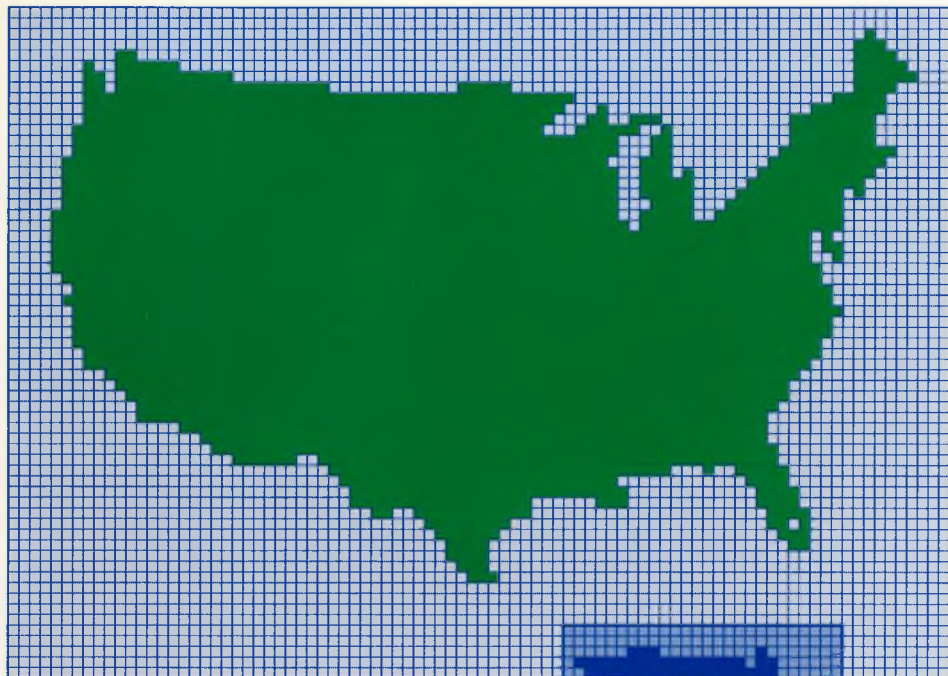
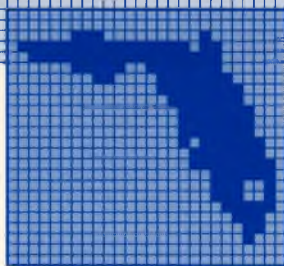


1995-1996 Edition

Doing Business in
Florida



**A Guide for Domestic
and International
Business Owners
and Investors**



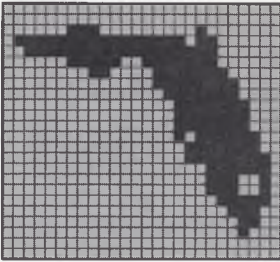
Price Waterhouse LLP







**Doing Business in Florida
1995-1996 Edition**



Florida's growth and potential make it an exceptional location for many different types of businesses to thrive. We at Price Waterhouse LLP present the seventh printing of **Doing Business in Florida** as a resource for U.S. and international executives considering relocation or expansion of their businesses into Florida. We intend this booklet to be an overview to stimulate your thinking by providing introductory information as well as additional resources for further investigation.

Price Waterhouse LLP would like to thank the Florida Department of Commerce and its international offices, economic development organizations and Chambers of Commerce throughout Florida, Realtors and many others around the state who have provided assistance in compiling and distributing this publication.

If we may be of further assistance, please feel free to contact us in any of the five Price Waterhouse LLP offices throughout Florida. You have our best wishes for success.

A handwritten signature in black ink that reads "Dick Skor". The signature is fluid and cursive.

Dick Skor
Partner

Additional copies of this guidebook may be ordered by calling (305) 381-7600.

Price Waterhouse LLP is herein referred to as Price Waterhouse.

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Doing Business In Florida is compiled for information purposes only and does not attempt to address all aspects of the applicable Florida laws. While every effort has been made to verify accuracy, we recommend that you contact the appropriate state and local government agencies, your business advisors or Price Waterhouse for the most up-to-date information.

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I. Florida's Economic Profile

Economic overview

Florida emerged from the 1980s as a major economic force in the U.S. as well as the nation's fourth most populous state. Such rapid growth marked Florida's evolution from an economy based primarily on agriculture, tourism and retirement living to an urban economy supporting a sophisticated mix of industrial activities, including international trade and commerce.

International trade is a key industry due to the state's geographic location as well as its many deepwater ports, international airports and foreign trade zones. Florida is also one of the nation's largest international banking centers.

Also thriving are such diverse manufacturing fields as electronics, lasers, automotive parts, boat building, aircraft and avionics, medical equipment and computers. Florida is a national leader in fiber optics networks, high-speed voice, data and image transmission as well as worldwide satellite connections. Biotechnology, advanced materials development and artificial intelligence are among the state's newest industries.

Tourism is the state's largest industry, bringing nearly 40 million visitors annually and generating \$1.7 billion in sales tax collections. Tourism will continue to be strong with the lure of some of the nation's top attractions such as DisneyWorld and EPCOT, Universal Studios, Cape Canaveral, Sea World, Cypress Gardens and Busch Gardens in addition to miles of coastline and beaches. Florida has more golf courses than any other state and is a leading center for tennis.

Agriculture continues as an important industry. Not only does Florida rank first among the states in cash receipts from citrus, but it also is first in sugarcane, second in greenhouse and nursery products, and second in vegetables.

Economic outlook

Florida is reaping the benefits of its growth, led now by thriving international trade with Latin America's emerging markets. With forecasters predicting that Florida will outperform the nation in job creation in the 1990s, a large part of the state's prosperity hinges on increasing the international competitiveness of the people and industries already here.

The state's 67 counties have been grouped into 11 regions, each with its own planning council to improve growth management. In addition, to prevent overbuilding and the erosion of property values, a growth management law was created to limit development activities in some areas and to increase development costs.

A program entitled Enterprise Florida has been created to devise innovative ways to promote economic growth. This is a public- and private-sector partnership that will create a new approach to economic development in Florida, coordinating state and local efforts and leveraging public funds with private-sector money. Eventually, Enterprise Florida is expected to absorb most of the functions of the Department of Commerce.

