

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: May 16, 2017 Consent Regular
 Ordinance Public Hearing

Submitted By: Department of Economic Sustainability

Submitted For: Administration

I. EXECUTIVE BRIEF


Motion and Title: Staff recommends motion to adopt: an Ordinance of the Board of County Commissioners of Palm Beach County, Florida, establishing an exemption from certain ad valorem taxation to encourage economic development in the County for Pratt & Whitney, a division of United Technologies Corporation, an existing business; providing for the title; providing for authority; 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 Pratt & Whitney, a division of United Technologies Corporation; 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 repeal of laws in conflict; providing for severability; providing for inclusion in the Code of Laws and Ordinances; providing for enforcement; providing for penalties; providing for captions and providing for an effective date.

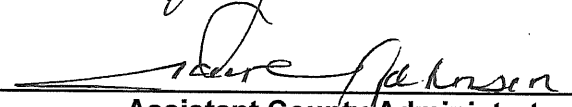
Summary: On March 12, 2013 the Board of County Commissioners (BCC) approved Economic Development Incentive Agreement (R2013-0330) with Pratt & Whitney, a division of United Technologies Corporation providing an Ad Valorem Tax Exemption of up to \$700,000 over a seven (7) year period, and providing an economic development cash incentive in the amount of \$300,000 over a four (4) year period. The Ad Valorem Tax Exemption is for real property and tangible personal property improvements undertaken in the company's renovation of 90,000 square foot facility and construction of a 100,000 square foot testing facility. This project involved the establishment of the Florida Engine Delivery Center, a new business unit of Pratt & Whitney. The exemption, together with the incentive payment, serves as the local financial support for the State of Florida's commitment to the company of \$4,000,000. Of which, \$3,000,000 is from State funding and \$1,000,000 from Palm Beach County. The Agreement requires Pratt & Whitney to make a minimum \$63 Million capital investment, create 230 new jobs over a ten (10) year period at an annualized average wage of \$81,110, and maintain those jobs for five (5) years. This project is estimated to have a \$442 Million economic impact over a ten (10) year period. As required under Palm Beach County's Economic Development Ad Valorem Tax Exemption Program implemented by the BCC through adoption of Ordinance 2013-022, Pratt & Whitney, a division of United Technologies Corporation, has filed an application with the Property Appraiser's (PA) office. The PA has issued a determination that the project meets the requirements under Florida Statute 196.012 for an Ad Valorem Tax Exemption (attached as Exhibit B to the proposed Ordinance). On May 2, 2017, the BCC held a preliminary reading of this Ordinance and authorized advertising for public hearing. District 1 (JB)

Background and Policy Issues: The County's Economic Development Ad Valorem Tax Exemption Program may be used as local participation for the State QTI program and is designed to motivate businesses by providing funding assistance to either relocate to or establish a facility in Palm Beach County, or to help an existing local business with an expansion project which creates full time jobs, increases the County's tax base, and strengthens and diversifies the local economy.

Attachment(s):

1. Ordinance for Economic Development Ad Valorem Tax Exemption for Pratt & Whitney a division of United Technologies Corporation

Recommended By:  5-1-17
Department Director Date

Approved By:  5/11/17
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2017	2018	2019	2020	2021
Grant Expenditures					
Operating Costs					
External Revenues	\$202,786	\$202,786	\$202,786	\$91,642	\$0
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$202,786	\$202,786	\$202,786	\$91,642	\$0
# ADDITIONAL FTE POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes X No
 Budget Account No.:

Fund 1539 Dept 143 Unit 1139 Object 8201 Program Code/Period N/A

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


The source of the County's financial support is an \$300,000 cash incentive for four (4) years from general fund contingency reserve dollars combined with an ad valorem tax exemption of \$700,000 for a seven (7) year period. The tax exemption calculation is based on a valuation assessment of \$42,410,439. When the current millage rate is applied, the PBC tax revenue which would be lost for 2017 is estimated to be \$202,786, if so approved by the Board of County Commissioners.

C. Departmental Fiscal Review:


 Beverly Reid, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

 5/3/17
 OFMB ET 5/2 m/sb

 5/8/17
 Contract Development and Control
 5/5/17 @

B. Legal Sufficiency:

 5/11/17
 Assistant County Attorney

C. Other Department Review:

 Department Director

ORDINANCE NO. 2017 - _____

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, ESTABLISHING AN EXEMPTION FROM CERTAIN AD VALOREM TAXATION TO ENCOURAGE ECONOMIC DEVELOPMENT IN THE COUNTY FOR PRATT & WHITNEY, A DIVISION OF UNITED TECHNOLOGIES CORPORATION, AN EXISTING BUSINESS; PROVIDING FOR A TITLE; PROVIDING FOR AUTHORITY; 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 PRATT & WHITNEY, A DIVISION OF UNITED TECHNOLOGIES CORPORATION; 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 REPEAL OF LAWS IN CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; PROVIDING FOR ENFORCEMENT; PROVIDING FOR PENALTIES; PROVIDING FOR CAPTIONS AND PROVIDING FOR AN EFFECTIVE DATE.

