

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	July 24, 2012	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Workshop	<input type="checkbox"/> Public Hearing
Department:	Department of Economic Sustainability		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

A) Adopt a Resolution by the Board of County Commissioners of Palm Beach County, Florida, approving the program criteria for the Economic Development Ad Valorem Tax Exemption Program; providing for a referendum to be held on November 6, 2012, pursuant to s. 196.1995(1)(a) Florida Statutes, to determine whether the Board may grant economic development ad valorem tax exemptions for property of new businesses and expansions of existing businesses under Section 3, Article VII of the State Constitution to encourage economic development and establish new jobs; approving ballot title, summary and question language; authorizing the chair to execute a letter to transmit the ballot question to the supervisor of elections; and providing for an effective date.

Title: ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS FOR NEW BUSINESSES AND EXPANSIONS OF EXISTING BUSINESSES

Ballot Summary: The Economic Development Ad Valorem Tax Exemption Program provides Palm Beach County with an additional economic development incentive tool to assist new or expanding businesses that will have a positive economic impact on Palm Beach County's economy with the expectation that these businesses will create new, full-time jobs in Palm Beach County.

"Shall the Board of County Commissioners of Palm Beach County be authorized to grant, pursuant to s. 3 Article VII of the State Constitution, property tax exemptions to new businesses and expansions of existing businesses that are expected to create new, full-time jobs in Palm Beach County?"

Yes - For authority to grant exemptions.
 No - Against authority to grant exemptions.

B) Authorize the Chair to execute the attached letter to transmit the ballot question to Susan Bucher, Supervisor of Elections, no later than 12:00 p.m., August 10, 2012.

Summary: The current exemption program was approved by a referendum vote on August 31, 2004 and was implemented by the Board of County Commissioners through the adoption of Ordinance 2005-004. The existing Program will expire on August 31, 2014 by virtue of having reached its tenth year limitation pursuant to Section 196.1995, Florida Statutes. In order to reinstitute the exemption program it is necessary that a new referendum be held on November 6, 2012.

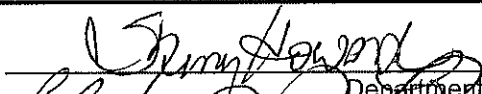
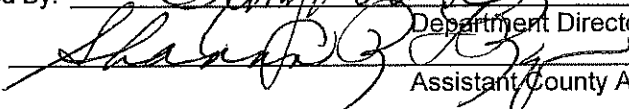
All businesses granted an ad valorem tax exemption by the Board will be required to create full-time jobs and to maintain those jobs for a required period of time. The Board has sole discretion on whether it will grant a business more than one economic development program incentive.

If approved by the voters, the Program will take effect upon the expiration of the current program on August 31, 2014.
Countywide (DW)

Background and Justification: The exemption program provides the Department of Economic Sustainability with a resource with which to encourage a business to locate to Palm Beach County as a new business. This will be especially useful when Palm Beach County is competing with other cities/counties/states that are also offering various incentives to the same business. This program will also be utilized to help retain local expanding businesses that may opt to expand outside of Palm Beach County.

Attachments:

1. Program Criteria
2. Resolution
3. Letter to Supervisor of Elections regarding Ballot Question language

Recommended By:		7-19-12
	Department Director	Date
Approved by:		7-21-12
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Program Income (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET FISCAL IMPACT					
# ADDITIONAL FTE POSITIONS (Cumulative)	___	___	___	___	___

Is Item Included In Current Budget? Yes ___ No ___

Budget Account No: Fund ___ Agency ___ Org. ___ Object ___

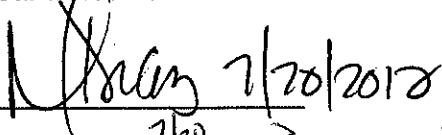
B. Recommended Sources of Funds/Summary of Fiscal Impact:


There is no direct fiscal impact on DES from granting these tax exemptions. The overall County fiscal impact is a reduction in ad valorem taxes and the exact amount is indeterminable at this time. Tax Exemptions will depend on the number of applications and the number and value of projects.

C. Departmental Fiscal Review:  for
Shairrette Major, Fiscal Manager

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:


OFMB 7/20/2012
JB 7/20/12


Contract Development and Control
7-20-12 *W. Hall*

B. Legal Sufficiency:


Sr. Assistant County Attorney

C. Other Department Review:

Department Director

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

**ECONOMIC DEVELOPMENT AD VALOREM
TAX EXEMPTION PROGRAM**

**Palm Beach County,
Florida**

PROGRAM CRITERIA *

1. New or Expansion - Ad valorem tax exemptions apply to new businesses relocating to Palm Beach County and to expansions of businesses presently located in this County.