New plants and expansions

Florida continues to lead the nation in new and expanded industry. For the fourth consecutive year, the state ranked first in the nation in landing new corporate facilities and expansions of existing plant locations.

This strong showing can be attributed to a combination of factors including cooperative partnerships between state and local governments and development organizations, the state's rapidly-expanding workforce and a strategy of focusing on selected industry clusters. These clusters are industries identified as well-suited to Florida, such as information services, biomedical industries, aerospace and defense, instruments and controls, tourism, business and financial services, apparel and textiles, lumber, wood products and furniture, agriculture and food processing, sports and recycling.

Environmental permitting

Florida has established a number of programs to maintain and protect its natural resources. These programs, plus federal and local environmental protection programs, require permits for many business and development activities. It is advisable to contact permitting agencies early in the planning process to determine what activities require permits and how to comply with permit conditions in the least costly manner.

Florida laws set strict time limits on the permitting approval process. Agencies must issue or deny almost all state permit requests within 90 days of receiving a complete application. An appeal process is available to applicants who are dissatisfied with agency decisions concerning permits.

Consumer markets

Currently, Florida is the nation's fourth most populated state with 13.7 million people. Additionally, with more than 40 million visitors coming here each year, tourism has a major impact on the level of consumer spending in the state.

Florida ranks fourth nationally in total personal income with \$239.9 billion, by 1992 estimates. The strengthening of the income base has stimulated the consumer market and allowed for increased discretionary spending. By the year 2000, Florida is expected to continue to show economic gains, growing 37.3 percent in personal income compared to 26.2 percent for the nation as a whole.

With total retail sales of nearly \$98 billion, Florida leads all other southeastern states and claims nearly one-quarter of the region's total sales. The state ranks fourth nationally in sales volume and accounts for 5.7 percent of the nation's total retail sales. Florida is expected to continue its rapid growth in consumer spending with retail sales growing to \$135 billion by 1994.

Tourism, population and income growth have bolstered demand for trade and service-related activities, continuing to create additional demand for hotels, restaurants, gift shops, attractions, recreational facilities and travel services. Population and income growth have increased the need for stores selling groceries, hardware, lawn and garden supplies, and other commercial businesses. Demand is high for professional and personal services such as health care, cleaning and laundry, legal services and automotive repair.

II. International Business in Florida

Foreign trade

Florida's geographic proximity to major foreign markets is highly advantageous. Its location allows for fast, economical delivery of products to foreign destinations while also providing the political and economic stability of the U.S. Hundreds of multinational firms maintain their Latin American headquarters in Florida for this reason.

The most recent figures are from 1992 showing \$38.1 billion in international trade statewide, representing a 13.2 percent increase over the previous year. Exports totaled \$21.2 billion and imports were \$16.8 billion.

Florida's foreign trade had an estimated output impact of \$41.9 billion with an earnings impact of \$12.6 billion and an employment impact of 575,622 jobs. Approximately 860 different foreign manufacturing and commercial operations function in Florida. Estimates of the number of people employed statewide by foreign companies range from 130,000 to 180,000.

International business services

Florida has developed an international business community which provides experienced business and financial services for trade and investment. Economic development groups throughout the state provide export assistance including: export finance officers, trade missions, trade shows, export seminars and in-plant consultations.

Within the Florida Department of Commerce, the Division of International Trade and Development is responsible for stimulating international trade and foreign investment in Florida and can assist Florida manufacturers in exporting their products.

■ **Doing Business in Florida**

The State of Florida has an active export program aimed at assisting Florida firms to penetrate or maintain their position in foreign markets. Supported by Florida offices in London, Frankfurt, Mexico City, Toronto, São Paulo, Tokyo and Seoul, the state also maintains an active trade lead program.

Florida has an extensive network of 14 world trade councils and international trade associations to assist firms. Also, Florida is the home of the International Commercial Dispute Resolution Center. The Center endeavors to use conciliation and mediation before resorting to binding arbitration.

Banks throughout the world have located offices in Florida's major metropolitan cities to facilitate international banking transactions and trade financing. Seventeen Edge Act banks and 71 non-U.S. banks operate here.

Transportation

Florida's network of international airports guarantees excellent international air service, with direct flights to destinations throughout the world and non-stop service to Latin America and Europe. Scheduled cargo shipment services along with 15 U.S. Customs Service offices are available at airports throughout the state. To ensure that the quality of air service remains high, almost every major airport has undertaken major expansion programs in the past few years.

With several of the nation's top container ports, Florida's 14 deepwater ports handle all types of cargo. Florida's water transportation system is among the most comprehensive in the nation. There are 27 ports, including 5 barge ports and 14 deepwater ports, with frequent sailings to most parts of the world.

Leading exports and exports

The leading Florida-export exports are fertilizers, aircraft and spacecraft parts, office machines and automatic data processing machine parts. Top destinations of these exports are: Venezuela, Brazil, Colombia, the Dominican Republic and the United Kingdom.

Currently, leading Florida-origin export industries are computers, chemicals and allied products, transportation equipment and nonelectrical machinery. Canada, Brazil, Venezuela and the Dominican Republic are the primary destinations of these exports.

Major Florida-entry imports are passenger vehicles, orange juice and small airplanes with the following countries as leading import sources: Japan, Brazil, Germany, Colombia and Venezuela.

Caribbean Basin Initiative

The CBI legislation provides for duty-free access to the U.S. market. Florida's location, transportation and communication networks make it a center of production- sharing facilities, distribution centers and other support services.

Foreign trade zones

As one of the nation's main export-import crossroads, Florida is a leader in the development of foreign trade zones (FTZs). The purpose of an FTZ is to facilitate processing, manufacturing, warehousing, and merchandising activities which involve foreign trade and to offer lower operating costs in export-import intensive operations. For example, a business can reduce or eliminate U.S. Customs duties, or it can postpone the commitment of funds for payment of duty charges, depending on the specific situation.

All of Florida's zones are convenient to a major deepwater port, an international airport or both. Their proximity to excellent transportation connections can save time and money for any firm involved in international trade.