1 **WHEREAS**, Article VII, Section 3, of the Constitution of the State of Florida, and
 2 Section 196.1995, Florida Statutes, authorizes the granting of economic development ad valorem
 3 tax exemptions to new businesses and expansions of existing businesses upon the successful
 4 passage of a referendum; and

5 **WHEREAS**, a successful referendum was held on November 6, 2012, resulting in the
 6 enactment of Ordinance No. 2013-022, known as the "Economic Development Ad Valorem Tax
 7 Exemption Ordinance of Palm Beach County, Florida"; and

8 **WHEREAS**, such Ordinance establishes the requirements for exemption consideration,
 9 including the submission of an application; and

10 **WHEREAS**, Pratt & Whitney, a division of United Technologies Corporation has
 11 submitted an application for an exemption; and

12 **WHEREAS**, all affected and interested agencies representative of the business and
 13 general community have reviewed said application, and provided comments on the granting of
 14 same; and

1 WHEREAS, all statutory and Ordinance requirements have been satisfied.

2 NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY
3 COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:

4 **Section 1. Title:**

5 This Ordinance shall be known as the "Economic Development Ad Valorem Tax
6 Exemption Ordinance – **Pratt & Whitney, a division of United Technologies Corporation.**"

7 **Section 2. Authority:**

8 This article is adopted pursuant to the authority granted to charter counties under Article
9 VII, Section 3 & Article VIII, Section 1(g), of the Constitution of the State of Florida, Chapter
10 125, & Section 196.1995, Florida Statutes and Article 1 of the Palm Beach County Home Rule
11 Charter.

12 **Section 3. Finding That Requirements Have Been Met:**

13 The Board of County Commissioners of Palm Beach County, Florida, based on the
14 application submitted by **Pratt & Whitney, a division of United Technologies Corporation,**
15 and the report of the Property Appraiser, finds that **Pratt & Whitney, a division of United**
16 **Technologies Corporation** has met all the requirements of Ordinance No. 2013-022, and meets
17 the requirements of Section 196.012(15), Florida Statutes and that granting the exemption will
18 result in an economic benefit to Palm Beach County.

19 **Section 4. Ad Valorem Tax Revenues Available:**

20 The revenues available to Palm Beach County for the current fiscal year from ad valorem
21 tax sources are **\$788,985,435 (operating).**

22 **Section 5. Ad Valorem Tax Revenue Currently Lost:**

23 The revenues lost to Palm Beach County for the current fiscal year by virtue of the ad
24 valorem tax exemptions currently in effect are **\$208,544.**

25 **Section 6. Ad Valorem Tax Revenues Estimated Lost:**

26 The estimated revenues to be lost for the current year by granting this exemption to Pratt
27 & Whitney, a Division of United Technologies Corporation are **\$202,786.**

28 **Section 7. Term of Exemption; Expiration Date:**

29 The Economic Development Ad Valorem Tax Exemption granted to **Pratt & Whitney,**
30 **a division of United Technologies Corporation** for an existing business expansion shall be for
31 a period of seven (7) tax years commencing on January 1, 2017 and expiring on December 31,
32 2023. The ability to receive an exemption for the period granted is conditioned upon **Pratt &**
33 **Whitney, a division of United Technologies Corporation's** ability to maintain the expanded
34 existing business as defined in Ordinance No. 2013-022, throughout the seven (7) year exemption
35 period and in accordance with the terms of the Economic Development Incentive Agreement
36 entered with Palm Beach County. **Pratt & Whitney, a division of United Technologies**
37 **Corporation** shall submit an annual report to the Board of County Commissioners evidencing
38 satisfaction of this condition along with a completed Annual Exemption Renewal Application
39 (DR-418) in such forms as are attached hereto and made a part hereof as Exhibit "A." **Pratt &**
40 **Whitney, a division of United Technologies Corporation** shall furnish any and all information
41 as the Board of County Commissioners or its designee deems necessary for the purpose of
42 determining continued performance of the imposed conditions. Should **Pratt & Whitney, a**

1 **division of United Technologies Corporation** fail to satisfy the conditions set forth herein, the
2 Board of County Commissioners may revoke the exemption and recover any taxes waived
3 pursuant to Section 9 of Ordinance No. 2013-022.