2. Jobs & Improvements - New or expanded businesses must make a positive contribution to the economy of Palm Beach County in terms of new jobs and improvements to real and/or personal property. The minimum job requirements for a business to be eligible to apply for an exemption are provided under the definitions of an expansion of an existing business and a new business (refer to #7 and #8 below). The creation of new jobs, particularly the **number, type and average annual salary** of the new jobs, and the commitment by a business to maintain those jobs for the required period of time, will be major factors in the Board of County Commissioners' determination on whether to:

- (1) support or not support granting an exemption; and
- (2) if supported, the number of years to grant the exemption.

3. Physical Changes - Improvements are physical changes made to raw land, and structures placed on or under the land surface.

4. Type of Business - It is within the sole discretion of the Board of County Commissioners to grant an exemption to businesses of diverse industries, including but not limited to:

- | | |
|-----------------------------------|---------------------------------------------|
| (1) aerospace / engineering | (5) communications / information technology |
| (2) agribusiness | (6) marine |
| (3) business / financial services | (7) medical / pharmaceutical / healthcare |
| (4) science / technology | (8) tourism / recreation / entertainment |

Retail operations are **ineligible** for ad valorem tax exemptions, including a retail business presently in or locating to an enterprise zone.

5. Economic Impact & Sales - Any and all exemptions granted must result in a positive economic impact on Palm Beach County and its existing businesses. A business with product sales **must have in excess of 50% of its product sales outside Palm Beach County**, which will increase but not necessarily guarantee the prospects for the granting of an exemption:

6. Objective - The applicant must be a person, firm, partnership, or corporation, or other business organization or entity, with the object of private or public gain, benefit, or advantage, either direct or indirect.

7. Expansion of an Existing Business - As primarily defined in Title XIV - Taxation and Finance, Chapter 196 - Exemption, Florida Statutes.

8. New Business - As primarily defined in Title XIV - Taxation and Finance, Chapter 196 - Exemption, Florida Statutes.

9. Sales Factor - As primarily defined in Section 220.15(5), Florida Statutes, the sales factor is a fraction - the numerator of which is the total sales of the taxpayer in this County during the taxable year or period and the denominator of which is the total sales of the taxpayer everywhere during the taxable year or period.

10. Tax Roll - The exemptions shall not accrue to improvements to real property made by or for the use of new or expanding businesses when such improvements have been included on the tax rolls prior to the effective date of the ordinance specifically granting a business an exemption.

11. Assessed Value - Any exemption granted may apply up to one hundred (100%) percent of the assessed value of all improvements to real property made by or for the use of a new business and of all tangible personal property of such new business, or up to one hundred (100%) percent of the assessed value of all added improvements to real property made to facilitate the expansion of an existing business and of the net increase in all tangible personal property acquired to facilitate such expansion of an existing business, provided that the improvements to real property are made or the tangible personal property is added or increased on or after the effective date of the ordinance specifically granting a business an exemption.

12. Replacement - Property acquired to replace existing property shall not be considered to facilitate a business expansion.

13. Land - No exemption shall be granted for the land upon which new or expanded businesses are to be located.

14. Timing of Improvements - No exemption shall be granted to any existing building or an addition to an existing building:

- (1) Unless such building or addition was **completed or substantially completed** (refer to #19 below) within the 12-month period preceding the date of application.
- (2) The exception is when a business submits an application to be processed; however, the building or addition was not completed within the 12-month period preceding the date of application but the application identifies **all planned improvements, including the total estimated amount of such improvements, neither of which can be increased** following the adoption of an exemption ordinance. The actual exempted taxes in any one year will depend on the actual improvements that have occurred and for which appropriate verifiable documentation has been provided to Palm Beach County.

15. Timing of Application & Other Incentive Assistance - A business which is considering requesting that Palm Beach County provide it with an ad valorem tax exemption and other program assistance must make those intentions known in writing at the **outset of discussions** with Palm Beach County and/or the Business Development Board of Palm Beach County, Inc. (on behalf of Palm Beach County). The economic development programs of the County are designed to be **utilized as an incentive** to encourage and support business expansion/relocation projects, particularly if more than one tax and/or grant application may be submitted by a business. The Board of County Commissioners has sole discretion on whether it will grant a business this or any other economic development program incentive. Any business considering applying for more than one incentive must make those intentions known simultaneously and provide an estimate of the total amount of the improvements. It will require a **super majority vote** by the Board to grant a business an ad valorem tax exemption when one or more incentives have been granted or are presently being considered by the Board for that business.

