

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: 05/01/2007

Consent
 Workshop

Regular
 Public Hearing

Department: Administration
Submitted By: Administration
Submitted For: Economic Development Office

I. EXECUTIVE BRIEF

Staff recommends motion to approve on preliminary reading and to advertise for public hearing on May 15, 2007 at 9:30 A.M.: An Ordinance of the Board of County Commissioners of Palm Beach County, Florida, granting an exemption from certain ad valorem taxation to encourage economic development in the County for Florida Turbine Technologies, Inc., an expansion of an existing business; providing for a finding that requirements have been met; providing for the amount of revenue available from ad valorem tax sources for the current fiscal year; providing for the amount of revenue lost by virtue of the economic development ad valorem tax exemptions currently in effect; providing for the estimated revenue lost attributable to the exemption granted to Florida Turbine Technologies, Inc.; providing for the period of time for which the exemption will remain in effect and the expiration date of the exemption; providing for annual reporting requirement; providing for applicability; providing for inclusion in the Code of Laws and Ordinances; providing for severability; providing for repeal of laws in conflict; and providing for an effective date.

Summary: The Economic Development Ad Valorem Tax Exemption Ordinance for Florida Turbine Technologies, Inc. will grant an ad valorem tax exemption for 100% of the assessed value of all qualifying tangible personal property acquired and added improvements to real property for four (4) years, excluding land. The Property Appraiser certified Florida Turbine Technologies, Inc. as an expansion of an existing business and estimated that \$26,153 in expansion revenues would be lost during the current fiscal year. The approximate revenue lost over four (4) years would be \$104,612. However, the actual revenue lost in the years 2007 - 2010 may differ because the millage rate and the Property Appraiser's value of the improvement may vary. The applicant requested an exemption for ten (10) years, which is the maximum period permitted under the program. The applicant qualifies for an exemption for five (5) year based upon a formula of jobs created and salaries paid. Staff recommends an exemption for four (4) years. The *estimate of assessed taxable value on the tax roll* is identified as \$5,159,958 for improvements to real property and \$950,545 for personal property, but the *estimate of actual tax dollars* lost to the County if the exemption is granted is \$26,153 for the year 2007. Countywide (DW)

Background and Policy Issues: Palm Beach County's exemption ordinance specifies that the exemption granted must result in an economic benefit to the County. Florida Turbine Technologies, Inc.'s newly expanded facility will have a positive economic impact on Palm Beach County.

Economic Profile & Benefits are:

- ▶ Florida Turbine Technologies, Inc. (FTT) is an aerospace/ engineering company located in Jupiter, Florida.
- ▶ FTT's project includes: (A) office renovation of 19,256 sq. ft. and (B) office conversion of 10,628 sq. ft., totaling 29,884 sq. ft. The company has invested \$2,067,000 in renovation/conversion and \$1,094,585 in tangible items, totaling \$3,161,585.
- ▶ The project would create an additional sixty (60) new full-time jobs. The new jobs will have an average wage of \$70,000 per year and resulting payroll totaling \$4,200,000.
- ▶ The sixty (60) new jobs are in addition to the fifty (50) new jobs that Florida Turbine Technologies are contracted to create, as a result of their existing Job Growth Incentive Grant Agreement (R2005-0482).
- ▶ The Fiscal Impact Analysis Model (FIAM) indicates for the fiscal years 2008 and 2009 the total ad valorem revenues from Florida Turbine would be \$116,492. For fiscal years 2010 through 2012 the ad valorem revenues would be \$187,653 (with an approximate 3% annual inflation rate.)

Continued on Page 3

Attachments:

1. Tax Exemption Ordinance
2. Palm Beach County Property Appraisers Report and Project Information

Recommended By: Shannon R. Lopez Economic Development Director _____ Date _____

Approved By: Shannon R. Lopez Assistant County Administrator _____ Date _____

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2007	2008	2009	2010	2011
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	<u>26,153</u>	<u>26,153</u> *	<u>26,153</u>	<u>26,153</u>	_____
Program Income (PBC)	_____	_____	_____	_____	_____
In-Kind Match (PBC)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u>26,153</u>	<u>26,153</u> *	<u>26,153</u>	<u>26,153</u>	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No X

