



Property Tax Abatement For Job Creation

**Presentation to the
Orange County
Board of County Commissioners**

September 20, 2011



Property Tax Abatement



- **History**

- **1980**

- **Constitutional amendment authorized tax exemption to encourage economic development after approving referendum**
 - **Legislature passed enabling legislation (Section 196.1995 Fla. Stat.) emphasizing manufacturing incentives**



Property Tax Abatement



- **History**

2011 -HB 287- amended 196.1995

- **Expanded eligible business categories**
- **Added criteria for considering applications**
- **Authorized contracts with additional criteria**
- **Authorized revocation of exemptions for failure to meet representations**



Property Tax Abatement



- **New Business/Organization**
 - **1. Creates 10 or more new full-time jobs with higher wages than area average , and which:**
 - **A. Manufactures, processes, compounds, fabricates or produces for sale items of tangible personal property at a fixed location; OR**
 - **B. Is a target industry business as defined in Section 288.106(2)(t) Florida Statutes**



Property Tax Abatement



▪ New Business/Organization *cont'd*

- 2. Creates 25 or more new full-time jobs with more than 50% sales outside of Florida
- 3. Creates 50 or more new full-time office jobs, newly domiciled, on site separate from other operations of organization



Property Tax Abatement



- **New Business/Organization** *cont'd*
 - 4. Any new business in enterprise zone or brownfield area on site separate from other operations of the business creating new full-time jobs



Property Tax Abatement



- **Expanding Business/Organization**
 - **1. Creates 10 or more new full-time jobs with higher wages than area average, and which:**
 - **A. Manufactures, processes, compounds, fabricates or produces for sale items of tangible personal property at a fixed location; OR**
 - **B. Is a target industry business as defined in Section 288.106(2)(t) Florida Statutes**



Property Tax Abatement



▪ Expanding Business/Organization

cont'd

- 2. Creates 25 or more new full-time jobs with more than 50% sales outside of Florida
- 3. Any business or organization located in an enterprise zone or brownfield area that increases operations on a site located within the same zone or area



Property Tax Abatement



- **2011 Qualified Target Industries**

(identified by OTTED & Enterprise Fla.)

- **CleanTech**
- **Life Sciences**
- **InfoTech**
- **Aviation/Aerospace**
- **Homeland Security/Defense**
- **Financial/Professional Services**
- **Emerging Technologies**



Property Tax Abatement



▪ Process

- BCC calls referendum by resolution
- Authority effective for 10 years
- BCC may adopt ordinances enacting economic development tax exemptions for qualified businesses
- Separate ordinance required for each exemption granted
- Applies only to county taxes - not other taxing authorities



Property Tax Abatement



Exemption includes:

- Up to 100% assessed value of improvements to real property made by new or expanding business
- Up to 100% assessed value of net increase of tangible personal property
- Duration up to 10 years – No renewal allowed
- Written agreement with performance terms, annual reporting allowed
- Partial or complete revocation allowed for failure to meet performance criteria



Property Tax Abatement



▪ Required Application Information:

- Name, location of new or expanding business
- Description and date of improvements
- Description and date of purchase for tangible personal property
- Proof of status as “new or expanding” business
- Number of full- and part-time jobs and average wages



Property Tax Abatement



▪ Evaluation Criteria

- Net number of new jobs
- Average wage of new jobs
- Capital investment to be made by applicant
- Type of business
- Environmental impact
- Extent applicant intends to source supplies & materials within county
- Economic related characteristics deemed necessary by county



Property Tax Abatement



- Property Appraiser Reports:
 - Total amount of ad valorem revenue available
 - Revenue exempted by previous ordinances
 - Estimated revenue exempted due to application under consideration
 - Determination whether applicant's plans fit "new" or "expanding" business definition



Property Tax Abatement



- **Requested Action:**
 - **Approval of Resolution of the Orange County Board Of County Commissioners regarding Calling a Referendum on an Economic Development Ad Valorem Tax Exemption to be Placed on the 2012 Presidential Preference Primary Election Ballot.**



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