

Economic Development Ad Valorem Tax Exemption Program Martin County

The Martin County Board of County Commissioners (BOCC) is pleased to provide the application and instructions for the Economic Development Ad Valorem Tax Exemption Program, which is designed to assist economic development through exempting certain property taxes. First, to help determine if you qualify under this incentive program, you should read Section IV, “**Do You Qualify for a Tax Exemption**”.

If you have any questions about this program, including eligibility, or regarding the application process, please contact the Business Development Board of Martin County at 772.221.1380.

Table of Contents

- I. Program Intent**
- II. Enactment Authority**
- III. Definition of Terms**
- IV. Qualification for Tax Exemption – “Do You Qualify for a Tax Exemption”**
- V. Application for Exemption**
- VI. Exemption Application Process**
- VII. Contact Source for Assistance**

Exhibits

- A. State Application Form DR-418**
- B. County Supplemental Application**
- C. Annual Report Forms**

Attachments

- A. Martin County Ad Valorem Tax Exemption Program Guidelines**
 - A-1. Chart of tax exemption percentage per year**
- B. Economic Development Ad Valorem Tax Exemption Ordinance #864**
- C. Section 196.1995 F.S.**

I. Program Intent

The Martin County Board of County Commissioners believes that local government should support economic growth by providing an incentive for employment opportunities within the County that will lead to improvement in the quality of life for County residents, positive expansion of the economy in terms of new jobs, improvements to real and personal property, and creation of jobs in such a way so as not to disadvantage existing businesses while recognizing that productive competition fosters economic growth.

The Economic Development Ad Valorem Tax Exemption is a local option tax incentive for expanding or new businesses, which may be granted at the sole discretion of the Board of County Commissioners. Incentives could be provided to businesses of diverse sectors (aligned with the targeted business sectors, as updated) that would have a positive impact on the County's economy.

Pursuant to Section 196.1991(5), Florida Statutes, any exemption granted may apply up to one hundred percent (100%) of the assessed value of all improvements to real property made by or for the use of a new business and of all tangible personal property of such new business, or up to one hundred (100%) of the assessed value of all added improvements to real property made to facilitate the expansion of an existing business and of the net increase in all tangible personal property acquired to facilitate such expansion of an existing business, provided that the improvements to real property are made or the tangible personal property is added or increased after the date of the preliminary application or one year prior to the filing of the final application. Property acquired to replace existing property may not be considered to facilitate a business expansion. The exemptions may not apply to improvements to real property made by or for the use of new or expanding businesses when such improvements have been included on the tax rolls prior to the preliminary application or one year prior to the filing of the final application.

The ability to receive an exemption for the period granted is conditioned upon the applicant's ability to maintain the new business or the expansion of an existing business as defined in Section III. herein. throughout the entire exemption period. The applicant will be required to submit a report on an annual basis to the County evidencing satisfaction of this condition. The annual report shall be submitted on the form attached hereto as Exhibit C. In addition, any business granted an exemption will furnish to the County or its designee such information as the County or its designee may reasonably require for the purpose of determining continued performance by the business of the conditions stated in the exemption ordinance and the representations made in the application.

II. Enactment Authority

Article VII, Section 3 of the Constitution of the State of Florida and Section 196.1995 Florida Statutes, empower the Board of County Commissioners to grant Economic Development Ad Valorem Tax Exemptions after the electors of the County, voting on the question in a referendum, authorize such exemptions. In a referendum held on this issue on August 24, 2010, the voters of Martin County authorized the Board of County Commissioners to grant Economic Development Ad Valorem Tax Exemptions. This exemption program is applicable in all areas of Martin County where the County is the taxing authority.

The exemption applies only to taxes levied by Martin County, where the County is the taxing authority. The exemption does not apply to taxes levied by the school district or water management district, fire district or to taxes levied by the voters for the payment of bonds or other special taxes authorized by a vote of the electors.

The Ordinance (Ordinance No. 864) that implements the tax exemption program is entitled "Economic Development Ad Valorem Tax Exemption Ordinance of Martin County, Florida". and is codified in Chapter 71, Article 13, General Ordinances, Martin County Code.