Currently, Florida's FTZs are:

FTZ Number 25

Port Everglades Port Authority

1850 Eller Drive

Fort Lauderdale, FL 33316

(305) 523-3404

FTZ Number 32

Greater Miami Foreign Trade Zone, Inc.

Omni International Complex

1601 Biscayne Boulevard

Miami, FL 33132

(305) 350-7700

FTZ Number 42

Greater Orlando Aviation Authority

9675 Tradeport Drive

Orlando, FL 32827

(407) 825-2213

FTZ Number 64

Jacksonville Port Authority

P.O. Box 3005

Jacksonville, FL 32206

(904) 630-3070

FTZ Number 65

Panama City Port Authority

P.O. Box 15095

Panama City, FL 32406

(904) 763-8471

■ Doing Business in Florida

FTZ Number 79

Tampa Foreign Trade Zone Board, Inc.

P.O. Box 3324

Tampa, FL 33601

(813) 273-5202

FTZ Number 135

Port of Palm Beach District

P.O. Box 761

Palm Beach, FL 33480

(407) 832-8791

FTZ Number 136

Canaveral Port Authority

P.O. Box 267

Cape Canaveral, FL 32920

(407) 783-7831

FTZ Number 166

Vision Foreign Trade Zone

15600 S.W. 288th Street, Suite 304

Homestead, FL 33033

(305) 247-7082

FTZ Number 169

Manatee County Port Authority

Route 1 - Tampa Bay

Palmetto, FL 34221

(813) 722-6621 and 229-1051

FTZ Number 180

Wynwood Community Economic Development Corp.

225 N.E. 34 Street, Suite 209

Miami, FL 33137

(305) 576-0440

III. Incentives and Requirements for Doing Business in Florida

Business assistance organizations, programs

The Florida Department of Commerce, along with various local development organizations, assists businesses in finding new locations or planning for expansion. These groups can provide employment growth patterns, industry projections, area comparisons and business regulations on a statewide and county basis.

In addition, these groups may act as a liaison with state and local organizations to ensure that businesses are in contact with the appropriate agencies and officials. They can also arrange tours and on-site presentations, and compare a company's facility requirements with computerized databases of available buildings throughout Florida.

The Small Business Development Center Network is a comprehensive statewide assistance program offered through a partnership between the Small Business Administration and Florida's State University System.

The Florida Export Finance Corporation is a nonprofit organization created by the Florida Legislature to provide financial and technical assistance to small- and medium-sized businesses located in Florida and engaged in exporting. The organization provides loan guarantees to qualified exporters unable to obtain financing through conventional sources.

The Small and Minority Business Advisory Council identifies the concerns and needs of small and minority-owned businesses. The Council serves as a liaison between the business community, state agencies and the Legislature, and recommends action on key issues.

■ Doing Business in Florida

The Minority Business Development Centers offers existing and potential minority entrepreneurs a wide range of services, from initial counseling on start-ups to planning for growth and expansion.

Other active state programs include assisting Florida firms in locating other firms in the state which supply goods and services needed in the operation of their businesses and acting as ombudsman to help resolve problems concerning governmental agencies.

Workforce

The state has an excellent labor availability with one of the nation's largest working populations between the ages of 18 and 44. The 1990 census showed that this segment of Florida's population grew 99.3 percent, more than twice as fast as the national average.

Florida has the highest average level of education in the Southeast U.S. and compares well nationally. Florida also ranks high nationally in the number of persons who have completed associate degrees, one or more years of college, bachelor's, master's and doctoral degrees.

A major advantage to businesses is Florida's training and workforce information available from a variety of sources. The Centers of Electronic Emphasis and Centers of Electronic Specialization are public/private partnerships with industry to supply skilled employees for high technology industries.

The Florida Occupation Information system maintains a statewide and local computerized occupation data bank. Data on occupational demand and supply along with job characteristics are available.

Tax incentives

Florida provides a variety of tax incentives, including:

- No personal income tax.
- No annual franchise tax levied on stock or equity.
- Exemptions from sales and use tax for manufacturing or processing equipment for new businesses; partial exemptions for such machinery purchased by existing firms undergoing expansion.
- No sales and use tax on cogeneration of electricity.
- Use tax exemption for research and development labor costs.
- Enterprise Zones offer incentives to businesses investing in designated areas or employing zone residents and other targeted employees.
- No sales tax on containers and packaging or materials incorporated into a final product.

- No state-level ad valorem tax.
- International exemptions such as:
 - + Foreign source dividends which are deleted from the corporate income tax base.
 - + Certain international transactions which are exempt from the documentary stamp tax.
 - + International banking transactions which are not subject to the intangible personal property tax.
 - + The constitutional limit on property taxation.

Financing incentives

Florida has several programs which provide advantageous financing for investors. One is the Industrial Development Bond program which offers financing for research and development parks, industrial and office buildings, warehouses and distribution facilities.

Another is Florida First Capital Finance Corporation, a non-profit group certified to participate in Small Business Administration financing programs statewide.

The Community Development Corporation Support and Assistance Program provides funds to local community development corporations for use in making loans for establishing new businesses, providing financial assistance to existing businesses or purchasing equity interests in businesses.

The Florida Black Business Investment Board administers a trust fund to create programs which foster the development and expansion of black business enterprises.

Research and development

- Special programs and agencies exist to promote research and development in the state. A partial list includes:
- The State University system has more than 200 special research and services institutes available for technical assistance and research.
- Firms may build facilities to access university resources and expertise within several university-related research parks.
- State and local entrepreneurship and venture finance networks are available.
- Technology transfer centers assist small and medium-sized companies in adapting to technological advances.

Enterprise zones

Beginning July 1, 1995, Florida's Enterprise Zone Program will offer substantial tax/area incentives to businesses that locate or expand their business in designated areas targeted for economic revitalization or employ zone residents and other targeted employees. Location and more information can be obtained by contacting the Florida Department of Community Development at (904)488-7541 or the local enterprise zone authority.

Transportation

Florida offers a wide variety of options for transportation services including highways, rail, water, air and space. A firm located in Florida is guaranteed an integrated system with an assortment of capabilities for reaching both national and world markets.

