

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date:	July 13, 2021	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Submitted By:	Department of Housing & Economic Development		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motions to approve: Revisions to the Job Growth Incentive Fund Program to include: re-naming the program to the Economic Development Incentive Program (EDI), incorporating various criteria for business incentives when provided as a local match to State programs, or stand-alone incentives from the County, and to list parameters for providing the incentive in the form of cash and/or Ad Valorem Tax Exemption.


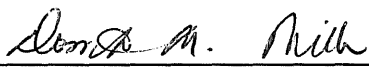
Summary: The Job Growth Incentive Grant Program was approved by the Board of County Commissioners (BCC) on November 16, 1993 (R93-1519), and as subsequently amended (R94-45, R94-198, R95-1104D, R96-302D, R97-1267D). Revisions are necessary to reflect policy changes by the Board of County Commissioners and to streamline various criteria related to the program into one document including the Job Growth Incentive Grant Program, Qualified Target Tax Industry Program, and the Ad Valorem Tax Exemption program. The Criteria incorporates modifications to the Economic Development Incentive (EDI) Agreement template approved by the BCC on April 16, 2019, with input from the Inspector General's Office, Internal Auditor, Office of Financial Management & Budget, the Business Development Board, and the State Department of Economic Opportunity (DEO). Those modifications included: aligning job creation and retention requirements to relevant Florida Statutes and/or DEO Agreement requirements, required median wage of new jobs, a performance security requirement in the form of either a clean, irrevocable Letter of Credit or Cash Bond for the incentive to be awarded.

Modifications include: increase timeframe for executing an EDI Program award agreement from 60 to 120 days after conceptual approval by the BCC, to more accurately reflect processing time, to provide special consideration for projects within census tracts in distressed areas including Opportunity Zones and Rural Areas of Opportunities (Belle Glade, Pahokee, South Bay) and the EDI Program process from application through disbursement. Countywide (DB)

Background and Policy Issues: The Economic Development Incentive Program goal is to encourage the growth of higher-wage jobs and a diverse economic base by providing incentives to qualified target industry businesses to relocate to or expand in Palm Beach County, thereby creating higher-wage employment opportunities within Palm Beach County. Incentives provided to businesses are entirely contingent on the approval of the BCC.

Attachment(s):

- 1 Summary of Draft EDI Program Criteria
- 2 Draft EDI Program Criteria

Recommended By:	 Department Director	<u>6/30/2021</u> Date
Approved By:	 Assistant County Administrator	<u>7/6/2021</u> Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2021	2022	2023	2024	2025
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	-0-				

# ADDITIONAL FTE POSITIONS (Cumulative)					
-----------------------------------------	--	--	--	--	--

Is Item Included In Current Budget? Yes _____ No X
 Does this Item include the use of Federal funds? Yes _____ No X

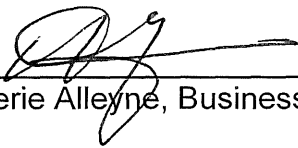
Budget Account No.:

Fund _____ Dept. _____ Unit _____ Object _____ Program Code/Period _____

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

No Fiscal Impact

C. Departmental Fiscal Review:


 Valerie Alleyne, Business Compliance/ Serv. Manager

III. REVIEW COMMENTS

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

 6/30/21
 OFMB QA 6-30-21 (1/1) 6/30/21

 7/1/21
 Contract Development and Control 7-1-21 JW

B. Legal Sufficiency:

 7/6/2021
 Assistant County Attorney

C. Other Department Review:

 Department Director

**Board of County Commissioners
Palm Beach County, Florida
Summary Update to the Job Growth Incentive Fund Program Criteria**

Summary:

The Job Growth Incentive Grant Program was approved by the Board of County Commissioners (BCC) on November 16, 1993 (R93-1519), and as subsequently amended (R94-45, R94-198, R95-1104D, R96-302D, R97-1267D). Revisions are necessary to reflect policy changes by the Board of County Commissioners and to streamline various criteria related to the program into one document.

Goals:

- Rename the Job Growth Incentive Fund Program to the Economic Development Incentive Program to incorporate various criteria for incentives when provided as a local match to State programs, a stand-alone incentive from the County, and if the incentive is provided in the form of cash or Ad Valorem Tax Exemption.
- Incorporate into the Criteria approved modifications to the Economic Development Incentive (EDI) Agreement template approved by the BCC on April 16, 2019, with input from the Inspector General's Office, Internal Auditor, Office of Financial Management & Budget, the Business Development Board, and the State Department of Economic Opportunity (DEO).

