



July 23, 2024

Mr. George Stokus
Assistant County Administrator
Martin County Board of County Commissioners
2401 SE Monterey Rd.
Stuart FL, 34994

Re: Ad Valorem Property Tax Exemption Application

Dear Mr. Stokus:

The Business Development Board of Martin County (MCBDB) is pleased to submit an economic development incentive application by Power Systems Manufacturing (PSM), a manufacturer and servicer of gas turbines. The company is expanding and has identified potential locations on the Treasure Coast for a new facility, including a location in Martin County.

PSM is planning an extensive expansion to accommodate a new business line in aerospace adding to their substantial power generation manufacturing and service business in Jupiter. The expansion will require 180,000 to 200,000 square feet of manufacturing space to be located on Florida's East Coast between Palm Beach and Vero Beach. The company has been alternatively considering expanding in the Houston area through acquisition.

The expansion will create 101 new, high-wage, advanced manufacturing jobs in Martin County.

Should Martin County become chosen as the project location, the total expansion will occupy 185,000 square feet on a leasehold at South Florida Gateway. This includes 130,000 square feet of warehouse space, 50,000 square feet of manufacturing space, and 5,000 square feet of office space. Competitively, other potential sites include Palm Beach Park of Commerce, along with Midway and Northbridge at Becker in St. Lucie.

The project's capital investment includes \$5.8 million in tenant building improvements and \$11.3 million in equipment. The applicant will create 101 jobs over the first three years, with an average salary of \$74,429.

	Year 1	Year 2	Year 3
Job Creation	72	16	13

The applicant is requesting participation in the Ad Valorem Property Tax Exemption Program. This program exempts the net new Countywide property taxes generated by a qualifying investment. The applicant is applying for an exemption for the Tangible Personal Property Tax portion of the program. Based on the program's criteria, the applicant is eligible for the exemption for an 8-year period, beginning in fiscal year 2026. A property tax and incentive proforma is provided in the Fiscal Impact Summary.

The eligibility criteria for this program include:

- Manufacturer that creates a minimum of 10 jobs – Qualified
- Sales factor of more than 50% sales outside of the region – Qualified

The Applicant has submitted the attached application for the program, which the MCBDB has reviewed and confirmed completeness and eligibility to participate in this program. Additionally, the MCBDB has prepared the attached fiscal and economic impact summary for this project.

We look forward to working with Martin County on this exciting project and addition to the County's manufacturing base. Please do not hesitate to contact me with any questions.

Sincerely,

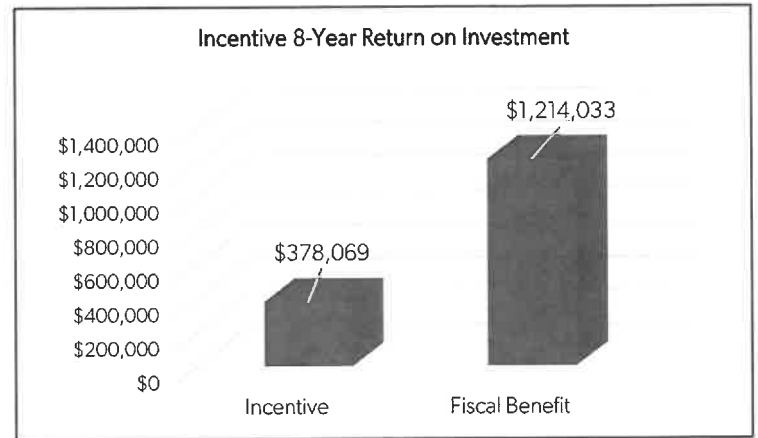
A handwritten signature in black ink, appearing to read "Dan Hudson".

Dan Hudson, Interim Executive Director

Power Systems Manufacturing manufactures and services gas turbines and are expanding and have identified potential locations on the Treasure Coast for a new facility, including a location in Martin County, located at 2000 SW Kanner Highway. The project's capital investment includes \$5.8 million in tenant building improvements and \$11.3 million in equipment. The applicant will create 101 jobs over a three-year period, with an average salary of \$74,429.

