorida.com/Why\\_Florida.aspx?id=5444](http://www.eflorida.com/Why_Florida.aspx?id=5444).

Energy is headquartered in Orlando. In addition, at least 15 Florida facilities currently manufacture wind energy components.<sup>2</sup>

## B. Government Policies Pertaining to Offshore Wind Power

### Offshore Wind Planning

The Florida State University Center for Ocean-Atmospheric Prediction Studies (COAPS), home of the Florida Climate Center, produced offshore wind resource maps and conducted pilot studies investigating wind resource at select towers and buoys in Florida's waters. Their results revealed capacity factors varying from 27% to 33%.<sup>3</sup> These capacity factors are similar to existing inland wind farms, but are about 10% lower than in other east coast offshore areas.<sup>4</sup>

## C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind

### Business Incentive Loans and Bonds

Florida offers various incentives for growth in targeted rural and urban areas. The **Rural Community Development Revolving Loan Fund** and **Rural Infrastructure Fund** provide funding to help businesses meet the special needs they encounter in rural areas.

The Florida Development Finance Corporation issues industrial revenue bonds to qualified manufacturing firms to improve low-cost capital availability. The bond transaction amounts range from \$1,000,000 to \$10,000,000. Companies must meet a total \$20 million capital investment test. Projects may qualify for tax exempt or taxable bond financing; the rates for taxable bond transactions are competitive compared to other finance instruments.

### Tax Credits

Florida has a favorable tax climate for businesses. Sales and use tax exemptions are available for machinery and equipment used by new or expanding businesses; labor, parts, and materials used to repair machinery and equipment; electricity used in manufacturing; machinery and equipment used primarily in R&D; and more. The sales tax exemption is available to manufacturers whose equipment purchases have resulted in a 10% increase in production, measured on a specific product line. In addition, the state has eliminated corporate income taxes, property taxes, and sales and use taxes for various corporations and activities.

Tax refunds of up to \$3,000 per new full-time employee are available for companies in targeted industries through the **Qualified Target Industry Tax Refund**. More tax refunds are available if companies reach certain wage levels. Furthermore, since Cleantech has been designated by the state as a high impact sector an additional \$2,000 per job is available. In Enterprise Zones or designated rural communities, the refund is valued at \$6,000 per employee. Companies

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<sup>2</sup> AWEA Florida wind energy facts, <http://www.awea.org/learnabout/publications/upload/4Q-11-Florida.pdf>

<sup>3</sup> COAPS fact sheet on offshore wind: <http://coaps.fsu.edu/docs/offshorewindenergyfactsheet.pdf>

<sup>4</sup> Florida State University and COAPS report, <http://coaps.fsu.edu/docs/news/201009powell.pdf>

increasing exports through a seaport or airport in the state can take an additional \$2,000 per job.

The **Capital Investment Tax Credit** is an annual credit, provided for up to 20 years, against the corporate income tax. The credit applies to capital-intensive industries in targeted sectors, including clean energy. Companies must create a minimum of 100 jobs and invest at least \$25 million in eligible capital costs.

The **Manufacturing and Spaceport Investment Incentive Program** provides a tax refund up to \$50,000 on the state sales and use tax paid on eligible equipment purchases. The program seeks to encourage capital investment and job creation.

Florida offers **Enterprise Zone Incentives** to encourage business growth within certain geographic areas targeted for economic revitalization. Businesses which create jobs within a designated zone are eligible for several tax incentives, including a sales and use tax credit, tax refunds for machinery or equipment, sales tax refund for building materials, and a sales tax exemption for electrical energy.

## D. Other Applicable Incentives

Florida offers grants to attract and grow major facilities in high-impact sectors, including clean energy. The **High Impact Performance Incentive Grant** is available to companies that create at least 50 full-time jobs within a three year period and invest at least \$50 million. Fifty percent of the grant can be provided upon commencement of operations.

Local governments may apply for grant funding to support transportation projects on behalf of a specific business. Through the **Economic Development Transportation Fund**, incentives are provided to alleviate transportation problems that adversely impact a company's expansion plans. The size of the award is based on the number of new and retained jobs. Up to \$3 million is available per project.

Through its **Quick Response Training Grants**, administered by Workforce Florida, the state is able to attract and retain businesses creating new high-quality jobs. The program works in collaboration with state educational facilities, which also serve as the fiscal agent for the project. Grant funding priority is given to businesses in targeted industries that are located in a distressed urban or rural area, Enterprise Zone or Brownfield area, and are able to contribute a cash or in-kind match. The program is flexible and can adapt quickly to meet a business's training objectives.

The Florida Opportunity Fund's **Florida Venture Capital Program**, created as part of the 2010 Small Business Jobs Act, provides equity investments and convertible debt instruments ranging from one to three million dollars to emerging Florida companies and companies locating to Florida, which have long-term growth potential. Targeted industries include alternative energy generation and advanced manufacturing.