Codify Updates to the Criteria based on the Economic Development Incentive Agreement template:

- Aligns job creation and retention requirements to State standards, including DEO Agreement requirements
- Permit incentives be awarded in the form of a cash grant and/or an Ad Valorem Tax Exemption.
- Requirement for applicant businesses to state the Median Wage of new jobs.
- Requirement of a capital investment by the applicant business
- State performance security requirement in the form of either a clean, irrevocable Letter of Credit or cash bond, for the incentive to be awarded
- Include the discretion of the Board of County Commission (BCC) over the implementation of the EDI Program, including (but not limited to) its discretion to modify EDI Program criteria and its ability to approve/disapprove individual business incentive requests subject to applicable laws.
- Include the EDI Program process from application through disbursement.

Additional Recommended Modifications:

- Increase timeframe for executing an EDI Program award agreement from 60 to 120 days after conceptual approval by the BCC to more accurately reflect processing time
- Special consideration to be provided for projects in the following areas:
 - a. Census tracts in distressed areas including Opportunity Zones
 - b. Rural Areas of Opportunities (Belle Glade, Pahokee, South Bay)

**Board of County Commissioners
Palm Beach County, Florida
Economic Development Incentive Program**

Program Overview

The Job Growth Incentive Grant Program was approved by the Board of County Commissioners (BCC) on November 16, 1993 (R93-1519), and as subsequently amended (R94-45, R94-198, R95-1104D, R96-302D, R97-1267D).

The Job Growth Incentive Fund Program is renamed the Economic Development Incentive (EDI) Program. The Program goal is to encourage the growth of higher-wage jobs and a diverse economic base by providing incentives to qualified target industry businesses to relocate to or expand in Palm Beach County. Recipients are required to create higher-wage employment opportunities for Palm Beach County residents. Incentives provided to businesses are entirely contingent on the approval of the BCC.

Incentives may be provided in the form of a cash grant or an ad valorem tax exemption. Funds for cash grants are allocated by the BCC from the Palm Beach County General Fund Contingency Reserves. Ad valorem tax exemptions were established by ordinance in 2004, (Ord. No. 2005-004) and amended in 2013 (Ord. No. 2013-022), all in accordance with Section 196.1995, Florida Statutes, as may be amended. Each ordinance set a 10-year programmatic operation period, with the current ad valorem tax exemption ordinance to remain in effect until August 31, 2024. Ad valorem tax exemptions are allocated by the BCC and in compliance with Florida Statutes.

Program incentives may be provided to satisfy, in whole or part, a local match requirement to an incentive provided through the State of Florida Department of Economic Opportunity. When provided as a local match, BCC-approved Program incentives are contingent on certification as a qualified target industry business in accordance with Section 288.106(4), Florida Statutes, as may be amended and pursuant to Section 288.061, Florida Statutes, as may be amended. BCC-approved EDI Program incentives are contingent on the qualified target industry business entering into a written agreement with the Department of Economic Opportunity pursuant to Section 288.106(5), Florida Statutes, as may be amended.

The BCC, at its discretion, may modify any Program criteria, consideration, or requirement at the request and recommendation of County Administration and the Department of Housing and Economic Development (DHED) staff subject to Florida Statutes as applicable. Special Consideration may be provided to census tracts in distressed areas including Opportunity Zones and Rural Areas of Opportunity.

ATTACHMENT 2

Page 1 of 6
Rev Date: 06/23/21

Economic Development Incentive (EDI) Program Criteria

EDI Program Incentive Types

Incentives may be provided in the form of a cash grant, ad valorem tax exemption, or combination thereof. The BCC, with recommendations from County Administration and DHED staff, will determine the form(s) of the incentive. Businesses must provide verifiable documentation supporting its consideration of other locations outside of Palm Beach County.

Businesses

When an incentive is provided as a local match, only target industry businesses, as defined by Section 288.106(2)(q), Florida Statutes, as may be amended, are eligible to apply. Businesses not defined as target industry businesses, as defined by Florida Statutes are not eligible. This includes, but is not limited to, any business engaged in retail industry activities or any business subject to regulation by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation.