Incentive Program(s): Ad Valorem Property Tax Exemption

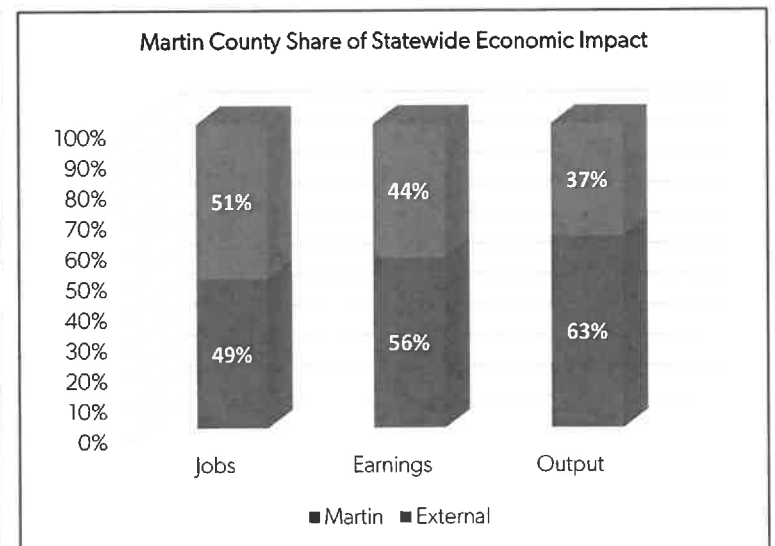
Capital Investment	\$17,777,000
Annual Economic Impact	\$55,494,912
Job Creation	101 new jobs
Incentive Amount	\$386,336
Return on Investment	\$1,246,891



During the construction and buildout phase of the project, approximately 99 jobs will be supported with \$8.6 million in earnings. This phase can provide a total economic impact to Martin County of approximately \$23 million. Once the facility opens and begins operation, the recurring (annual) benefits to the local economy begin. In the first year of operation, the facility will generate up to \$55 million in economic impact to Martin County and \$88 million total impact throughout the State of Florida.

	One Time (Construction/Startup)			
	Direct	Indirect	Induced	Total
Jobs	80	7	13	99
Earnings	7,568,357	384,581	699,484	8,652,421
Output	20,480,077	946,583	1,677,093	23,103,754

	Recurring / Annual Benefit in Martin County			
	Direct	Indirect	Induced	Total
Jobs	120	8	24	153
Earnings	12,630,547	459,778	1,364,267	14,454,592
Output	51,085,518	1,132,431	3,276,963	55,494,912



The fiscal impact summary provides estimates of the direct financial benefit to Martin County by a project requesting an economic development incentive. A summary of the key economic development factors is provided in the column to the right.

This project is comprised of a total investment of \$17.7 million, including \$11.3 million in tangible personal property, which is the subject of the incentive request.

Economic Development Summary

Investment	\$17,777,000
Job Creation	101
Average Salary	\$74,429
Incentive	\$386,336
Fiscal Benefit	\$1,246,891
Leverage	3.23
Incentive Share of Total Cost	2.2%