As a result of the state's deregulation of the trucking industry, Florida producers benefit by more competitive intrastate freight rates and services, and by additional options in shipping. Also, the fact that more rail and truck freight enters the state than leaves it gives Florida shippers an added advantage in rate negotiations because there is an excess of empty cars and trucks departing Florida.

Scheduled air carrier service is available at 22 airports while commuter service is available at over 131 additional public-use airports. More than 42 million passengers and 723,000 tons of domestic and international freight were enplaned in Florida in 1991.

Florida's largest ports are in Fort Lauderdale, Jacksonville, Miami and Tampa with regular sailings to domestic and foreign destinations. Most of the state's 27 ports are connected by the intracoastal and inland waterway system which facilitates both intrastate and interstate shipments.

A public corporation, the Florida Spaceport Authority was created to develop and operate commercial space launch centers as well as to foster the development of the commercial space industry. Through this entity, the state offers numerous incentives for locating and expanding space-related businesses and projects.

Sales tax incentives for manufacturers

Manufacturing machinery and equipment for new businesses are exempt from the sales and use tax as long as purchases are made before production begins and delivery is taken within 12 months of that date.

Sales and use tax on manufacturing machinery and equipment purchased for expansion of an existing business have an upper limit of \$100,000 per year, if productive output is increased by at least 10 percent.

Tax exemptions for either new or expanding businesses can be obtained in one of two ways:

1. Prior to purchasing the equipment or bringing it into Florida for use, a Temporary Tax Exemption Permit is obtained from the Florida Department of Revenue, or;
2. The tax is paid by the firm which then applies for a refund.

It should be noted that the exemptions do not apply to equipment purchased or used by certain companies in specified industries.

Registration requirements

There are various state, county and city laws and regulations which must be met before a business can operate in Florida. Procedures and policies vary from area to area and should be investigated in advance.

Articles of Incorporation must be prepared and executed for all corporations. Foreign corporations (non-Florida corporations) must have an office or registered agent located within the state. Foreign corporations, like Florida corporations, are responsible for filing annual reports and are treated equally in all other respects.

Appropriate forms and additional information can be obtained from The Florida Department of State, Division of Corporations, P.O. Box 6327, Tallahassee, Florida 32314.

The Department of State will also check to see if the proposed business name is available. If a business is not incorporated or will use an assumed name for business purposes, it must be registered under the Fictitious Names Act. Registration procedures include paying a service charge and giving notice in a local newspaper. Specific information should be obtained from the Clerk of the Circuit Court in the appropriate county.

All businesses which sell, rent, or lease taxable property must register with the Department of Revenue and be issued a sales tax number. Contact the Office of Taxpayer Assistance, P.O. Box 5139, Tallahassee, Florida 32314-5139, or call (904) 488-6800 for additional information.

All businesses must also obtain an employer identification number from the U.S. Internal Revenue Service. The form must be filed on or before the seventh day after the date on which business begins. Forms can be obtained from the U.S. Internal Revenue Service, Public Affairs Office, P.O. Box 35045, Jacksonville, Florida 32202 or by calling 1(800)829-3676.

Occupational licenses are required for every business and are issued by counties and cities. Depending upon location, a business may need either one or both. Area- specific information should be obtained from the appropriate tax collector's office.

Depending upon the kind of business, additional permits or licenses may be necessary. Details at the state level are available from the Florida Department of Commerce.

Building permits and zoning laws

A permit to construct or remodel a building is required prior to the start of any construction. Other required permits and licenses may include: demolition, driveway construction, excavation, landfills, outdoor signs, refuse hauling, septic tank installation, sewer and water hook-up, and well drilling. Qualified construction contractors are generally familiar with these requirements and can obtain all required permits.

Most cities in Florida also have construction codes governing electrical, heating, plumbing and ventilating facilities. After construction is completed, the facility must be inspected by a city building inspector who will issue a Certificate of Occupancy if the construction has been satisfactorily completed.

Most cities in Florida also have adopted zoning ordinances which restrict the location of commercial facilities to designated areas. Businesses should check with the appropriate county planning department or building inspection division to determine which permits are required for a particular location.

Real estate purchases

Individuals and companies purchasing real estate must record ownership with the county clerk's office in the county in which the property is located. Deeds and other instruments conveying an interest in real property are subject to a Documentary Stamp Tax with rates varying by county. Also, counties may impose an additional tax on the transfer of real property within their jurisdiction.

Bulk sales law

If a business acquires an established business, the acquiring firm must comply with the Bulk Sales Law which requires that each creditor of the company acquired be notified of the planned purchase before the acquisition is completed.

IV. The Florida Tax System

Principal taxes

Taxes are levied by the State of Florida and by local governments under state authority. The State Department of Revenue is responsible for tax administration.

Businesses operating in Florida are subject to the following state and local taxes, all of which are generally deductible expenses in determining income for federal tax purposes:

- Corporate income tax
 - Alternative minimum taxable
 - Tax rates
 - Due dates
 - Estimated tax payments
- Payroll taxes
 - Unemployment tax
 - Workmen's compensation insurance
- Sales and use tax
- Property taxes
 - Real and tangible personal property taxes
 - Intangible property tax
- Excise taxes

Individuals, partnerships and estates are not subject to a Florida income tax. Partnerships having a corporate partner are required to file information returns. Limited Liability Companies are subject to Florida corporate income tax even if they are treated as partnerships for federal purposes

Corporate income tax

All domestic and foreign corporations qualified to do business in Florida or actually doing business in Florida are generally subject to the corporate income tax to the extent of their Florida taxable income.

S corporations (the income of which is generally taxed at shareholder level, not at corporate level) are not subject to Florida corporate taxation unless subject to federal tax. S corporations are required to file an information return for the first year.

Incorporated charitable organizations are generally not subject to corporate income tax. Charitable organizations are required to file income tax returns in the first year in Florida and any subsequent years it has unrelated business income.

A non-U.S. corporation is required to file a Florida tax return only if it is required to file a federal tax return.

This tax is calculated by apportioning the federal taxable income that has been adjusted for certain items. Typical adjustments are interest received from municipal obligations, state income taxes and net operating losses.