When an incentive is provided in the form of an Ad Valorem Tax Exemption, only businesses, as defined under Section 196.012, Florida Statutes, as may be amended, are eligible to apply. Businesses not defined under Florida Statutes are not eligible. This includes, but is not limited to, any business engaged in retail industry activities or any business subject to regulation by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation.

Projects

When an EDI Program incentive is provided as a local match, eligible projects are limited to the creation of a new business or the expansion of an existing business as defined by Section 288.106(2)(m), Florida Statutes, as may be amended. When an EDI Program incentive is provided in the form of an ad valorem tax exemption, eligible projects are limited to creation of a new business or the expansion of an existing business as defined by Sections 196.012(14) and 196.012(15), Florida Statutes, as may be amended.

Jobs

When an EDI Program incentive is provided as a local match, the business must create at least 10 jobs at the project, or in the case of an expansion of an existing business, must result in a net increase in employment of at least 10 percent at the business, pursuant to Section 288.106(4)(b)(2), Florida Statutes, as may be amended.

When an EDI Program incentive is provided in the form of an ad valorem tax exemption a new business or an expanding business must establish 10 or more new jobs, pursuant to Sections 196.012(14) and 196.012(15), Florida Statutes, as may be amended. Business may be required to retain an agreed upon number of existing Jobs.

Wages

When an EDI Program incentive is provided as a local match, new jobs must pay an annualized average wage equaling at least 115% of the average private sector wage in the County or metropolitan area, pursuant to Section 288.106(4)(b)(1)(a), Florida Statutes, as may be amended. All businesses must disclose the median wage of new jobs during the application process.

When an EDI Program incentive is provided in the form of an ad valorem tax exemption, new jobs must pay an average wage above the current average annual wage for such new jobs in the area pursuant to Sections 196.012(14) and 196.012(15), Florida Statutes, as may be amended.

Capital Investment

Businesses are required to make a capital investment, such as the construction or renovation of a facility, in Palm Beach County.

Economic Impact

Projects should generate a sufficient economic impact in Palm Beach County to more than offset the cost of the incentive.

Incentive:

The recommended incentive amount for projects will be based on review of the following:

- Number of jobs to be created and retained
- Average and median annual salaries
- Capital investment
- Economic Impact
- Poverty and unemployment rate for the area
- Project location – is the property located in an Opportunity Zone or Rural Area of Opportunity

Ad Valorem Tax Exemption

Ad valorem tax is defined by Section 192.001(1), Florida Statutes, as may be amended. Real property is defined by Section 192.001(12), Florida Statutes, as may be amended. Tangible property is defined by Section 192.001(11)(d), Florida Statutes, as may be amended. Only taxes levied by Palm Beach County, where Palm Beach County is the taxing authority, are eligible for exemption. Taxes levied by a municipality, school district, or water management district, or 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 are not eligible for exemption. Ad valorem tax exemptions are not available for real property improvements to leased property. Ad valorem tax exemptions may be available for tangible leasehold improvements to leased property based on determinations made by the Palm Beach County Property Appraiser. When considering an ad valorem tax exemption as an incentive for a business, DHED will provide a summary of the project to the Property Appraiser.

Special Considerations

Special consideration regarding incentives may be provided to businesses relocating or expanding in areas of distressed communities including Opportunity Zones and Rural Areas of Opportunity to encourage investment and job creation in these areas.

Economic Development Incentive (EDI) Program Process

Eligibility

The business will work with DHED and the Business Development Board of Palm Beach County, Inc. (BDB) to determine whether the business meets eligibility requirements and related criteria.

Confidentiality

The business submits a Confidentiality Request Letter to DHED to maintain confidentiality with regards to any information received prior to the execution of an economic incentive agreement concerning the plans, intentions, or interest to locate, relocate, or expand any of its business activities within the State of Florida, including Palm Beach County. Confidentiality of information is maintained for 12 months after the date of receipt of the Confidentiality Request Letter or until otherwise disclosed or mutually extended. Confidentiality is governed by Section 288.075, Florida Statutes, as may be amended.

