

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	August 14, 2018	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Submitted by:	Department of Housing and Economic Sustainability		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:



- A) Adopt:** an Ordinance of the Board of County Commissioners of Palm Beach County, Florida, revoking the Ad Valorem Tax Exemption granted to Sikorsky Aircraft Corporation by Ordinance No. 2016-033; providing for title; providing for enactment authority; providing for revocation of exemption/recovery of funds; providing for repeal of laws in conflict; providing for severability; providing for inclusion in the Code of Laws and Ordinances; providing for captions and providing for an effective date; and
- B) Receive and File:** Termination of an Economic Development Incentive Agreement (R2015-0950) with Sikorsky Aircraft Corporation.

Summary: On July 21, 2015, the Board of County Commissioners (Board) approved an Economic Development Incentive Agreement (EDI Agreement) with Sikorsky Aircraft Corporation (Sikorsky) (R2015-0950). The EDI Agreement provided an Ad Valorem Tax Exemption of up to \$128,575 over a three year period as well as an \$18,200 cash incentive. Per the Economic Development Ad Valorem Tax Exemption Ordinance of Palm Beach County (Ordinance 2013-022), Sikorsky filed an application with the Palm Beach County Property Appraiser for an Ad Valorem Tax Exemption. On June 21, 2016, the Board approved the application and approved Ordinance 2016-033, granting and establishing an exemption from Ad Valorem taxation of one hundred percent (100%) of the assessed value of the net increase in qualifying tangible personal property acquired and added improvements to real property by Sikorsky.

Although Sikorsky met the Agreement's job creation and maintenance requirements, it was not able to document compliance with the job advertising requirements. Rather than request a waiver from the requirement, Sikorsky intends to return all incentives provided to date. On July, 26, 2018, Sikorsky formally requested from the State withdrawal from the Qualified Target Industry Program and Agreement. This necessitates the revocation of the approved exemption, termination of the EDI Agreement, and the recovery of any taxes waived pursuant to Ordinance 2013-022 and Ordinance 2016-033. No cash incentives were paid to Sikorsky. District 1 (JB)

Background and Policy Issues: The Economic Development Incentive Program supports long-term economic growth in Palm Beach County and diversification of the local economy. The Program implements the Board of County Commissioner's policy to attract new businesses to Palm Beach County, to support expanding businesses in the County that would otherwise expand elsewhere, and to create employment opportunities for residents of Palm Beach County. Program incentives are provided in the form of a cash grant and/or Ad Valorem Tax Exemption. Ad Valorem Tax Exemptions are authorized pursuant to Article VII, Section 3, of the Constitution of the State of Florida and Section 196.1995, Florida Statutes, upon the successful passage of a referendum. Such a referendum was passed in Palm Beach County on November 6, 2012 and the Board established the Economic Development Ad Valorem Tax Exemption Ordinance of Palm Beach County, Florida on October 22, 2013 (Ordinance 2013-22).

- Attachment(s):**
- 1. Economic Development Ad Valorem Tax Exemption Ordinance – Sikorsky Aircraft Corporation
 - 2. Termination of Economic Development Incentive Agreement (R2015-0950) Letter

Recommended By:		8/3/18
	Department Director	Date
Approved By:		8/10/18
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2018	2019	2020	2021	2022
Grant Expenditures					
Operating Costs					
External Revenues	(\$57,908)				
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	(\$57,908)				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No X
Does this Item include the use of Federal funds? Yes _____ No X

Budget Account No.:
Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____



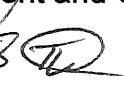
B. Recommended Sources of Funds/Summary of Fiscal Impact:

The net fiscal impact amount represents recovered tax exemptions granted to Sikorsky Aircraft for 2016 and 2017.

C. Departmental Fiscal Review: 
Beverley Reid, Fiscal Manager I

III. REVIEW COMMENTS

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

 8/13/18
OFMB
 8/19/18
Contract Development and Control
8/8/18 

B. Legal Sufficiency:

 8/15/18
Assistant County Attorney

C. Other Department Review:

Department Director

ORDINANCE NO. 2018- _____

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, REVOKING THE AD VALOREM TAX EXEMPTION GRANTED TO SIKORSKY AIRCRAFT CORPORATION BY ORDINANCE NO. 2016-033; PROVIDING FOR TITLE; PROVIDING FOR ENACTMENT AUTHORITY; PROVIDING FOR REVOCATION OF EXEMPTION/RECOVERY OF FUNDS; PROVIDING FOR REPEAL OF LAWS IN CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; PROVIDING FOR CAPTIONS AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of Palm Beach County (the "Board") approved and adopted Ordinance No. 2016-033 entitled "Economic Development Ad Valorem Tax Exemption Ordinance – **Sikorsky Aircraft Corporation**"; on the 21st day of June 2016; and

WHEREAS, such Ordinance was adopted pursuant to the authority granted in Article VII, Section 3, the Constitution of the State of Florida and Section 196.1995, Florida Statutes; and

WHEREAS, Sikorsky Aircraft Corporation ("Sikorsky"), a manufacturer of military and commercial helicopters, was not able to document compliance with the Job Advertising requirements as described in Part VI – ADVERTISING, RECRUITING AND JOB INFORMATION of the Economic Development Incentive Agreement ("the Agreement") executed on the 21st day of July 2016; and