Florida taxpayers generally apportion their income to Florida using a three-factor formula applied to adjusted federal income. This formula is based on the ratio of property, payroll and sales in Florida to total of property, payroll and sales for everywhere. The apportionment factors are weighted 25 percent to each property and payroll, and 50 percent to sales. The apportionment fraction is the sum of weighted factors. A unique, single apportionment factor applies to insurance companies and transportation companies.

Alternative minimum taxable

Corporations required to pay federal alternative minimum tax must compute the amount of regular Florida corporate income tax and the amount of Florida alternative minimum tax that may be due. The corporation is liable for whichever tax is greater.

The starting point in computing the Florida alternative minimum tax is the federal alternative minimum taxable income after the allowed federal exemption. A credit for Florida alternative minimum tax paid is available indefinitely as a carryover against regular Florida tax to the extent regular tax exceeds Florida alternative minimum tax.

Tax rates

Taxpayers subject to the Florida corporate income tax income must pay the larger of 5.5 percent of corporate net income or 3.3 percent of Florida alternative minimum taxable income, allowing an exemption of up to \$5,000 of net income. Several credits are available against the corporate income tax. Refer to Schedule V, Florida Form F-1120 for a list of credits.

Due dates

The due date for filing the corporate income tax return (Form F-1120) is April 1 for calendar-year taxpayers or the first day of the fourth month following the close of the fiscal year for fiscal-year taxpayers.

A corporation which has been granted an automatic six-month extension of time to file its federal return is entitled to a similar extension if it files Form F-7004 by the original due date of its Florida return. However, 100 percent of the tentative tax is due with the extension request.

Estimated tax payments

Corporate taxpayers are required to file a declaration of estimated tax if their tax liability for the taxable year can reasonably be expected to exceed \$2,500. Generally, the due date for filing this declaration and making the first of four equal estimated payments is the first day of the fifth month following the end of the corporate taxpayer's fiscal year. However, the filing dates and the payment dates will vary if the expected tax liability does not exceed \$2,500 until on, or after, the first day of the fourth month following year end.

Payroll taxes

Businesses are required to withhold estimated amounts due for federal income tax and social security (retirement) tax from wages paid to employees. In addition, employers are required to pay the following payroll taxes:

Unemployment tax

Businesses are subject to the Florida Unemployment Tax if: (1) they employ one or more individuals in Florida during at least a portion of a day in each of 20 different calendar weeks in either the current or preceding calendar year; or (2) they pay wages in Florida of \$1,500 or more in any calendar quarter. Generally, an employer subject to the Federal Unemployment Tax Act is automatically an employer under Florida law.

Employers must pay tax at a rate of 2.7 percent of the first \$7,000 of each employee's annual compensation. After the company establishes an employment record (generally 36 months), it is given a revised rate based primarily on the history of employee separations. This tax rate varies between 0.1 and 5.4 percent. Employers may reduce the federal unemployment tax rate of 6.2 percent (also applied on the first \$7,000 of employee compensation) by the standard state rate of 5.4 percent.

Workers compensation insurance

Florida law requires employers to insure their employees against job-related accidents if they have three or more employees. An employer having employees in occupations which are excluded or exempt from coverage may voluntarily obtain coverage to avoid the risk of being sued by their own employees in case of a work-related accident.

Sales and use tax

The State of Florida imposes a six percent sales tax on non-exempt sales including leases of tangible personal property, utility services, meals and takeout food charges for certain services, real property rentals and admissions.

In addition, a use tax at the same rate is imposed on the non-exempt use, consumption, distribution and storage for use of consumption, of tangible personal property on which sales tax was not paid. Both taxes are paid by the ultimate consumer with the sales tax collected by the retailer at the time of sale.

Every individual or entity desiring to engage in business subject to the sales and use tax must secure a certificate of registration through the State Department of Revenue for each place of business in Florida. Appropriate forms are available from the Florida Department of Revenue by calling 1(800)352-3671 or by writing to the Department of Revenue, Registration, 5050 W. Tennessee Street, Building F, Tallahassee, Florida 32399-0125.

Property taxes

Real and tangible personal property tax

Property taxes are levied by local governments on real and tangible personal property located within their respective jurisdictions where tax rates are determined.

Real property taxes are assessed on the just value (fair market value) of land, buildings, fixtures, and leasehold improvements. Values are determined by the county property assessor on January 1 of each year.

A homestead exemption from real property taxes on a principal residence is available for persons who make Florida their permanent home. The annual exemption is \$25,000 for all permanent residents who make initial-year application and renew annually, contingent on maintaining residency.

By April 1, businesses are required to file an annual return listing their tangible personal property on hand as of the previous December 31 of which is then valued on January 1. Returns must be filed in each county where the property is located.

Personal property taxes are levied on the just value of property as declared by the owner on January 1 of each year.

Intangible personal property

Intangible personal property, which is owned by a Florida resident or a business with a Florida business situs, is subject to one of two types of property taxes.

First, an annual tax of \$2.00 per \$1,000 of just value, as of January 1 of each year, is assessed on the fair market value of the following:

- corporate stocks
- bonds
- notes
- accounts receivable
- beneficial interests in trusts
- certain other intangibles

Single and married (filing jointly) individuals are entitled to an exemption of the first \$20,000 and \$40,000, respectively, of the total property value for all intangible property subject to the tax. Additionally, due to an exemption from the top level of tax, individuals and married individuals filing jointly are subject only to a tax of \$1.00 per \$1,000 of just value on the first \$100,000 and \$200,000, respectively, of property value.

Tax returns and tax payment must be made by June 30 of each year. Tax discounts are available for early filing. An extension of time for filing until September 30 is available by filing an application prior to the original due date stating why the extension is necessary.

Second, a non-recurring tax of \$2.00 per \$1,000 of just value is assessed on the taxable portion of notes, bonds, and other obligations secured by a mortgage, deed or trust, or other lien on real property when recorded. Property which is subject to the non-recurring tax is not subject to the annual tax. Banks and savings associations are taxed at a rate of \$1.50 per \$1,000.

