



BOARD OF COUNTY COMMISSIONERS

DATE: June 3, 2014

AGENDA ITEM NO. 17

Consent Agenda ☐

Regular Agenda ☒

Public Hearing ☐

 **County Administrator's Signature:**

Subject:

Recommendation to adopt a resolution regarding placement of an economic development ad valorem tax exemption referendum question on the general election ballot.

Department:

Planning and Development Services

Staff Member Responsible:

Mike Meidel, Director, Economic Development

Recommended Action:

I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) ADOPT A RESOLUTION CALLING FOR A REFERENDUM ELECTION TO BE PLACED ON THE AUGUST 26, 2014 ELECTION BALLOT ON THE QUESTION OF WHETHER PINELLAS COUNTY MAY GRANT ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTIONS FOR NEW BUSINESSES AND EXPANSIONS TO EXISTING BUSINESSES, PURSUANT TO 196.1995, FLORIDA STATUTES.

Summary Explanation/Background:

Section 196.1995, Florida Statutes provides for any county or municipality to call a referendum to determine whether its respective jurisdiction may grant economic development ad valorem tax exemptions under Section 3, Article VII of the State Constitution, if the Board votes to hold such referendum. If the referendum passes by majority vote, the Board, at its discretion, would adopt an ordinance creating a program to grant exemptions from ad valorem taxes to new businesses and expansion to existing businesses. Each project to be considered for an exemption is required to be approved by a separate ordinance. Additional details are provided in the attached Economic Development Ad Valorem Tax Exemption Information Sheet.

The economic development ad valorem tax exemption legislation allows Pinellas County to encourage job creation and capital investment by new and expanding businesses, and be competitive in regional and statewide economic development efforts. At least 38 counties and 20 cities, including Hillsborough, Tampa, St. Petersburg, Sarasota County, and Sarasota already offer some form of the exemption.

Fiscal Impact/Cost/Revenue Summary:

There is no direct financial impact associated with calling for a referendum. Each project considered for an exemption is required to be approved by an ordinance. At that time, the anticipated fiscal impact of the project will be provided to the Board for consideration.

Exhibits/Attachments Attached:

Resolution

Economic Development Ad Valorem Tax Exemption Information Sheet

RESOLUTION NO. 14- _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PINELLAS COUNTY, FLORIDA, DECLARING ITS INTENT TO PLACE ON THE AUGUST 26, 2014 BALLOT FOR PRESENTATION TO THE ELECTORATE A REFERENDUM QUESTION OF WHETHER THE BOARD OF COUNTY COMMISSIONERS OF THIS COUNTY SHALL BE AUTHORIZED TO GRANT, PURSUANT TO SECTION 3, ARTICLE VII OF THE STATE CONSTITUTION, AD VALOREM TAX EXEMPTIONS TO NEW BUSINESSES AND EXPANSIONS OF EXISTING BUSINESSES THAT ARE EXPECTED TO CREATE NEW, FULL-TIME JOBS IN THE COUNTY; PROVIDING A BALLOT TITLE AND SUMMARY OF THE PROPOSED REFERENDUM; PROVIDING FOR NOTICE OF THE REFERENDUM ELECTION; PROVIDING FOR NOTICE TO THE DEPARTMENT OF STATE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Article VII, Section 3 of the Florida Constitution and Section 196.1995, Florida Statutes, the Board of County Commissioners of Pinellas County, Florida (the "Board") is authorized to call a referendum within its jurisdiction to determine whether the Board may grant economic development ad valorem (property) tax exemptions to qualifying new businesses and expansions of qualifying existing businesses; and

WHEREAS, granting such exemptions to qualifying businesses will provide Pinellas County with an additional economic development incentive which will enhance the desirability of Pinellas County as a location for new businesses and expansions of existing businesses; and

WHEREAS, in support of improving employment opportunities in Pinellas County and ensuring continued economic growth and stability, the Board desires to call a referendum to determine whether it should be authorized to grant such economic development ad valorem (property) tax exemptions to encourage economic development and establish new jobs, which action is in the best interest of Pinellas County and serves both a county and a public purpose; and

WHEREAS, this Resolution is adopted pursuant to the Pinellas County Charter, Section 101.161, Florida Statutes, Section 196.1995, Florida Statutes, Chapter 125, Florida Statutes, and any other applicable provisions of law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PINELLAS COUNTY FLORIDA, at a duly-assembled meeting held on the _____ day of _____, 2014, as follows:

Section 1. **Recitals.** The recitals set forth above are adopted by the Board as the findings of the County and are incorporated herein.