Budget Account No: Fund _____ Department _____ Unit _____ Object _____ Program Code _____

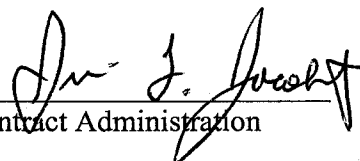
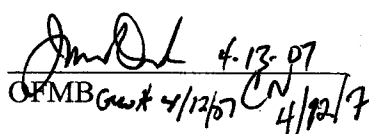

B. Recommended Sources of Funds/Summary of Fiscal Impact:

* The Property Appraiser's estimate of the revenue which would be lost during the current fiscal year (if the exemption applied for were granted) had the property for which the exemption is requested otherwise been subject to taxation. Revenue lost in the years 2007-2011 may differ because the millage rate and the Property Appraiser's value of the improvement may vary.


C. Departmental Fiscal Review:

III. REVIEW COMMENTS

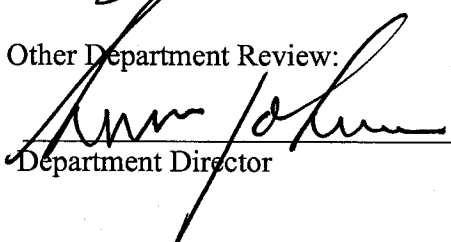
A. OFMB Fiscal and/or Contract Administration Comments:

 4/16/07
 Contract Administration
 4/13/07
 OFMB Contract 4/12/07
 4/16/07

B. Legal Sufficiency:

 4/17/07
 Assistant County Attorney

C. Other Department Review:


 Department Director

This summary is not to be used as a basis for payment.

In March 2005, the County Commission approved a Job Growth Incentive Grant Agreement (R2005-0482) for Florida Turbine Technologies, Inc. in the amount of \$50,000 to assist the company with its expansion project. The Agreement provided a \$1,000 award per each job created and required the creation of fifty (50) full time jobs at an average salary of at least \$67,055 per year. The un-audited Payroll Roster of January 1, 2007 reveals that FTT has already created forty-five (45) of the fifty (50) new jobs. The JGI Agreement is ongoing and the QTI match payments began in January 2007. Once all the jobs have been created from both the Job Growth Incentive and Ad Valorem Tax Exemption programs, Florida Turbine Technologies will employ approximately two hundred and twenty (220) employees in Palm Beach County.

ORDINANCE NO. 2007 -

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2
3 AN ORDINANCE OF THE BOARD OF COUNTY
4 COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA,
5 GRANTING AN EXEMPTION FROM CERTAIN AD VALOREM
6 TAXATION TO ENCOURAGE ECONOMIC DEVELOPMENT IN
7 THE COUNTY FOR FLORIDA TURBINE TECHNOLOGIES, INC.,
8 AN EXPANSION OF AN EXISTING BUSINESS; PROVIDING
9 FOR A FINDING THAT REQUIREMENTS HAVE BEEN MET;
10 PROVIDING FOR THE AMOUNT OF REVENUE AVAILABLE
11 FROM AD VALOREM TAX SOURCES FOR THE CURRENT
12 FISCAL YEAR; PROVIDING FOR THE AMOUNT OF REVENUE
13 LOST BY VIRTUE OF THE ECONOMIC DEVELOPMENT AD
14 VALOREM TAX EXEMPTIONS CURRENTLY IN EFFECT;
15 PROVIDING FOR THE ESTIMATED REVENUE LOST
16 ATTRIBUTABLE TO THE EXEMPTION GRANTED TO FLORIDA
17 TURBINE TECHNOLOGIES, INC.; PROVIDING FOR THE
18 PERIOD OF TIME FOR WHICH THE EXEMPTION WILL REMAIN
19 IN EFFECT AND THE EXPIRATION DATE OF THE
20 EXEMPTION; PROVIDING FOR ANNUAL REPORTING
21 REQUIREMENT; PROVIDING FOR APPLICABILITY;
22 PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND
23 ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING
24 FOR REPEAL OF LAWS IN CONFLICT; AND PROVIDING FOR
25 AN EFFECTIVE DATE.
26
27