Excise taxes

Emergency excise tax

All domestic and foreign corporations doing business in Florida are required to file a Florida Emergency Excise Tax Return (included in the Florida Corporate Income Tax Return). The rate of tax is 2.2 percent on the amount of accelerated cost recovery depreciation expense (for assets placed in service after 1980 and before 1987), deducted in computing Florida net income. The Emergency Excise Tax is allowed as a credit in the fifth year subsequent to the year for which the tax was paid.

Other excise taxes

Excise taxes are imposed in Florida on such varied articles as documents, motor fuels, cigarettes, telecommunications, dry cleaning, oil and gas at the point of production, and solid minerals at the point of severance. Taxes are also levied on the exercise of certain privileges, such as operating commercial motor vehicles, generating hazardous wastes, operating terminal facilities and handling pollutants.

Estate, gift and inheritance taxes

Florida is a favorable state for retirees as no estate tax is imposed on estates of residents or citizens of Florida by the state in excess of the credit allowed by the federal tax. Therefore, the Florida estate tax does not increase the total amount of tax to be paid by the estate. Florida absorbs only the amount allowed as a credit against similar federal or state taxes.

Florida does not impose an inheritance tax on the estate beneficiary. Additionally, Florida has no gift tax.

V. Facts About Florida

Climate

Florida is the only state with a subtropical climate. Winter temperatures range from an average of 54 degrees F (12 degrees C) on the northern panhandle to 67 degrees F (19 degrees C) along the southern Atlantic coast. Average summer temperatures range from 80 degrees F (27 degrees C) to 83 degrees F (28 degrees C) throughout the state.

The state experiences an average annual rainfall of 52 inches. Topographically, Florida is flat with an average elevation of only five feet above sea level.

Geography

Florida ranks 22nd in size among the 50 states in area with 54,090 square miles of land and 4,470 square miles of surface water within its borders. This southeastern peninsula state is bordered to the north by the states of Georgia and Alabama and bordered to the east and west by the Atlantic Ocean and Gulf of Mexico, respectively.

History

Florida was discovered in 1513 by the Spanish explorer Ponce de Leon. For most of the next 300 years, Florida was dominated by Spain which used the territory to protect its valuable trade routes passing through the Caribbean. In addition, Florida was culturally influenced by both England and France. These countries made repeated attempts to gain control of the strategically important land from Spain. Florida was eventually ceded from Spain to the United States in 1821.

During its Spanish occupation and its first 60 years as a part of the United States, Florida remained principally undeveloped. However, with the introduction of the railroad in 1881, Florida became a land of investment opportunity. Substantial sums were invested in both agriculture and tourism. This investment trend has continued to the present time and has expanded to include many other industries.

Government

The government of the State of Florida is divided into three branches — executive, legislative and judicial. This is basically the same government found at the national level and in the other 49 states.

The executive branch is charged with the administration and enforcement of Florida's laws. Control of this branch is exercised by the Governor, the Lieutenant Governor and the Cabinet.

The Cabinet is composed of the Secretary of State, the Attorney General, the Comptroller, the Treasurer, the Commissioner of Agriculture and the Commissioner of Education. These positions are filled every four years by election. The Governor is limited to two successive terms.

The legislative branch is empowered to enact both general and local Florida laws. This branch consists of the Senate and the House of Representatives. The Senate comprises 40 members who are elected to serve four-year terms. There are 120 members in the House of Representatives who serve two-year terms.

The judicial branch consists of a series of courts with different levels of authority and jurisdiction. The highest level is the Supreme Court, which comprises seven elected Justices serving six-year terms. They hear certain criminal appeals, appeals involving a provision of state or federal constitutional laws, and appeals concerning the validity of revenue or general obligation bonds.

Four district courts of appeal handle all appeals which cannot be made to the Supreme Court or to a Circuit Court. Twenty Circuit Courts serve both as the highest trial courts in the state and as appellate courts. The numerous county-level courts hear cases involving primarily misdemeanors, ordinance violations and civil actions involving amounts not exceeding \$2,500.

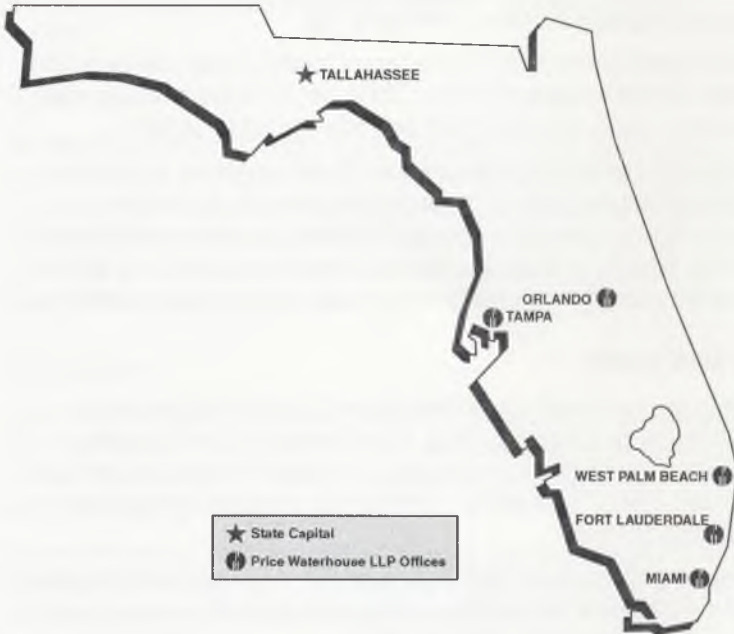
Population

The principal population centers are located along the Atlantic and Gulf coasts. Approximately one-third of Florida's total population of 13,424,416 lives in Dade, Broward and Palm Beach counties located on the southeast Atlantic Coast.

According to estimates, the following are the most populous areas in Florida:

Broward County (Fort Lauderdale) 1,336,620
Dade County (Miami) 1,977,374
Duval County (Jacksonville) 706,439
Hillsborough County (Tampa) 876,367
Orange County (Orlando) 744,994
Palm Beach County (West Palm Beach) 936,577
Pinellas County (Clearwater, St Petersburg) 870,238

The five Price Waterhouse LLP offices are located in the following cities.



Education

Florida is committed to providing quality education for every citizen. Students at all grade levels are tested and must be able to meet minimum standards before being promoted to the next grade or graduating from high school.