4 **Section 8. Grant of Exemption:**

5 After consideration of the application submitted by **Pratt & Whitney, a division of**
6 **United Technologies Corporation**, a copy of which is attached hereto and made a part hereof
7 as Exhibit "B" which includes the report of the Property Appraiser, in accordance with the
8 procedure set forth in Ordinance No. 2013-022, the Board of County Commissioners hereby
9 grants and establishes an exemption from ad valorem taxation of one hundred percent (100%) of
10 the assessed value of the net increase in qualifying tangible personal property acquired and added
11 improvements to real property by **Pratt & Whitney, a division of United Technologies**
12 **Corporation**, provided such net increase in qualifying tangible personal property and real
13 property improvements facilitate **Pratt & Whitney, a division of United Technologies**
14 **Corporation's** expansion of its existing business located at 17900 Beeline Highway, Jupiter, FL
15 33478. **Pratt & Whitney, a division of United Technologies Corporation** agrees to abide by
16 the terms and conditions set forth in Ordinance No. 2013-022, and any and all amendments
17 thereto, as well as any policies and procedures related to the Economic Development Ad Valorem
18 Tax Exemption Program as may be adopted from time to time, and, in accordance with the terms
19 of the Economic Development Incentive Agreement between Palm Beach County and **Pratt &**
20 **Whitney, a division of United Technologies Corporation**. Failure to abide by same may result
21 in a revocation of the exemption and the recovery of any taxes waived pursuant to Section 9 of
22 Ordinance No. 2013-022, and pursuant to the terms and conditions of the Economic Development
23 Incentive Agreement between Palm Beach County and **Pratt & Whitney, a division of United**
24 **Technologies Corporation**. No exemption shall be granted on the land on which improvements
25 for the expansion of the existing business are made by **Pratt & Whitney, a division of United**
26 **Technologies Corporation**.

27 **Section 9. Providing for annual reporting requirement:**

28 The Company shall provide the County's Department of Economic Sustainability with
29 an Annual Job Creation and Maintenance Report.

30 **Section 10. Applicability:**

31 The exemption applies only to taxes levied by Palm Beach County. The exemption does
32 not apply to taxes levied by a municipality, school district, or special taxing district, or to taxes
33 levied for the payment of bonds or taxes authorized by a vote of the electors pursuant to Section
34 9 and Section 12, Article VII of the State Constitution.

35 **Section 11. Repeal of Laws in Conflict:**

36 All local laws and ordinances in conflict with any provisions of this Ordinance are hereby
37 repealed to the extent of such conflict.

38 **Section 12. Severability:**

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

42 **Section 13. Inclusion in the Code of Laws and Ordinances:**

1 The provisions of this Ordinance shall become and be made a part of the Code of Laws
2 and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be
3 renumbered or relettered to accomplish such, and the word "ordinance" may be changed to
4 "section", "article", or any other appropriate word.

5 **Section 14. Enforcement:**

6 This Ordinance is enforceable by all means provided by law. Additionally, the County
7 may choose to enforce this Ordinance by seeking injunctive relief in the Circuit Court of Palm
8 Beach County.

9 **Section 15. Penalties:**

10 Any violation of any portion of this Ordinance shall be punishable as provided by law.

11 **Section 16. Captions:**

12 The captions, section headings, and section designations used in this Ordinance are for
13 convenience only and shall have no effect on the interpretation of the provisions of this
14 Ordinance.

15 **Section 17. Effective Date:** The provisions of this Ordinance shall become effective upon filing
16 with the Secretary of State.

17 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
18 County, Florida on the _____ day of _____, 2017.

19
20 **ATTEST:**

21 **CLERK & COMPTROLLER**
22 **SHARON R. BOCK**

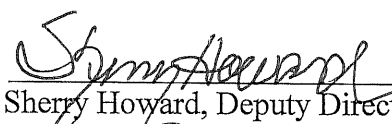
PALM BEACH COUNTY, FLORIDA
BY ITS BOARD OF COUNTY COMMISSIONERS

23
24
25 By: _____
26 Deputy Clerk

By: _____
Paulette Burdick, Mayor

27
28
29 **APPROVED AS TO TERMS**
30 **AND CONDITIONS:**

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

31
32
33 By: 
34 Sherry Howard, Deputy Director
35 Dept. of Economic Sustainability

By: _____
James Brako
Assistant County Attorney

36
37
38 **EFFECTIVE DATE:** Filed with the Department of State on the ____ day of _____, 2017.