Section 2. **Referendum.** A referendum is hereby called in Pinellas County to be held in conjunction with the election of August 26, 2014, to determine whether the Board should be authorized to grant economic development ad valorem (property) tax exemptions to new businesses and expansions of existing businesses, pursuant to Article VII, Section 3 of the Florida Constitution, to encourage economic development and establish new jobs.

Section 3. **Ballot Title and Question.** The ballot title and question for the referendum shall be in the following form:

**ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS
FOR NEW BUSINESSES AND EXPANSIONS
OF EXISTING BUSINESSES**

Shall the Board of County Commissioners of Pinellas County be authorized to grant, pursuant to s. 3, Art. VII of the State Constitution, property tax exemptions to new businesses and expansions of existing businesses that are expected to create new, full-time jobs in the County?

_____ **Yes – For authority to grant exemptions**

_____ **No – Against authority to grant exemptions**

Section 4. Notice of Referendum. The Clerk shall publish notice of the referendum in accordance with Section 100.342, Florida Statutes, on the following dates: July 25, 2014 and August 8, 2014.

Section 5. Notice to the Department of State. Upon completion of the referendum election called for in this Ordinance, the results of such election shall be certified in accordance with Chapter 100 and Chapter 102, Florida Statutes, to the Department of State.

Section 6. Guidelines, Policies and Procedures. In addition to being subject to voter referendum as provided for in this Resolution, in order to ensure that applications for economic development ad valorem (property) tax exemptions are considered in a non-arbitrary and non-discriminatory manner, the Board will not consider such an exemption for any particular new business or an expansion of any particular existing business unless the Board has enacted by ordinance guidelines, policies and/or procedures governing the Board's consideration of applications for such exemptions.

Section 7. This Resolution shall take effect immediately upon its adoption.

Commissioner _____ offered the foregoing Resolution and moved its adoption, which was seconded by Commissioner _____, and upon roll call, the vote was:

_____ Ayes

_____ Nays

APPROVED AS TO FORM

By: M. Zas
Office of the County Attorney

Economic Development Ad Valorem Tax Exemption

Section 196.1995, Florida Statutes

Overview of Florida Statutory Requirements

- Any county or city may grant exemptions for **up to** 10 years to ad valorem taxes imposed on new business and expansions to existing businesses for economic development purposes.
- The exemption may be granted for **up to** 100 percent of the assessed value of eligible **improvements** to real and tangible property for qualifying businesses (existing tax base is not affected).
- The exemption applies only to taxes levied by the respective unit of government granting the exemption (in our case, countywide and MSTU millage only).
- The exemption does not apply to taxes levied for the payment of bonds or to special taxing districts.
- The authority to grant exemptions must be approved by referendum of the subject municipality or county.
- The referendum language is virtually prescribed in the Statutes.
- The locality's authority to grant the exemption expires after ten years, but may be renewed for additional ten year periods upon further referendum approvals.
- The statute defines eligible business types and requires minimum new job creation requirements, as follows: manufacturing or Qualified Target Industry (10 new jobs); business with greater than 50% of sales revenues from out-of-state customers (25); and office (50).
- The average wage for such new manufacturing or Qualified Target Industry jobs must be above the average wage in the area.
- The limitations on business types and/or minimum job creation requirements may be waived for businesses located within an enterprise zone or brownfield area.
- Eligible companies must make formal written application for the exemption. Individual exemption requests **may** be approved by ordinance of the local government (or denied) on a case-by-case basis.
- Upon approval of an application for a tax exemption, the Board of County Commissioners (Board) and the applicant may enter into a written tax exemption agreement, which may include performance criteria. Any such agreement must require a status report on the actual number of new, full-time jobs created and their actual average wage. The agreement may provide the Board with the authority to revoke, in whole or in part, the exemption if the applicant fails to meet the expectations and representations made in the application.
- Working within the above parameters, there is flexibility to target the exemption program at the local level to align with local economic development objectives. Program details are defined in an enacting ordinance after referendum approval.