Public education at the primary and secondary levels is available free of charge to all children that reside in Florida. State law requires that a resident child attend school until the age of 16.

As an alternative to public education, a resident child may attend one of many private institutions located throughout the state, particularly in the major population centers.

There are 67 public school districts within the state. Each school district is governed by a Board of Education and financially supported primarily by taxes imposed on real property within each district.

Post-secondary education is accessible in almost every part of the state. Florida residents may attend one of nine state-supported universities or 28 state-supported community colleges for a relatively low cost. Non-residents may attend these schools at a substantially higher cost.

Students also have access to 79 accredited or licensed private universities and colleges located throughout the state. Florida has the largest number of adult education students in the nation with more than 600,000 enrollments.

Florida's state universities have more than 200 special research and service institutes which may work with private firms to provide market studies, organizational and managerial technical assistance, specialized scientific and technical research, or access to unique and expensive equipment. By law, the research conducted in conjunction with a private company remains confidential.

Medical costs

Medical costs are comparative to those in the U.S. with room rates varying depending on the category of illness. Costs for medicine, use of surgery or maternity rooms or special nursing care are extra as are the fees charged by the physician. Proof of insurance or financial ability is required for admittance to most health facilities.

Due to these circumstances, and the nonexistence of statutory health insurance, most individuals and their families purchase a private health insurance policy if they are not covered by an employer health insurance plan, which may or may not require employee contributions.

Business hours

Business and government employees normally work an eight-hour day, Monday through Friday. Working hours generally fall between 8:00 a.m. and 6:00 p.m.

Banking hours also vary. Most banks are open to the public from 9:00 a.m. to 4:00 p.m., Monday through Friday, with some having extended hours on specific evenings. In some suburban areas, banks and drive-through teller windows are open on Saturday mornings.

Large supermarkets are generally open from 7:00 a.m. to 10:00 p.m., with some remaining open 24 hours a day. Businesses remain open throughout the day, including lunch.

Credit and charge cards

Because the U.S. uses credit and charge cards widely, it is highly recommended that visitors obtain a major credit card which can then be billed on a U.S. dollar basis. Due to the fact that cards like the Eurocheck card are unknown in the U.S., payment by check is usually accepted only if a major U.S. credit card (American Express, Mastercard, Visa, etc.) and a valid state driver's license can be presented.

Also, most hotels and car rental agencies request a major credit card at check-in to establish the client's credit worthiness or alternatively require advance payment.

Time zones

There are four standard time zones in the continental United States: Eastern, Central, Mountain and Pacific. Most of Florida is on Eastern Time, which is five hours behind Greenwich Mean Time and six hours behind the time in continental Europe. Northwest Florida is on Central Time which is one hour behind Eastern Time. During the months from April to October, Florida participates in the Daylight Savings Time program and advances the clock one hour.

Recreation

Florida is unsurpassed in leisure time activities. The state's moderate climate and diverse geography provide an abundance of year-round recreational opportunities -- beach activities, camping, fishing, canoeing, hiking, golf, tennis, scuba diving, sailing, and boating -- to name only a few.

Excellent fresh water fishing and boating abound on Florida's more than 7,700 inland lakes and numerous rivers and streams. Approximately 2,000 miles of canoe trails have been designated throughout the state.

The Professional Golfers Association of America, Inc. is headquartered in Florida and holds numerous tournaments here each year. There are hundreds of golf courses and thousands of tennis and racquetball courts around the state.

Florida is the home of major attractions which provide a pleasant diversion from everyday living. Floridians can easily visit such world-famous destinations as Cypress Gardens, Disney World, EPCOT, Busch Gardens, Universal Studios,

■ **Doing Business in Florida**

Disney-MGM Movie Studios, St. Augustine, the Florida Keys, Cape Canaveral and the Kennedy Space Center among many others.

Professional sports

In addition to the Miami Dolphins and the Tampa Bay Buccaneers professional football teams, Florida has other major league sports: the Miami Heat and Orlando Magic basketball teams, the Florida Marlins baseball team and two professional hockey teams, the Florida Panthers and the Tampa Bay Lightning.

Cultural programs

Museums throughout Florida feature major collections which range from Baroque, Renaissance and Flemish art to Chinese and Meissen porcelains; from pre-Columbian artifacts to modern French, Cuban and American painting.

Florida is home to many regional and municipal symphonies, as well as numerous chamber orchestras, university symphonies, bands and symphonettes. Additionally, Florida is the home of the Miami Opera, one of the nation's oldest, as well as the active and acclaimed Sarasota Opera.

The Miami City Ballet has drawn praise in its few years of existence, bringing world-famed dancers to South Florida.

Establishing legal residence and citizenship

To become a resident of Florida, a person must establish a home or a permanent dwelling place and demonstrate the intent to make Florida the place of permanent legal residence. There is no fixed waiting period required before a person becomes a resident.

Newcomers are urged to establish proof of intent to establish residence by filing a sworn statement with the Clerk of the Circuit Court in the county where their new home is located. Doing so will help establish eligibility for such things as: state or county employment, homestead exemption, school tuition fees, voting and eligibility for dissolution of marriage.

Establishing legal residence in Florida does not make a person a citizen of the U.S.

