Agenda Item #: C-4

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	January 23, 2024	[] Consent [] Ordinance	[X] Regular [] Public Hearing					
Department:	Housing and Economic Development							

I. EXECUTIVE BRIEF

Motion and Title: Staff requests Board direction: regarding authorization of a voter referendum for the Economic Development Ad Valorem Tax Exemption Program.

Summary: The Economic Development Ad Valorem Tax Exemption (AVTE) program is a local economic development tool enabled under Section 3, Art. VII, of the State Constitution (§196.1995, Florida Statutes), that empowers any county or municipality to grant community and economic development ad valorem tax exemptions to new businesses or expansions of existing businesses. Exemptions may be granted only by ordinance following authorization by the electors of a county or municipality. The County's authority to grant exemptions expires after 10-years unless renewed for another 10-year period by referendum and adopting Ordinance. Established in 1994, the PBC AVTE program has twice been reauthorized by voter referendum for 10-year periods in 2004 and 2014, and will sunset on August 31, 2024, unless renewed. All ad valorem tax exemptions are contingent upon proof that the applicant is a new business or an expansion of an existing business as defined in FS. §196.012, approval by the Board of County Commissioners on a case-by-case basis, and the Palm Beach County Property Appraiser's determination of the property improvements, with exemptions limited to improvements to real property and/or tangible personal property not already on the tax rolls. From 2013 to 2023, the County provided \$6,250,000 million dollars in AVTE to 6 businesses. In addition to the AVTE program, Palm Beach County has also contributed cash incentives totaling \$3,948,100. Combined incentive amounts for these companies during this period from various sources including municipalities, the County and state totaled \$35,912,600. Those investments have resulted in 2,246 jobs retained, 2,800 jobs created and a capital investment of \$428,190,000. This influx of capital has resulted in a total estimated 5-year economic impact of \$5,721,193,876. Eligible businesses must have a positive economic impact on the County's economy, including creating and maintaining a minimum of ten new full-time jobs, increasing the County's tax base, and strengthening and diversifying the local economy.

Staff is recommending that if the program is approved by the Board of County Commissioners and subsequently by the voters, that the program criteria provide a preference for businesses locating or expanding in low-income census tracts where a majority of households have a median income of 80% or less or a poverty rate of 20% or higher. <u>Countywide</u> (DB)

Background and Policy Issues: The County's Economic Development Ad Valorem Tax Exemption Program 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.

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Attachments: 1. AVTE White Paper 2. Economic Development	nt Incentives 2013-2023	
Recommended By:	Department Director	1-16-24
Approved By:	and the sector	Date 1-16-24
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact: Α.

Fiscal Years	2024	2025	2026	2027	2028
Capital Expenditures					<u> </u>
Operating Costs					
External Revenues			or	······································	
Program Income	·····				
In-Kind Match (County)		······································	······································	······	
NET FISCAL IMPACT	-0-				

# ADDITIONAL FTE	 · · · · · · · · · · · · · · · · · · ·		
POSITIONS (Cumulative)			

Is Item Included In Current Budget? Does this Item include the use of Federal funds? Does this Item include the use of State Funds?

	Yes	No_	<u>X</u>
>	Yes	No	X
	Yes	No	Х

Budget Account No.:

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

Β. **Recommended Sources of Funds/Summary of Fiscal Impact:**

There is no fiscal impact associated with this Agenda Item.

C. **Departmental Fiscal Review:**

Valerie Alleyve, Division Director II Finance and Administrative Services, DHED

III. REVIEW COMMENTS

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

MB Of 1227 Ang 12/27 Contract Development and Control

Β. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

Palm Beach County Economic Development Ad Valorem Tax Exemption Program

Introduction

The Palm Beach County Economic Development Ad Valorem Tax Exemption (AVTE) Program is designed to encourage economic development and to support new or expanding businesses within the County. The program offers an "economic exemption" for improvements made to real property and/or tangible personal property that are not already listed on the Palm Beach County Tax Roll. Property acquired to replace existing property is not considered an expansion of an existing business. The AVTE Program was created to stimulate economic growth, create jobs, and enhance the local economy. Each individual business AVTE incentive is approved by the Board of County Commissioners (BCC) on a case-by-case basis.

Ordinance Background

On August 31, 2004, the voters of Palm Beach County approved a Referendum establishing the AVTE Program leading to the adoption of Ordinance No. 2005-004. On November 6, 2012, the voters approved a Referendum leading to the adoption of Ordinance No. 2013-022 by the BCC on October 30, 2013. This Ordinance renewed the program which is effective from August 31, 2014 - August 31, 2024. Each Ordinance sets a 10-year programmatic operation period.

