

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

6B-1

Meeting Date: August 15, 2006

Consent

Regular

Workshop

Public Hearing

Submitted By: Office of Financial Management and Budget

I. EXECUTIVE BRIEF

Motion and Title: Staff requests Board direction regarding ad valorem tax deferrals for working waterfronts.

Summary: In 2005 the Florida Legislature enacted FSS 197.303 authorizing counties and municipalities to allow ad valorem tax deferrals for recreational and commercial working waterfronts if the owners are engaging in the operation, rehabilitation, or renovation of such properties. The tax deferral must be authorized by ordinance and would apply only to taxes levied by the government granting the deferral, i.e., the Board of County Commissioners. The deferred taxes would accrue interest at a rate calculated pursuant to Statute, but may not exceed 9.5% per year. At the request of the marine industry, the Board considered the matter on May 16, 2006 and requested staff to evaluate the potential impact of the program if taxes were deferred on property in a CRA. Staff has determined that approval of a deferral would not reduce our required CRA payment to cities even though we would not be receiving taxes from the property owner. Countywide (PFK).

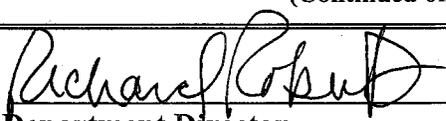
Background and Policy Issues: FSS 197.303 allows for the adoption of an ordinance to allow for ad valorem tax deferrals for recreational and commercial working waterfronts. The Statute defines a working waterfront as a parcel of real property that provides access for water-dependent commercial activities or provides access for the public to the navigable waters of the State. Examples of working waterfronts include docks, wharfs, lifts, wet and dry marinas, boat ramps, boat hauling and repair facilities, commercial fishing facilities, boat construction facilities and other support structures over the water. Legislation approved during the 2006 session expanded the definition to include public lodging establishments providing access to navigable waterways.

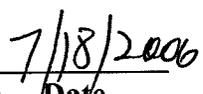
The tax deferral would apply only to the taxes levied by the government granting the deferral and would not include voted debt millage. The statute also provides that a deferral cannot be granted on property within a CRA to the extent that the CRA is currently using those funds for payment of debt service. However, a tax deferral would not impact the CRAs because County payments to CRAs are based on the incremental increase in property value times the adopted millage rate, not on taxes collected. In effect the County would be obligated to pay to the full amount of the tax increment to CRAs even though the taxes had been deferred. The Board could limit the program to certain geographic regions and/or certain types of businesses. Staff recommends that if passed, public lodging establishments and businesses within CRA areas be excluded.

Attachment: Letter from the Marine Industries Association of Palm Beach County, Inc.

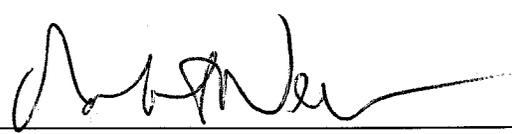
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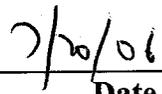
Recommended by:


Department Director


Date

Approved by:


County Administrator


Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2006	2007	2008	2009	2010
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
Net Fiscal Impact					
# Additional FTE Positions (Cumulative)					

Yes No

Is Item included in Current Budget?		X
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Budget Account Number:					
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B. Recommended Sources of Funds/Summary of Fiscal Impact:

The amount of revenue to be deferred is indeterminable at this time. We have requested the Marine Industries Association of Palm Beach County, Inc. to provide a list of the properties that would qualify as working waterfronts. Based on the limited information available, OFMB estimates \$500,000 could be subject to deferral. However, even with that information, we do not know how many property owners would request the deferral. If there is a change in use or ownership such that the owner is no longer entitled to claim the property as a working waterfront or if the owner fails to maintain the required fire and extended insurance coverage, the total amount of deferred taxes and interest for all previous years becomes due and payable on November 1. If deferred taxes become delinquent, the Tax Collector shall sell a tax certificate for the delinquent taxes and interest in the same manner as any other unpaid property taxes.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

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

Elizabeth Blaes
 OFMB 7/20/06
 DM
 7/19/06

N/A

 Contract Dev. and Control

B. Legal Sufficiency:

Paul F. J. 7/20/06
 Assistant County Attorney

C. Other Department Review:

 Department Director

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

Background and Policy Issues Continued

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Any owner of an eligible working waterfront property may elect to defer payment of ad valorem taxes and non-ad valorem assessments designated in the ordinance by filing an annual application with the Tax Collector. In order to retain the deferral, if granted, the use and ownership of the property as a working waterfront must be maintained over the period for which the deferral is granted.

A tax deferral will not be granted if:

- The total amount of deferred taxes, assessments and interest plus the total amount of all other unsatisfied liens on the property exceeds 85% of the assessed value of the property; or
- The primary financing on the property is for an amount that exceeds 70% of the assessed value of the property.

The amount of the deferral will accrue interest at a rate calculated pursuant to the Statute, but may not exceed 9.5% per year.

MAR 03 2006

February 28, 2006

Karen Marcus, County Commissioner
Palm Beach County Board of County Commissioners
301 North Olive Avenue
West Palm Beach, FL 33401

Dear Commissioner Marcus:

In 2005, the Florida Legislature passed the Working Waterfront Protection Act. A copy of the act is enclosed for your reference.

The act mandates that coastal counties encourage the preservation of recreational and commercial working waterfronts in their Comprehensive Plans. We support Palm Beach County's ongoing efforts in this regard. Another part of the act critical to the continuing health of the marine industry is the provision for property tax deferments for private marinas and boatyards that agree to maintain their properties for those uses. Local county commission approval is required for these property tax deferments to be offered.

The Board of Directors of the Marine Industries Association of Palm Beach County, Inc. respectfully requests your support of these important tax deferments. Waterfront property values in our county continue to skyrocket, putting pressure on private marinas and boatyards to convert to residential development. At the same time, working waterfront businesses have seen property tax assessments increase as much as 52% from one year to the next. Without marinas and boatyards, the \$1 billion annual contribution of the marine industry to the Palm Beach County economy is in jeopardy.

Our Executive Director, Alison Pruitt, will contact your staff soon to request an appointment between you and a member of our board of directors to discuss this important matter further. Thank you for your efforts on behalf of the Marine Industry in Palm Beach County.

Sincerely,

Charles C. Isiminger, President
Marine Industries Association of Palm Beach County, Inc.

MARINE
INDUSTRIES
ASSOCIATION
OF PALM
BEACH
COUNTY,
INC.

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