28 WHEREAS, Article VII, Section 3, of the Constitution of the State of Florida, and
29 Section 196.1995, Florida Statutes, authorizes the granting of economic development ad
30 valorem tax exemptions to new businesses and expansions of existing businesses upon the
31 successful passage of a referendum; and
32

33 WHEREAS, a successful referendum was held on August 31, 2004, resulting in the
34 enactment of Ordinance No. 2005-004 known as the "Economic Development Ad Valorem
35 Tax Exemption Ordinance of Palm Beach County, Florida"; and
36

37 WHEREAS, such ordinance establishes the requirements for exemption
38 consideration, including the submission of an application; and
39

40 WHEREAS, FLORIDA TURBINE TECHNOLOGIES, INC. has submitted an
41 application for an exemption; and
42

43 WHEREAS, all affected and interested agencies representative of the business and
44 general community have reviewed said application, and provided comments on the granting
45 of same; and
46

47 WHEREAS, all statutory and ordinance requirements have been satisfied.
48

49 NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY
50 COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:
51

52 SECTION 1. TITLE.

53 This Ordinance shall be known as the "Economic Development Ad Valorem Tax
54 Exemption Ordinance - FLORIDA TURBINE TECHNOLOGIES, INC."

55 SECTION 2. FINDING THAT REQUIREMENTS HAVE BEEN MET.

56 The Board of County Commissioners of Palm Beach County, Florida, based on the
57 application submitted by FLORIDA TURBINE TECHNOLOGIES, INC., and the report of the
58 Property Appraiser, finds that FLORIDA TURBINE TECHNOLOGIES, INC. has met all the
59 requirements of Ordinance No. 2005-004 and meets the requirements of Section 196.012

1 (16), Florida Statutes and that granting the exemption granted hereby will result in an
2 economic benefit to Palm Beach County.

3 SECTION 3. AD VALOREM TAX REVENUES

4 The revenues available to Palm Beach County for the current fiscal year from ad
5 valorem tax sources are \$689,012,361 (operating). The revenues lost to Palm Beach
6 County for the current fiscal year by virtue of the ad valorem tax exemptions currently in
7 effect are \$61,586. The estimated revenues to be lost for 2007 by granting this exemption
8 are estimated to be \$26,153.

9 SECTION 4. TERM OF EXEMPTION; EXPIRATION DATE.

10 The Economic Development Ad Valorem Tax Exemption granted to FLORIDA
11 TURBINE TECHNOLOGIES, INC. for an expansion of an existing business shall be for a
12 period of four (4) tax years commencing on January 1, 2007 and expiring on December 31,
13 2010. The ability to receive an exemption for the period granted is conditioned upon
14 FLORIDA TURBINE TECHNOLOGIES, INC.'s ability to maintain the expansion of an
15 existing business as defined in Ordinance No. 2005-004 throughout the four (4) year
16 exemption period. FLORIDA TURBINE TECHNOLOGIES, INC. shall submit an annual
17 report to the Board of County Commissioners evidencing satisfaction of this condition in
18 such form as attached hereto and made a part hereof as Exhibit "B." FLORIDA TURBINE
19 TECHNOLOGIES, INC. shall furnish any and all information as the Board of County
20 Commissioners or its designee deems necessary for the purpose of determining continued
21 performance of the imposed conditions. Should FLORIDA TURBINE TECHNOLOGIES,
22 INC. fail to satisfy the conditions set forth herein, the Board of County Commissioners may
23 revoke the exemption and recover any taxes waived pursuant to Section 9 of Ordinance No.
24 2005-004.

25 SECTION 5. GRANT OF EXEMPTION.

26 After consideration of the application submitted by FLORIDA TURBINE
27 TECHNOLOGIES, INC., a copy of which is attached hereto and made a part hereof as
28 Exhibit "B", which includes the report of the Property Appraiser, in accordance with the
29 procedure set forth in Ordinance No. 2005-004, the Board of County Commissioners hereby
30 grants and establishes an exemption from ad valorem taxation of one hundred per cent
31 (100%) of the assessed value of the net increase in qualifying tangible personal property
32 acquired and added improvements to real property by FLORIDA TURBINE
33 TECHNOLOGIES, INC. after the adoption of this Ordinance, provided such net increase in