III. Definition of Terms

The following words, phrases, and terms are defined as follows:

- A. Applicant – Any person or corporation submitting an economic development ad valorem tax exemption application to the Board.
- B. Board – The Martin County Board of Commissioners.
- C. Business – Any activity engaged in by any person, corporation or company with the object of private or public gain, benefit, or advantage, either direct or indirect.
- D. Department – The Florida Department of Revenue.
- E. Expansion of an Existing Business:
 - 1. A business establishing ten (10) or more jobs to employ ten (10) or more full-time employees in this County, which manufactures, processes, compounds, fabricates, or produces for sale items of tangible personal property at a fixed location and which comprises an industrial or manufacturing plant; or
 - 2. Any business establishing twenty-five (25) or more jobs to employ twenty-five (25) or more full-time employees in this County, the sales factor of which, as defined by Section 220.15(5), Florida Statutes, for the facility with respect to which it requests an economic development ad valorem tax exemption is less than one-half (1/2) for each year the exemption is claimed, provided that such business increases operations on a site collocated with a commercial or industrial operation owned by the same business, resulting in a net increase in employment of not less than ten (10) percent or an increase in

productive output of not less than ten (10) percent. No business engaged in retail operations as defined herein shall be eligible for an exemption pursuant to this subsection 2.

3. Any business located in an Enterprise Zone that increases operations on a site collocated with a commercial or industrial operation owned by the same business.

F. Improvements – Physical changes made to raw land, and structures placed on or under the land surface. All personal property acquired to facilitate an expansion of an existing business provided that the personal property is added or increased on or after the day Ordinance #864 was adopted. However, property acquired to replace existing property shall not be considered to facilitate a business' expansion.

G. New Business -

1. A business establishing ten (10) or more jobs to employ ten (10) or more full-time employees in this County, which manufactures, processes, compounds, fabricates, or produces for sale items of tangible personal property at a fixed location and which comprises an industrial or manufacturing plant;

2. Any business establishing twenty-five (25) or more jobs to employ twenty-five (25) or more full-time employees in this County, the sales factor of which, as defined by Section 220.15(5), Florida Statutes, for the facility with respect to which it requests an economic development ad valorem tax exemption is less than one-half (1/2) for each year the exemption is claimed. No business engaged in retail operations as defined herein shall be eligible for an exemption pursuant to this subsection 2; or

3. An office space in this State owned and used by a corporation newly domiciled in this County; provided such office space houses fifty (50) or more full-time employees of such corporation; provided that such business or office first begins operation on a site clearly separate from any other commercial or industrial operation owned by the same business;

4. Any business located in an area designated Enterprise Zone that first begins operation on a site clearly separate from any other commercial or industrial operation owned by the same business.

H. Retail Operations. A business engaged in a sale to a consumer or to any person of an item of tangible personal property for any purposes other than for resale.

I. Sales Factor – A fraction the numerator of which is the total sales of the taxpayer in this State during the taxable year or period and the denominator of which is the total sales of the taxpayer everywhere during the taxable year or period. (See Section 220.15(5), Florida Statutes for specifics of computation.)

IV. Qualification for Tax Exemption “Do You Qualify for a Tax Exemption”

Before completing an application, please read the following eligibility requirements that determine whether you qualify for a tax exemption under the “Economic Development Ad Valorem Tax Exemption Ordinance of Martin County, Florida” Chapter 71, Article 13, General Ordinances, Martin County Code.

- A. Ad valorem tax exemptions apply to expansion of businesses already situated in Martin County and to new businesses locating to Martin County, as defined in Section III. herein.
- B. Expanding or new businesses must make a positive contribution to the economy of Martin County in terms of new jobs and improvements to real and personal property.
- C. Incentives are applicable to businesses of diverse sectors (aligned with targeted business sectors) with the exception of retail operations.
- D. Any and all exemptions granted must result in an economic benefit to the County, i.e., exemptions would support Martin County and its existing businesses.
- E. The applicant may be any person, corporation, or company with the object of private or public gain, benefit, or advantage, either direct or indirect.
- F. The application must be for a new business or the expansion of an existing business, as defined in Section III. herein.
- G. The exemptions shall not accrue to improvements to real property made by or for the use of new or expanding businesses when such improvements have been included on the tax rolls prior to the preliminary application or one year prior to the filing of the final application.
- H. Property acquired to replace existing property shall not be considered to facilitate a business expansion.
- I. No exemption shall be granted for the land upon which new or expanding businesses are to be located.
- J. The ability to receive an exemption for the period granted is conditioned upon the applicant’s ability to maintain the new business or the expansion of an existing business throughout the entire period.
- K. Any existing business in violation of any federal, State, or local law or regulation governing environmental matters is not eligible for an exemption.