16. Palm Beach County Taxes - The exemption applies only to taxes levied by Palm Beach County, where Palm Beach County is the taxing authority. The exemption does not apply to taxes levied by a municipality, school district, or water management district, or to taxes levied for the

payment of bonds or taxes authorized by a vote of the electors pursuant to Section 9 and Section 12, Article VII of the State Constitution.

17. Maintain Business - The ability to receive an exemption for the period granted is conditioned upon the applicant's ability to maintain the new business or the expansion of an existing business throughout the entire period.

18. Environmental Matters - Any existing business in violation of any federal, state, or local law or regulation governing environmental matters is not eligible for an exemption.

19. Substantially Completed - The Property Appraiser **does not use** the Certificate of Occupancy (CO) date in deciding whether a new building, expansions or renovations are assessed for any given year. The Property Appraiser goes by whether it is "substantially completed," which is defined as: Improvements to real property shall be substantially completed when the improvement or some self-sufficient unit within it can be used for the purpose for which it was constructed.

20. Glades Area - The Glades Area is the northwestern portion of Palm Beach County and includes the communities of Belle Glade, South Bay and Pahokee. This area is the focus of economic development initiatives and thus a business locating to or expanding in the Glades Area will increase but not necessarily guarantee the prospects for the granting of an exemption.

21. Application Submittal - The exemption application, including the application fee, must be fully filled out, signed and submitted to the Palm Beach County Department of Economic Sustainability on or before the **March 1st** deadline. The submitted application must include the Exemption Application Form DR-418, the State of Florida Tangible Personal Property Tax Return Form DR-405, and other information required for the application; e.g., a map identifying the location of the property. During the application review process, in the event that the applicant is requested by County staff to clarify and to provide additional data, the applicant will be required to provide such clarification and/or additional information in a timely manner.

NOTICE: The exemption program packet that includes an application can be obtained from:

PALM BEACH COUNTY DEPARTMENT OF ECONOMIC SUSTAINABILITY

100 Australian Avenue, Suite 500, West Palm Beach, FL 33406
P.O. Box 1989, West Palm Beach, FL 33402-1989
(561) 233-3600 Fax (561) 233-3651 www.pbcgov.com/des

BUSINESS DEVELOPMENT BOARD OF PALM BEACH COUNTY, INC.

310 Evernia Street, West Palm Beach, FL 33401
(561) 835-1008 Fax (561) 835-1160 www.bdb.org

*

Program Criteria was approved by Board of County Commissioners on July 24, 2012.
Businesses not manufacturing products (see #5 above), but providing services within Palm Beach County, must provide a unique service which is not being offered by similar businesses in the County. The intent is not to grant an economic exemption that negatively impacts other businesses providing similar or identical services in the County.

RESOLUTION NUMBER 2012-_____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, APPROVING THE PROGRAM CRITERIA FOR THE ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM; PROVIDING FOR A REFERENDUM TO BE HELD ON NOVEMBER 6, 2012, PURSUANT TO S. 196.1995(1)(a) FLORIDA STATUTES TO DETERMINE WHETHER THE BOARD MAY GRANT ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTIONS FOR PROPERTY OF NEW BUSINESSES AND EXPANSIONS OF EXISTING BUSINESSES UNDER SECTION 3, ARTICLE VII OF THE STATE CONSTITUTION TO ENCOURAGE ECONOMIC DEVELOPMENT AND ESTABLISH NEW JOBS; APPROVING BALLOT TITLE, SUMMARY AND QUESTION LANGUAGE; AUTHORIZING THE CHAIR TO EXECUTE A LETTER TO TRANSMIT THE BALLOT QUESTION TO THE SUPERVISOR OF ELECTIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

WHEREAS, Section 196.1995(1)(a), Florida Statutes, authorizes the Board of County Commissioners of Palm Beach County, Florida (hereinafter the "Board"), to call a referendum to determine whether the Board may grant economic development ad valorem tax exemptions under Section 3, Article VII of the State Constitution provided that the Board votes to hold such referendum; and,

WHEREAS, Section 101.161, Florida Statutes requires the wording of a "public measure" and the ballot title to be embodied in a formal document; and,

WHEREAS, the adoption of this resolution formalizes and finalizes the actions to be taken by the Board to effectuate the subject referendum.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that