VI. Additional Resources

For more information, you can call the appropriate state agency or office listed below:

Airports

Division of Public Transportation 904/488-8444

Attorneys

Bar Examiners 904/487-1292

State Supreme Court 904/488-0125

Automobiles

Licenses, titles, liens 904/488-3881

Banks

Banking Laws, International 904/488-9755

Regulations 904/487-1734

Licensing 904/487-1410

Department of Banking 904/488-1111

..... 800/848-3792

Better Business Bureau 904/488-2221

Division of Consumer Services

Boats, Registration

Department of Highway Safety and Motor Vehicles 904/488-1195

Brokers

Mortgage 904/487-2583

Securities 904/488-9805

■ Doing Business in Florida

Building	
Codes	904/487-1824
Contractors	904/359-6310
Business Line	
Starting a new business	800/342-0771
Business Statistics/Economic Analysis	904/487-2971
Business Development	904/488-6300
Assistance/Finance	904/488-9357
Black Business Investment Board	904/487-4850
Consumer Finance	
Division of Banking and Finance	904/487-2583
Consumer services/complaints/registration packet	904/488-2221
Corporations	
Department of State - Information	904/488-9000
Florida corporations/filing new articles of incorporation ...	904/487-6052
Foreign corporations and non-profits	904/487-6051
Credit Unions	
Department of Banking and Finance	904/487-0570
Doctors	
Board of Medicine	904/488-0595
Education/Schools	904/487-2280
Employment Service	904/488-7228
Enterprise Florida	407/425-5313
Environment	
Department of Environmental Protection	904/488-1554
Air Resources Management	904/488-0114
Law Enforcement	904/488-5600
Marine Resources	904/488-6058
Recreation and Parks	904/488-6131
Waste Management	904/487-3299
Ombudsman	904/921-1222
Fishing Permits	
Commercial/Saltwater	904/487-3122
Freshwater	904/488-3641
Florida Chamber of Commerce	904/425-1200
Florida Export Finance Corporation	305/870-5027

Florida International Affairs Commission	904/920 0355
Florida Trade Data Center	305/876-9747
Healthcare Administration	904/487-2717
Immigration and Naturalization Service	305/536-5741
Imports/Exports	904/487-1399
Insurance/Consumer Helpline	800/342-2762
Job Service	904/488-8701
Lawyer Referral Service	
Florida Bar Examiners	800/342-8011
Lottery	904/487-7777
.....	800/752-9352
Motion Pictures and Television	904/487-1100
Notary Public	904/488-7521
Nursing Homes	904/487-3513
Parks and Recreation	904/488-6131
Professional Regulation	
Department of Business and Professional Regulation	904/487-2252
.....	800/342-7940
Division of Hotels and Restaurants	904/488-1133
Public Service Commission	904/488-7238
.....	800/342-3552
Real Estate	
Appraisers, Salesmen	407/423-6071
Brokers	407/423-6053
Bureau of Land Sales	904/488-1122
Schools, Public	
Department of Education	904/488-2601
Small Business, Information	904/488-9357
Taxes	
Department of Revenue, Office of	
Taxpayer Assistance	904/488-6800

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Tourism	
Information and Travel Brochures	904/487-1462
International Tourism	904/488-7598
Trade Loans	904/488-9050
Unemployment Compensation	904/488-6093
Vocational Education	904/488-5308
World Trade Centers	
Fort Lauderdale	305/359-3615
Jacksonville	904/366-6658
Miami	305/579-0064
Orlando	407/649-1899
Tampa	813/822-2492

**For additional information on starting a
business or living in Florida, please contact:**

**Florida Department of Commerce
Division of Economic Development
The Collins Building
Tallahassee, Florida 32301
(904)488-6300**

VII. About Price Waterhouse LLP

Price Waterhouse is a leading worldwide professional services organization of business advisers, accountants, and tax and management consultants. Originally established in London in 1849 by Samuel Price and Edwin Waterhouse, the firm opened its first U.S. offices in New York City in 1890.

Through a global network of firms practicing in 117 countries and territories, Price Waterhouse professionals work together to provide accounting, litigation support and business advisory services to corporations, individuals, nonprofit organizations and government departments and agencies.

Price Waterhouse offers numerous business advisory services including:

- Accounting and auditing
- Business reorganization
- Corporate mergers and acquisitions
- Domestic tax planning
- Information technology support
- International business development
- International tax strategies
- Management consulting
- Operational reviews
- Personal financial planning
- Profitability enhancement
- Strategic planning

Price Waterhouse frequently consults with the U.S. Treasury Department and the Internal Revenue Service on tax issues. In addition, the Firm offers educational programs and publishes a variety of periodicals, booklets and newsletters.

Statewide offices

In Florida for 30 years, Price Waterhouse serves clients from its five offices with more than 400 professionals and staff.



One East Broward Boulevard
Suite 1700
Fort Lauderdale, Florida 33301-9817
Telephone: (305) 463-6280
Facsimile: (305) 463-6288



First Union Financial Center, Suite 3000
200 South Biscayne Boulevard
Miami, Florida 33131-2330
Telephone: (305) 381-9400
Facsimile: (305) 381-7672



Barnett Bank Center, Suite 1900
390 North Orange Avenue
Orlando, Florida 32801
Telephone: (407) 236-0550
Facsimile: (407) 236-5149



400 North Ashley Street
Suite 2800
Tampa, Florida 33602-5402
Telephone: (813) 223-7577
Facsimile: (813) 224-9439



222 Lakeview Avenue
Suite 1100
West Palm Beach, Florida 33401
Telephone: (407) 820-0800
Facsimile: (407) 820-0808

**For more information...**

Price Waterhouse LLP has a variety of business publications available to you at no cost or obligation. On the following list, please make a check mark next to the publication(s) you wish to receive, complete the mailing information on the reverse side, and mail the form to the address indicated, affixing the proper postage.

- Doing Business in the U.S.**
- Doing Business in _____** (specify country)
Price Waterhouse LLP publishes guides outlining business practices in most of the countries throughout the world.
- Planning and Financing for Middle-Market Companies**
This guidebook presents information on the challenges facing growing companies, preparing a business plan, understanding funding sources and developing a marketing strategy.
- Tax Bulletin**
This outlines the latest tax developments impacting domestic and international business.
- International Tax Guide**
This booklet describes how Price Waterhouse's integrated tax services can benefit clients through worldwide tax planning.
- The Price Waterhouse LLP Personal Tax Adviser**
This book provides the latest information for your personal tax planning.
- Price Waterhouse LLP Review**
This quarterly magazine presents a variety of timely articles of broad business interest.

Please complete the reverse side.

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Publication order mailing information



Name _____

Title _____

Company/Organization _____

Address _____

City, State, Zip Code _____

Country if outside the U.S. _____

Business telephone number () _____

Mail this form to:
Price Waterhouse LLP Marketing Department
First Union Financial Center, Suite 3000
200 South Biscayne Boulevard
Miami, Florida 33131-2330 U.S.A.
Telephone (305) 381-7600
Facsimile (305) 381-7672

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