V. Application for Exemption

- A. Any eligible person, firm, partnership, or corporation, which desires an exemption, must file an application prescribed by the Department (Form DR-418) attached hereto as Exhibit A and a County Supplemental application attached hereto as Exhibit B. The Business Development Board of Martin County will receive applications and review for completeness prior to final submission to Martin County.
- B. If a new business is locating to, or an expansion of an existing business is occurring in, a community redevelopment area, the Community Redevelopment Agency overseeing such area shall be provided a copy of the application for review and comment. Input from the Community Redevelopment Agency will be considered in deciding whether an application is to be granted. Should a Community Redevelopment Agency object to the grant of an exemption, the Agency may submit its objection in the form of a duly adopted resolution to the Board for its consideration.

VI. Exemption Application Process

The “fully completed” Economic Development Ad Valorem Tax Exemption final application must be filed with Martin County by a representative of the company. The Business Development Board of Martin County will assist with this process after confirming that the application is complete. The threshold for eligibility is whether the Business meets the definition of a new business or of an expansion of an existing business as defined in Section III herein, and one which is not an ineligible Business or industry as defined in Section 71.464 General Ordinances, Martin County Code.

To impact the November tax bill, the final application must be submitted by March 1st of the same year. The following steps provide the applicant a reasonable understanding of Martin County Economic Development Ad Valorem Tax Exemption process and requirements.

Step 1: Pre-Application Meeting: It is recommended that anyone contemplating whether to file an exemption application first contact the Business Development Board of Martin County, Inc. (BDBMC), and request a meeting to assess the feasibility of filing an exemption application and acquire assistance in completing the application.

Step 2: Submission of Application and Completeness Review: The applicant shall submit one copy of the State application, two originals of the County supplemental application, a one-page narrative describing the business, and appropriate attachments. The applicant shall also submit, with the application, a map identifying the location and configuration of the subject property with legal description. The Business Development Board of Martin County will accept and review the application for completeness in accordance with Section 71.463 General Ordinances, Martin County Code. The Business Development Board of Martin County will review and notify the applicant of eligibility and/or any application deficiencies within ten (10) days of submission. The original State application must be filed with the Board, and the applicant must, thereafter, provide to the Board any additional documentation and information reasonably requested by the Board.

Step 3: Review, Analysis and Recommendation of the Property Appraiser: Upon filing of the State application with the Board, the Board will deliver a copy of the State application to the Martin County Property Appraiser, who shall, thereafter, report to the Board, on the State application, signed and dated by the Property Appraiser, the information required by Section 196.1995(9), Florida Statutes and Section 71.461 General Ordinances, Martin County Code.

Step 4: Processing of the Final Application: Upon receipt by the Board of the State application completed by the Property Appraiser, as set forth in Step 3, above, the Board will deliver a copy of the completed State application to the BDBMC. Upon receipt of that copy of the completed State application from the Board, the BDBMC will: (1) determine eligibility; and (2) conduct an economic impact analysis.

Within thirty (30) days after receiving a complete application and all other requested documentation and information from the applicant or the copy of the State application completed by the applicant and the Martin County Property Appraiser, whichever is last to occur, the BDBMC shall complete its economic impact analysis and forward its economic impact analysis and comments to the Board with the supporting documentation.

Step 5: Preparation of the Exemption Ordinance: After receiving the economic impact analysis and comments of the BDBMC, the Board may hold a public hearing to consider adoption of an ordinance granting an exemption pursuant to Section 196.1995, Florida Statutes, and Article 13 of Chapter 71, General Ordinances, Martin County Code. At the public hearing, the Board shall consider the information provided by the applicant on the State application, County supplemental application, the report of the Property Appraiser, input from the Community Redevelopment Agency (if applicable), any other information and documents provided by the applicant to the Board, and any other information, documents, and comment pertinent to consideration of the application and shall make a determination that the requirements of Section 196.1995, Florida Statutes and Article 13 of Chapter 71, General Ordinances, Martin County Code, have been satisfied, and after that consideration and determination, the Board may, but is not required to, adopt an ordinance granting an exemption pursuant to Section 196.1995, Florida Statutes and Article 13 of Chapter 71, General Ordinances, Martin County Code. That ordinance must include the information and findings required by Section 196.1995(10), Florida Statutes and Section 71.461 General Ordinances, Martin County Code.

Economic Development Scoring Guidelines. In making its determination as to whether to grant the exemption, and, if granted, the duration and percentage of the exemption, the Board shall apply Martin County Ad Valorem Tax Exemption Program Guidelines attached hereto as Attachment A for point calculation using number of jobs, hourly wage and investment.

Attachment A-1 defines the exemption guidelines for determining the tax exemption percentage per year.

Note: These are guidelines only. Each exemption is determined on an individual case basis by the Board of County Commissioners.