Program Requirements

All exemptions are contingent upon proof that the applicant is a new or an expansion of an existing business as defined in F.S. 196.012. When applying for an AVTE, businesses are required to include the industry and location of the business, capital investment, and number, type, and average & median salary of the new and retained jobs. These factors are all included when calculating the economic impact (direct and indirect) of the project and providing recommendations regarding the AVTE. The duration of an approved exemption can range from one to ten years; however, the BCC has historically approved a maximum amount, allowable over the approved exempted period. If the BCC approves an AVTE, the business is required to enter into a separate Agreement with the County to ensure compliance regarding job creation and other obligations. A Letter of Credit or Cash Bond from the business is required to secure the incentive.

Outcomes

From 2013 to 2023, the County provided \$6.2M in AVTEs to 6 businesses. In addition to the AVTE program, Palm Beach County has also contributed cash incentives totaling \$3.9M. Combined incentive amounts for these companies during this period from various sources including municipalities, the County and State totaled \$35.9M.

Those investments have resulted in 2,246 jobs retained, 2,800 jobs created and a capital investment of \$428.1M. This influx of capital has resulted in a total estimated 5-year economic impact of \$5.7B.

Recommendation

Since the last voter approved Referendum, the State has eliminated the Qualified Target Industry Program that provided State incentive funding and required the local match. DHED recommends that the if the County authorizes bringing the Referendum forward to the voters and it is approved, the program criteria provide a preference for businesses locating or expanding in low-income census tracts where a majority of households have a median income of 80% or less or a poverty rate of 20% or higher.

ATTACHMENT 1

Timeline for 8/20/2024 Ballot

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January 23, 2024	BCC Meeting
February/March	BCC Regular Agenda adopting Resolution, Program Criteria, Ballot language,
	and authorize Mayor to transmit to SOE
May 17, 2024	Deadline to provide SOE with Ballot Language
July/August	Public Notice per F.S. 100.342
August	Referendum
September	BCC Ordinance First Reading
Sept. /October	BCC Ordinance Adoption

Company Name	Company Code	PBC Incentive CASH	PBC Incentive AD VALOREM	Total Incentive \$ BC - MUNI - STATE	Ca	pital Investment \$		5 Year Economic Impact \$
MobileHelp	Mercury	\$ 45,000	\$ _	\$ 450,000	\$	3,600,000	\$	295,960,702
FinFrock Enterprises LLC	Jacobson	\$ 1,900,000	\$ 400,000	\$ 2,300,000	\$	36,000,000	\$	272,000,000
Esports Play LLC	League	\$ 21,000		\$ 210,000	\$	1,350,000	\$	55,678,089
MPLT Healthcare	Doctor	\$ 22,500	\$ -	\$ 225,000	\$	1,530,000	\$	42,945,656
ORBCOMM	Saturn	\$ 20,800	\$ 	\$ 208,000	\$	580,000	\$	51,746,576
Carrier, UTC Fire, Walter Kidde	Knight	\$ 70,000	\$ 650,000	\$ 1,350,000	\$	25,000,000	\$	248,264,729
Gulfstream Product Support Corp.	Blue Heron/Redwood	\$ 40,000	\$ -	\$ 200,000	\$	25,000,000	\$	127,647,124
Granite Telecom	Chop	\$ 25,000	\$ -	\$ 250,000	\$	600,000	\$	257,000,000
Tecomet	Cranium	\$ 89,000	\$ -	\$ 890,000	\$	11,925,000	\$	342,200,000
Zimmer Inc.	Bruin	\$ 250,000	\$ -	\$ 1,600,000	\$	1,895,000	\$	772,000,000
Carrier & Otis	Diamond/Onyx	\$ 	\$ 3,000,000	\$ 10,560,000	\$	115,000,000	\$	662,400,000
KRS Global Tech	Darwin	\$ 160,000	\$ -	\$ 1,400,000	\$	28,000,000	\$	273,100,000
Tellus	Tiger	\$ 	\$ 850,000	\$ 850,000	\$	40,000,000	\$	162,100,000
Lockheed	Palm Tree	\$ 320,800	\$ 	\$ 3,849,600		4,310,000	Ś	356,320,000
Pratt & Whitney	Blink	\$ - 1	\$ 650,000	\$ 2,950,000		25,000,000	\$	183,000,000
SBA Communication	Hoops	\$ 200,000	\$ -	\$ 400,000	\$	37,200,000	Ś	745,000,000
ADT	Full	\$ 184,000	\$ -	\$ 1,620,000	\$	6,400,000	\$	138,681,000
Pratt & Whitney	Jefferson	\$ 300,000	\$ 700,000	\$ 4,000,000	\$	63,000,000	\$	225,400,000
Digital Risks, LLC	Carrier Dome	\$ 300,000	\$ -	\$ 	\$	1,800,000	Ś	509,750,000
	TOTALS	\$ 3,948,100	\$ 6,250,000	\$ 35,912,600	\$	428,190,000	\$	5,721,193,876

Economic Development Incentives 2013-2023

*Highlight Reflects AVTE Incentives