1 qualifying tangible personal property and real property facilitate FLORIDA TURBINE
2 TECHNOLOGIES, INC.'s expansion of an existing business located at 100 Marquette
3 Road, Jupiter, Florida, 33458. FLORIDA TURBINE TECHNOLOGIES, INC. agrees to abide
4 by the terms and conditions set forth in Ordinance No. 2005-004 and any and all
5 amendments thereto, as well as any policies and procedures related to the Economic
6 Development Ad Valorem Tax Exemption Program as may be adopted from time to time.
7 Failure to abide by same may result in a revocation of the exemption and the recovery of
8 any taxes waived pursuant to Section 9 of Ordinance No. 2005-004. No exemption shall be
9 granted on the land on which improvements for the expansion of an existing business are
10 made by FLORIDA TURBINE TECHNOLOGIES, INC.

11 SECTION 6. APPLICABILITY.

12 The exemption applies only to taxes levied by Palm Beach County. The exemption
13 does not apply to taxes levied by a municipality, school district, or water management
14 district, or to taxes levied for the payment of bonds or taxes authorized by a vote of the
15 electors pursuant to Section 9 and Section 12, Article VII of the State Constitution.

16 SECTION 7. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.

17 The provisions of this Ordinance shall become and be made a part of the Code of
18 Laws and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may
19 be renumbered or relettered to accomplish such, and the word "Ordinance" may be
20 changed to "Section", "Article", or any other appropriate word.

21 SECTION 8. SEVERABILITY.

22 If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for
23 any reason held by a Court to be unconstitutional, inoperative or void, such holding shall not
24 affect the remainder of this Ordinance.

25 SECTION 9. REPEAL OF LAWS IN CONFLICT.

26 All local ordinances in conflict with any provision of this Ordinance are hereby
27 repealed to the extent of such conflict.

28 SECTION 10. EFFECTIVE DATE.

29 The provisions of this Ordinance shall become effective upon filing with the
30 Department of State.

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APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach

County, Florida, on the _____ day of _____, 2007.

Sharon R. Bock, Clerk & Comptroller

PALM BEACH COUNTY, FLORIDA, BY ITS
BOARD OF COUNTY COMMISSIONERS

By: _____
Deputy Clerk

By: _____
Addie L. Greene, Chairperson

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

By: 
Assistant County Attorney

EFFECTIVE DATE: Filed with the Department of State on the ____ day of
_____, 2007.

ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION APPLICATION
Chapter 196, Florida Statutes

- continued from Exhibit "B.1" -

Business name: FLORIDA TURBINE TECHNOLOGIES, INC.
PCN 30-42-41-12-00-000-5100 Tangible Acct # 179003
#EE-023-A

PROPERTY APPRAISER'S USE ONLY

I. Total revenue available to the county or municipality for the current fiscal year from ad valorem tax sources:
2006: \$160,984,196,485 x 4.28 mills = \$689,012,361

II. Revenue lost to the county or municipality for the current fiscal year by virtue of exemptions previously granted under this section: 2006: \$ 14,389,167 x 4.28 mills = \$ 61,586

III. Estimate of the revenue which would be lost to the county or municipality during the current fiscal year if the exemption applied for were granted had the property for which the exemption is requested otherwise had been subject to taxation:
\$ 6,110,503 x 4.28 mills = \$ 26,153

IV. Estimate of the taxable value lost to the county or municipality if the exemption applied for were granted:
Improvements to Real Property \$5,159,958 Personal Property \$950,545

V. I have determined that the property listed above meets the definition, as defined by Section 196.012 (15) or (16), Florida Statutes, as a New Business [], an Expansion of an Existing Business [X], or Neither [].

VI. Last year for which exemption may be applied 2016

DATE: 3/19/07

SIGNED: Gary R. Nikolits
Gary R. Nikolits
Palm Beach County Property Appraiser

RETURN TO BE FILED NOT LATER THAN MARCH 1

EXHIBIT "B"

BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM ANNUAL REPORT

FOR EXEMPTION PERIOD: January 1, _____ to December 31, _____

As required by Section 5.1. of the Ad Valorem Tax Exemption Ordinance for this program, this form is to be filed with the Board of County Commissioners no later than March 1 for each year the exemption is in effect and still desired by the business.

