



Interoffice Memorandum

AGENDA ITEM

May 16, 2017

TO: Mayor Teresa Jacobs
-AND-
Board of County Commissioners

FROM: Eric Ushkowitz, Economic Development Administrator
Office of Economic, Trade and Tourism Development

A handwritten signature in black ink, appearing to read "Eric Ushkowitz", with a stylized flourish at the end.

SUBJECT: **May 23, 2017 – BCC Consent Agenda Item**
Approval of Lockheed Martin Missiles and Fire Control Qualified Target Industry (QTI) Tax Refund Resolution

Lockheed Martin Missiles and Fire Control (MFC) is requesting that Orange County commit a total of \$700,000 as the 20% local share of a \$3,500,000 financial incentive under Florida's Qualified Target Industry (QTI) Tax Refund Program. The QTI award will induce MFC to expand their existing operations in Orange County. To receive designation as a qualified applicant for the QTI Program, the Board of County Commissioners must adopt a resolution recommending approval of the applicant as a target industry, and stating that the commitment of local financial support of the applicant exists for 20% of the annual tax refunds.

This project would expand the existing MFC operations at the Orange County facility and would create approximately 500 new high-wage jobs in Orange County, with an average salary of at least \$87,064, which is 200% of the overall prevailing average salary in the Orlando metropolitan statistical area. New job functions will consist of administration, engineering and production positions. Financial incentives will help to ensure that this project locates here in Orange County rather than elsewhere.

Approximately \$200,000,000 in new investment will be added to the Orange County tax roll. No Orange County incentive payments for the QTI program will be made until new jobs are both created and maintained.

MFC is one of four Lockheed Martin business areas. MFC is a recognized designer, developer and manufacturer of precision engagement aerospace and defense systems for the U.S. and allied militaries. MFC develops, manufactures and supports advanced combat, missile, rocket, manned and unmanned systems for military customers that include the U.S. Army, Navy, Air Force, Marine Corps, NASA and dozens of foreign allies.

For more information about MFC, visit www.lockheedmartin.com.

ACTION REQUESTED: **Approval and execution of Resolution of the Orange County Board of County Commissioners regarding Lockheed Martin Missiles and Fire Control Qualified Target Industry Tax Refund.**

BCC Mtg. Date: May 23, 2017

RESOLUTION
of the
ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS
regarding
**LOCKHEED MARTIN MISSILES AND FIRE CONTROL
QUALIFIED TARGET INDUSTRY TAX REFUND**

Resolution No. 2017-M-16

PREMISES

WHEREAS, in 1994, the Florida legislature passed legislation establishing a “Qualified Target Industry Tax Refund Program” (“QTI Program”) to encourage the creation of new high-wage job opportunities in Florida by providing “tax refunds” to qualified target industries; and

WHEREAS, Lockheed Martin is headquartered in Bethesda, MD and employs approximately 97,000 people worldwide; and

WHEREAS, Lockheed Martin Missiles and Fire Control (MFC) is one of four business areas within Lockheed Martin; and

WHEREAS, MFC is a recognized designer, developer, and manufacturer of precision engagement aerospace and defense systems for the U.S. and allied militaries; and

WHEREAS, MFC develops, manufactures and supports advanced combat, missile, rocket, manned and unmanned systems for military customers that include the U.S. Army, Navy, Air Force, Marine Corps, NASA and dozens of foreign allies; and

WHEREAS, Lockheed Martin and MFC anticipate creating approximately five hundred (500) new jobs in Orange County at an average annual salary of at least \$87,064, which is 200% of the prevailing salary of \$43,532 in the Orlando MSA; and

WHEREAS, MFC anticipates that the new jobs to be created will include engineering, production and administrative positions; and

WHEREAS, MFC anticipates that these new jobs will be created according to the following schedule: Thirty (30) jobs by December 31, 2018; Sixty (60) jobs by December 31, 2019; One hundred and forty-six (146) jobs by December 31, 2020; One hundred and twenty-two (122) jobs by December 31, 2021; One hundred and forty-two (142) jobs by December 31, 2022; and

WHEREAS, MFC has applied to the Executive Office of the Governor, Department of Economic Opportunity for approval as a qualified QTI Program applicant, and has applied for \$3,500,000 in tax refunds from the State of Florida under the QTI Program, representing \$7,000 per job; and

WHEREAS, in order for MFC to be approved as a “qualified applicant” under the QTI Program, the Orange County Board of County Commissioners must adopt a resolution recommending the approval of MFC as a “target industry business,” and committing “local financial support” in an amount equal to 20% of the annual tax refund up to but not exceeding \$700,000 over the course of MFC’s eligibility as a “qualified applicant”; and

WHEREAS, competition for MFC expansion exists outside of Florida, and financial incentives are necessary to ensure that this project comes to Orange County.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY:

Section 1. The Board of County Commissioners of Orange County, Florida, hereby recommends that the State of Florida Department of Economic Opportunity approve MFC as a “qualified applicant” under the QTI Program.

Section 2. Subject to the terms of this Resolution, the Board hereby approves payments up to, but not exceeding, seven hundred thousand dollars (\$700,000) in “local financial support” required under the QTI Program. Such amount shall be payable to the Economic Development Incentives Account within the Economic Development Trust Fund as specified herein.

Section 3. The Board’s promise to pay the amount specified in this Resolution is contingent upon (i) appropriation by the Board in each applicable year authorizing payment of the revenues hereunder, (ii) MFC receiving the designation as a “qualified applicant” in connection with the QTI program, and (iii) on an annual basis, award by the State of Florida of tax refunds under the QTI program.

Section 4. Unless provided otherwise in this Resolution, the County shall pay “local financial support” in the following amounts:

FY 2018-2019	\$ 10,500
FY 2019-2020	\$ 31,500
FY 2020-2021	\$ 82,600
FY 2021-2022	\$125,300
FY 2022-2023	\$164,500
FY 2023-2024	\$143,500
FY 2024-2025	\$ 92,400
FY 2025-2026	\$ 49,700
Total	<u>\$ 700,000</u>

Such sums shall be paid from any legally available source or sources of revenue other than those specified in the QTI Program (or rules promulgated thereunder) as being ineligible for such purpose.

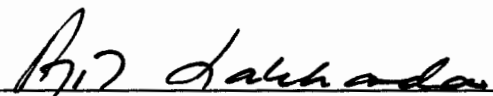
Section 5. In the event MFC is approved by the State of Florida for tax refunds in an amount less than the \$3,500,000 requested, the “local financial support” to be paid by the County to the Economic Development Incentives Account shall be proportionately reduced so that at no time will the County contribution exceed twenty percent (20%) of the annual tax refund awarded to MFC under the QTI Program.

Section 6. This Resolution shall take effect upon receipt by the County of evidence that MFC has been approved as a “qualified applicant” and has become eligible for tax refunds under the QTI program, as described herein.

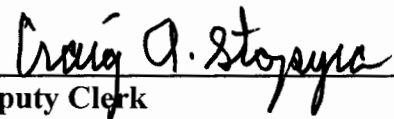
ADOPTED THIS MAY 23 2017 DAY OF May, 2017.

ORANGE COUNTY, FLORIDA

By: Board of County Commissioners

BY: 
Teresa Jacobs
for County Mayor

ATTEST: Phil Diamond, CPA, County Comptroller
As Clerk to the Board of County Commissioners

BY: 
for Deputy Clerk