WHEREAS, Ordinance No. 2013-022 authorizes revocation of the Ad Valorem Tax Exemption for a business that fails to fulfill any other representation made to the Board during the application process; and

WHEREAS, Ordinance No. 2016-033 empowers the Board to revoke the exemption granted to Sikorsky in the event Sikorsky fails to satisfy the conditions set forth in such Ordinance, including the terms of Economic Development Incentive Agreement between Palm Beach County and Sikorsky; and

WHEREAS, based on Sikorsky's inability to document compliance with job advertising requirements prescribed by the Agreement, the Board finds Sikorsky is not entitled to the tax exemption granted by Ordinance No. 2016-033 and finds recovery of taxes granted thereunder is warranted;

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

Section 1: RECITALS

The foregoing recitals are true and correct and incorporated herein by reference.

SECTION 2: TITLE

This Ordinance shall be known as the "Amended Economic Development Ad Valorem Tax Exemption Ordinance – Sikorsky Aircraft Corporation – Revocation of Exemption".

SECTION 3: ENACTMENT AUTHORITY

Ordinance No. 2013-022 empowers the County to revoke Economic Development Ad Valorem Tax Exemptions should any entity awarded an Ad Valorem Tax Exemption fail to file an annual report or any other report required, fail to continue or meet the definition of a new business or an expansion of an existing business, or fail to fulfill any other representation made during the application process. Further, the Board of County Commissioners of Palm Beach County is empowered to revoke, pursuant to Ordinance No. 2013-22, the exemption granted by Ordinance No. 2016-33.

SECTION 4: REVOCATION OF EXEMPTION/RECOVERY OF FUNDS

The Board of County Commissioners hereby revokes the Ad Valorem Tax Exemption granted by Ordinance No. 2016-033 and finds recovery of taxes granted thereunder is warranted. Said revocation shall become effective on the 31st day of December, 2017.

SECTION 5: REPEAL OF LAWS IN CONFLICT

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

SECTION 6: SEVERABILITY

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

SECTION 7: INCLUSION IN THE CODE OF LAWS AND ORDINANCES

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

SECTION 8: CAPTIONS

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

SECTION 9: EFFECTIVE DATE

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

APPROVED and **ADOPTED** by the Board of County Commissioners of Palm Beach County, Florida, on this the ____ day of _____, 2018.

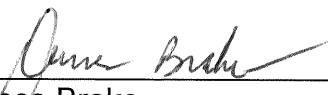
**ATTEST: SHARON R. BOCK
CLERK & COMPTROLLER**

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

By: _____
Deputy Clerk

By: _____
Melissa McKinlay, Mayor

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY**

By: 
James Brako
Assistant County Attorney

Effective Date: Filed with the Department of State on the ____ day of _____, 2018.



**Department of
Housing & Economic
Sustainability**

Business Investments

100 Australian Avenue – Suite #500

West Palm Beach, FL 33406

(561) 233-3600

FAX: (561) 233-3651

www.discover.pbcgov.org



**Palm Beach County
Board of County
Commissioners**

Melissa McKinlay, Mayor

Mack Bernard, Vice Mayor

Hal R. Valeche

Paulette Burdick

Dave Kerner

Steven L. Abrams

Mary Lou Berger

County Administrator

Verdenia C. Baker

*"An Equal Opportunity
Affirmative Action Employer"*

August 1, 2018

Julie Dow

Director, Economic Development

Lockheed Martin Corporation/LMC Properties, Inc.

100 South Charles Street, Suite 1400

Baltimore, MD 21220

Re: Termination of Economic Development Incentive Agreement R2015-0950

Ms. Dow:

On July 21, 2015, Sikorsky Aircraft Corporation (Sikorsky) and Palm Beach County entered into Economic Development Incentive Agreement R2015-0950 which provided an ad valorem tax exemption of up to \$128,575 over a three year period as well as an \$18,200 cash incentive to Sikorsky in exchange for the creation and maintenance of new jobs in Palm Beach County.

Sikorsky is currently in default of the Agreement pursuant to Part VII Section 1. The Agreement (Part IX, Section 13) provides that in the event of a default, the County may terminate the Agreement and is entitled to recover immediately upon demand, all taxes exempted by the County.

Therefore, the County hereby terminates Agreement R2015-0950 and demands repayment of the \$57,908 in taxes exempted by the County pursuant to the Agreement. A copy of Invoice #10008, issued on July 18, 2018 to facilitate repayment, is attached for your convenience.

Should you have any questions, please contact me directly at 561-233-3653 or showard@pbcgov.org.

Sincerely,

A handwritten signature in cursive script, reading "Sherry Howard".

Sherry Howard
Deputy Director

cc: Faye W. Johnson, Assistant County Administrator
James Brako, Assistant County Attorney
Jonathan B. Brown, Director

enclosure

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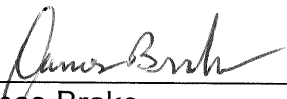
**ATTEST: SHARON R. BOCK
CLERK & COMPTROLLER**

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BY ITS BOARD OF COUNTY COMMISSIONERS**

By: _____
Deputy Clerk

By: _____
Melissa McKinlay, Mayor

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY**

By:  _____
James Brako
Assistant County Attorney

Effective Date: Filed with the Department of State on the _____ day of _____, 2018.