Application Assistance & Requirements

The BDB will assist with the completion of the EDI Program application. Then, the BDB submits the EDI Program application, along with all required documents, to DHED on behalf of the business. The application packet must include; the total number of new jobs to be created, the annualized average wage, the annualized median wage of the new jobs to be created and the total number of existing jobs to be retained.

Company Meeting

The BDB will assist with scheduling a meeting between the business and DHED to discuss the EDI Program.

Economic Impact Analysis and Financial Analysis

After initial EDI Program application screening and review, DHED will conduct an economic impact analysis and financial analysis of the proposed project. The business must submit to DHED audited financial statements or income tax returns for the most recent two years.

Preservation of Inducement Letter

When applicable, DHED will require a copy of the business' Preservation of Inducement Letter from the Florida Department of Economic Opportunity. DHED will present a recommended incentive amount along with project information and economic impact and financial analyses to County Administration for review. Upon concurrence of County Administration, DHED will provide a Letter of Support for the proposed project to the BDB.

Conceptual Approval & Resolution

DHED will prepare an agenda item for the proposed incentive and present it to the BCC for conceptual approval. When an EDI Program incentive is provided as a local match, DHED will prepare a resolution in accordance with Section 288.106(4)(a)(10), Florida Statutes, as may be amended.

Economic Development Incentive Agreement

Following conceptual approval by the BCC, DHED will negotiate and finalize an Economic Development Agreement with the business and present to the BCC for approval and execution. The BCC, at its sole discretion, may accept, reject, or modify the Economic Development Incentive Agreement.

Disbursements

When EDI Program Incentive is provided as a local match, DHED reviews disbursement requests for compliance with the Economic Development Incentive Agreement and Section 288.106(6), Florida Statutes, as may be amended.

When EDI Program Incentive is provided as an ad valorem tax exemption, the business shall be required to submit a Formal Application for Ad Valorem Tax Exemption on the application entitled "Economic Development Ad Valorem Tax Exemption, Chapter 196.1995, Florida Statutes DR Form 418" by March 1st in the year that the exemption is desired to take effect. This application will be reviewed by the Palm Beach County Property Appraiser for eligibility pursuant to Ord. No. 2013-022. If the application is approved by the Palm Beach County Property Appraiser, the BCC shall adopt an ordinance granting the exemption pursuant to the Ordinance.

For subsequent years the business shall be required to submit a Formal Renewal Application for Ad Valorem Tax Exemption on the application entitled Annual Exemption Renewal Application – Economic Development Ad Valorem Property Tax Exemption, Chapter 196.995, Florida Statutes Form 418 ("Renewal Application") by March 1st. The Renewal Application shall be reviewed by the Palm Beach County Property Appraiser for continued eligibility pursuant to the Ordinance. The ad valorem tax exemption may be for a period of up to ten years from the date the BCC adopts its ordinance granting the exemption to the business.

Business Responsibilities

- Submit a Confidentiality Request Letter to the County
- Provide all application information and requested information in a timely manner
- Execute an Economic Development Incentive Award Agreement within 120 days of conceptual approval from the BCC. Failure to execute an Economic Development Incentive Award Agreement within 120 days of conceptual approval from the BCC will nullify the approval unless the business requests and receives an extension from DHED.
- Provide a performance security in the form of either a clean, irrevocable Letter of Credit or a Cash Bond. The performance security must be in the full amount of the maximum incentive to be awarded to the business. Provision of the performance security is a precondition to the County making any incentive disbursement
- Comply with the executed Economic Development Incentive Award Agreement
- When an EDI Program Incentive is provided as an Ad Valorem Tax Exemption, file an Economic Development Ad Valorem Tax Exemption, Chapter 196.1995, Florida Statutes, Form 418 by March 1st in the 1st year that the exemption is desired to take effect and pay a \$2,000 filing fee and file a Renewal Application in subsequent years

Program Inquiries and Requests

Please direct inquiries on the Economic Development Incentive Program, including requests for the EDI Program application, to either of the following agencies:

Palm Beach County
Department of Housing and Economic Development
100 Australian Avenue, Suite 500
West Palm Beach, FL 33406
Phone: 561-233-3600
www.discoverpbcgov.org

Business Development Board of Palm Beach County, Inc.
301 Evernia Street
West Palm Beach, FL 33401
Phone: 561-835-1008
www.bdb.org

DRAFT