Continuing Performance - Annual Report

1. Annual Filings – The applicant shall be required to submit an Annual Renewal Statement and an Annual Report to the BDBMC and Property Appraiser on or before March 1st of each year for which the exemption was granted. The applicant shall also timely comply with all filings required pursuant to Section 196.011, Florida Statutes.
 - a. The Annual Renewal Statement shall certify that information provided in the original Application has not changed.
 - b. The Annual Report shall provide a report on the status of the Business, evidencing satisfaction of the Business Maintenance and Continued Performance conditions set forth in the Application. The report shall be prepared substantially in a form to be adopted by Resolution.

Board Revocation

Should any Business granted an Exemption fail to file the Annual Renewal Statement and/or Annual Report with the Board on or before March 1st of each year following the year for which an Exemption has been granted, fail to continue to meet the definition of a New Business or an Expansion of an Existing Business, fail to file a new Application upon any other change in the information provided in the original Application, and/or fail to fulfill any other representation made to the Board during the Application process, including the creation and maintenance of the total number of new jobs identified by a business in the Application, the Board, may, upon 30 days written notice to the Business, adopt an ordinance revoking the ad valorem tax exemption or take such other action with respect to the Exemption it deems appropriate.

1. Notification - Upon Revocation, the Board shall immediately notify the Property Appraiser.
2. Recover Taxes - If it is determined that for any year within the Exemption period the owner was not entitled to receive such Exemption, the owner of the property shall be subject to the taxes exempted as a result of such failure plus annual interest at the maximum rate allowed by law.
3. Reapply - Nothing herein shall prohibit a business from reapplying for an ad valorem tax exemption pursuant to State law.

VII. Contact Source for Assistance

Exemption applications are available at the BDBMC at 1002 SE Monterey Commons Boulevard, Suite 203, Stuart FL 34996. Inquiries from Qualified Targeted Businesses regarding the tax exemption program will be handled by the BDBMC. However, the Property Appraiser's Office will handle inquiries that pertain to Property Appraiser information only. An applicant/agent who is trying to determine the viability of filing an application should contact the Business Development Board of Martin County, Inc. (BDBMC).

Business Development Board of Martin County, Inc. (BDBMC)
1002 SE Monterey Commons Boulevard
Suite 203
Stuart FL 34996

(772)221-1380
info@bdbmc.org

Martin County Ad Valorem Tax Exemption Program Program Guidelines

<u>New or Existing Business – Number of jobs created</u>	<u>Points</u>
10-24	3
25-49	5
50-99	7
100-199	9
200+	10

These new jobs will be phased in on the following schedule: (Maintenance Schedule Attached)

Year One after Effective Date: _____% or a minimum of _____ jobs
 Year Two after Effective Date: _____% or a minimum of _____ jobs
 Year Three after the Effective Date: _____% or a minimum of _____ jobs

Note: Existing business must be a minimum of 10% increase in employees to qualify

<u>Average Hourly Wage Rate for New Employees</u>	<u>Points</u>
Less than 90% of average wage:	-2
90% of average:	2
Average:	4
15% above the average:	6
50% above the average:	10
100% above the average:	12

- *Qualifying Average Hourly Wages are updated annually, coincident with the state entities associated with economic development incentive programs - Enterprise Florida, Inc. and the Department of Economic Opportunity – and/or their successors.*

<u>Capital Investment</u>	<u>Points</u>
\$150,000 – \$1,000,000	2
\$1,000,001 - \$5,000,000	4
\$5,000,001 and up	6

Scoring - see Attachment 1-A

Adjustment Consideration #1: The Martin County Commissioners may consider an individual or company documentation indicating that the business is going to be critical to attracting other key businesses of that industry cluster; in those incidences, program guidelines may be adjusted on a case-by-case basis.

Note: These are guidelines only. Each exemption is determined on an individual case basis by the Board of County Commissioners.

ATTACHMENT 1-A
Martin County Ad Valorem Tax Exemption Program

Chart A

This exemption is on both Real Property and Personal Property

Total Points	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
7-9	100%	75%	50%	25%	0%	0%	0%	0%	0%	0%
10-12	100%	80%	60%	40%	20%	0%	0%	0%	0%	0%
13-15	100%	90%	80%	60%	40%	20%	0%	0%	0%	0%
16-18	100%	90%	80%	70%	60%	40%	20%	0%	0%	0%
19-21	100%	90%	80%	70%	60%	50%	40%	20%	0%	0%
22-24	100%	90%	80%	70%	60%	50%	40%	30%	20%	0%
25+	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%

This Chart is a guideline only. Each exemption is considered on an individual case basis by the BOCC.