1. The foregoing recitals are hereby affirmed and ratified.
2. A referendum is hereby called and ordered to be held in Palm Beach County to determine whether the Board is authorized to grant economic development ad valorem tax exemptions to new businesses and expansion of existing businesses to encourage economic development and establish jobs.
3. All qualified electors residing in Palm Beach County shall be entitled and permitted to vote in the referendum. The places for voting on the referendum shall be the same as the places for voting in the general elections held in the County, which shall be determined by the Supervisor of Elections in and for Palm Beach County. The polls shall be open at such voting places from 7:00 a.m. until 7:00 p.m. on the date of the referendum or at such times as determined and publicly noticed by the Supervisor of Elections.
4. A notice of the referendum shall be published in a newspaper of general circulation in accordance with Section 100.342, Florida Statutes. Proof of publication shall be secured.
5. The ballot title, summary and language to be used in the referendum shall be:

ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS

FOR NEW BUSINESSES AND EXPANSIONS OF EXISTING BUSINESSES

Ballot Summary: The Economic Development Ad Valorem Tax Exemption Program provides Palm Beach County with an additional economic development incentive tool to assist new or expanding businesses that will have a positive economic impact on Palm Beach County's economy with the expectation that these businesses will create new, full-time jobs in Palm Beach County.

“Shall the Board of County Commissioners of Palm Beach County be authorized to grant, pursuant to s. 3, Art. VII of the State Constitution, property tax exemptions to new businesses and expansions of existing businesses that are expected to create new, full-time jobs in Palm Beach County?”

_____ Yes – For authority to grant exemptions.

_____ No – Against authority to grant exemptions.

- 6. The referendum shall be held and conducted, and the votes cast shall be counted, tabulated, canvassed, and returned without delay, in the manner prescribed by general law for referenda.
- 7. In the event that any word, phrase, clause, sentence or paragraph hereof shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other word, phrase, clause, sentence or paragraph hereof.

The foregoing Resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____ and, being put to a vote, the vote was as follows:

COMMISSIONER SHELLEY VANA, CHAIR	_____
COMMISSIONER STEVEN L. ABRAMS, VICE CHAIRMAN	_____
COMMISSIONER KAREN T. MARCUS	_____
COMMISSIONER PAULETTE BURDICK	_____
COMMISSIONER BURT AARONSON	_____
COMMISSIONER JESS R. SANTAMARIA	_____
COMMISSIONER PRISCILLA A. TAYLOR	_____

The Chair thereupon declared the Resolution duly passed and adopted this ____ day of _____, 2012.

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

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

ATTEST:
SHARON R. BOCK, CLERK & COMPTROLLER

By: _____
County Attorney

By: _____
Deputy Clerk



P.O. Box 1989
West Palm Beach, FL 33402-1989
(561) 355-2001
FAX: (561) 355-3990
www.pbcgov.com

**Palm Beach County
Board of County
Commissioners**

- Shelley Vana, Chair
- Steven L. Abrams, Vice Chairman
- Karen T. Marcus
- Paulette Burdick
- Burt Aaronson
- Jess R. Santamaria
- Priscilla A. Taylor

County Administrator

Robert Weisman

July 24, 2012

Ms. Susan Bucher
Supervisor of Elections
P.O. Box 22309
West Palm Beach, FL 33416

RE: Economic Development Ad Valorem Tax Exemption Referendum

Dear Ms. Bucher:

This is to inform you that the Board of County Commissioners has authorized a referendum to be held on November 6, 2012, to ascertain whether the Board should grant tax exemptions to new businesses and expansions of existing businesses.

Please place the following language on the November 6, 2012 ballot:

Title: ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS FOR NEW BUSINESSES AND EXPANSIONS OF EXISTING BUSINESSES

Ballot Summary: The Economic Development Ad Valorem Tax Exemption Program provides Palm Beach County with an additional economic development incentive tool to assist new or expanding businesses that will have a positive economic impact on Palm Beach County's economy with the expectation that these businesses will create new, full-time jobs in Palm Beach County.

Ballot Question:

"Shall the Board of County Commissioners of Palm Beach County be authorized to grant, pursuant to s. 3, Article VII of the State Constitution, property tax exemptions to new businesses and expansions of existing businesses that are expected to create new, full-time jobs in Palm Beach County?"

- _____ Yes - For authority to grant exemptions.
- _____ No - Against authority to grant exemptions.

Thank you for your attention to this request.

Sincerely,

Shelley Vana
Chair, Board of County Commissioners

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Affirmative Action Employer"*