1. BUSINESS NAME and mailing address:
2. Name and telephone number of business owner or person in charge of this business:
3. Exact location (street address) of property for which this report is filed:
4. Date you began business activities at this facility:
5. REAL PROPERTY a) Description of the improvements to real property for which this exemption is requested: b) Date of commencement of construction of improvements:
6. TANGIBLE PERSONAL PROPERTY a) Description of the tangible personal property for which this exemption is requested and date when property was purchased: Provide this information on the attached form PB-418(6a)/AR, "Tangible Personal Property" Annual Report. b) Average value of inventory on hand as of January 1st: [\$ _____]
7. Have you maintained the definition of a <input type="checkbox"/> "New Business" or as an <input type="checkbox"/> "Expansion of an Existing Business"? <input type="checkbox"/> Yes <input type="checkbox"/> No
8. Describe the type or nature of your business:
9. Trade level (check as many as apply): <input type="checkbox"/> Wholesale <input type="checkbox"/> Manufacturing <input type="checkbox"/> Professional <input type="checkbox"/> Service <input type="checkbox"/> Office <input type="checkbox"/> Other
10. JOBS AND AVERAGE ANNUAL SALARY a) Fill out the attached form PB-418(6b)/AR, "Jobs And Average Annual Salary" for the appropriate year and provide the following: b) Total number of full-time, equivalent and seasonal employees in Palm Beach County: [_____]. (attach current payroll roster as of January 1 st (covers employee payroll for Jan. 1 st through to Dec. 31 st of prior year; provide hire dates; omit names and social security numbers of employees) c) Net increase in full-time employment [_____] and percentage increase since exemption was granted [_____ %] d) Average annual salary of employees as of January 1 st payroll roster with executive positions. e) Average annual salary of employees as of January 1 st payroll roster without executive positions.
11. TOTAL SALES Sales factor for the facility requesting exemption: Total sales in Palm Beach County ending December 31 st of prior year from this facility [\$ _____] Divided by total sales everywhere from this facility ÷ [\$ _____] equals [_____ %] Percentage increase in productive output resulting from this expansion since year exemption was granted [_____ %]
12. For office or facility space owned or leased and used by a corporation newly domiciled in Florida: a) Date of incorporation in Florida: b) Number of full-time employees at the time of application: [_____] and currently at this location: [_____]

I agree to furnish such other reasonable information as the Board of County Commissioners may request in regard to the exemption. I hereby certify that the information and valuation stated above by me is true, correct, and complete to the best of my knowledge and belief. (If prepared by someone other than the taxpayer, his/her declaration is based on all information of which he has any knowledge.)

Taxpayer Name & Title:	Preparer Name, Address & Telephone Number:
SIGNATURE	SIGNATURE
DATE	DATE

EXHIBIT "B" - ANNUAL REPORT (continued)

NOTARIZATION OF ANNUAL REPORT

I. The information provided in the Annual Report is accurate and complete for the business facility identified hereinabove.

II. NOTARY

PROPERTY APPRAISER'S USE ONLY

I. Estimate of the revenue which will be lost to the County during the current fiscal year had the exempt property otherwise been subject to taxation:

II. Estimate of the taxable value lost to the County: [\$ _____]

Improvements to real property: [\$ _____] Personal Property: [\$ _____]

DATE

SIGNATURE (Property Appraiser)

EXHIBIT "B" - ANNUAL REPORT (continued)

JOBS AND AVERAGE ANNUAL SALARY

Economic Development Ad Valorem Tax Exemption

6.b. Identification of the annual status of Total Jobs and Average Annual Salary as of January 1st.

Exemption Period	Year	FULL-TIME JOBS		EQUIVALENT JOBS (2,080 Hours)		SEASONAL JOBS		TOTAL JOBS	
		Total	Avg. Annual Salary	Total	Avg. Annual Salary	Total	Avg. Annual Salary	Total	Avg. Annual Salary
Existing Jobs: Applic.									
New Jobs Obligation									
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INSTRUCTIONS: Identify the Full-Time Jobs above. If there are no Equivalent Jobs or no Seasonal Jobs enter non-applicable (N/A). These job figures are restricted to the company's facility or facilities that are located in Palm Beach County. Refer to Item # 10 on the Annual Report concerning additional job and salary data requirements.