Tangible Personal Property Tax Estimates

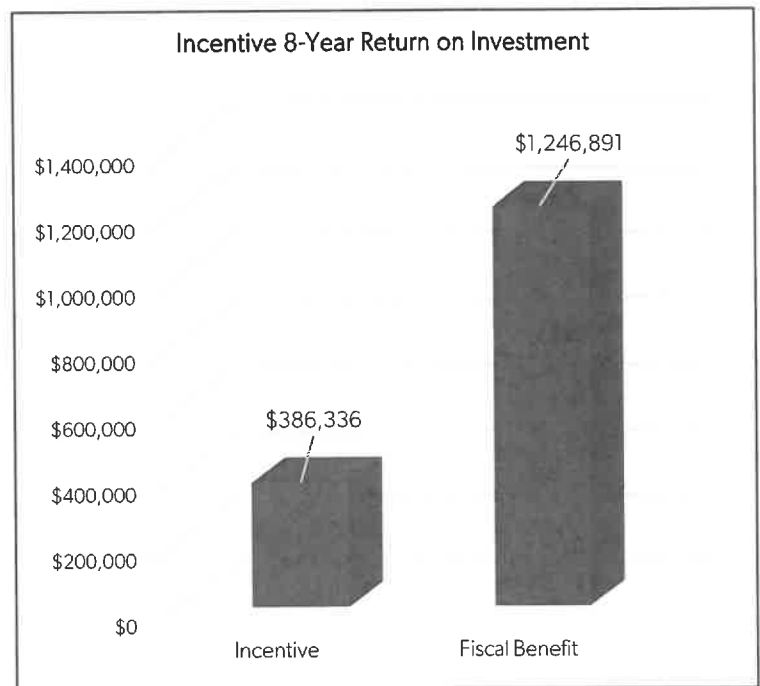
Based on the program criteria, the project is eligible for the tax exemption on Tangible Personal Property (TPP) for an eight-year period, beginning in fiscal year 2026. The incentive is structured as a "step" incentive; beginning with a 100% exemption in the first year, which is reduced by 10% in each subsequent year. The following table demonstrates the potential TPP tax receipts that the project may generate. The exemption applies only to the portion of the tax generated for the County General Fund*.

MARTIN COUNTY TAXING DISTRICTS	Millage	2026	2027	2028	2029	2030	2031	2032	2033	8 YEAR TOTAL
		100%	90%	80%	70%	60%	50%	40%	20%	
MSTU Fire Rescue	2.6884	\$15,956	\$31,454	\$33,197	\$34,347	\$35,532	\$36,598	\$37,696	\$38,827	\$263,607
MSTU Storm/Road	0.5989	\$3,555	\$7,007	\$7,395	\$7,652	\$7,916	\$8,153	\$8,398	\$8,650	\$58,724
MSTU Parks/Rec	0.1634	\$970	\$1,912	\$2,018	\$2,088	\$2,160	\$2,224	\$2,291	\$2,360	\$16,022
District 3 MSTU	0.0404	\$240	\$473	\$499	\$516	\$534	\$550	\$566	\$583	\$3,961
School General Fund	3.1950	\$18,963	\$37,381	\$39,453	\$40,820	\$42,228	\$43,494	\$44,799	\$46,143	\$313,281
School Capital Outlay	1.5000	\$8,903	\$17,550	\$18,522	\$19,164	\$19,825	\$20,420	\$21,033	\$21,663	\$147,080
School Discretionary	0.7480	\$4,439	\$8,751	\$9,237	\$9,557	\$9,886	\$10,183	\$10,488	\$10,803	\$73,344
School Addtl Voter MI	0.5000	\$2,968	\$5,850	\$6,174	\$6,388	\$6,608	\$6,807	\$7,011	\$7,221	\$49,027
Children Service Council	0.3618	\$2,147	\$4,233	\$4,468	\$4,622	\$4,782	\$4,925	\$5,073	\$5,225	\$35,476
Florida Inland Navigation District	0.0288	\$171	\$337	\$356	\$368	\$381	\$392	\$404	\$416	\$2,824
South Florida Water Management District	0.2301	\$1,366	\$2,692	\$2,841	\$2,940	\$3,041	\$3,132	\$3,226	\$3,323	\$22,562
County General Fund*	6.6010	\$39,182	\$77,239	\$81,520	\$84,344	\$87,253	\$89,871	\$92,567	\$95,344	\$647,319
TOTAL ANNUAL TPP TAX		\$98,858	\$194,878	\$205,679	\$212,805	\$220,145	\$226,750	\$233,552	\$240,559	
ANNUAL TAX EXEMPTION		\$39,182	\$69,515	\$65,216	\$59,041	\$52,352	\$44,935	\$37,027	\$19,069	\$386,336

The eight-year value estimate of the incentive request is \$386,336. The project will provide \$1.25 million in revenue for the other taxing authorities in Martin County, including \$260,983 to the County General Fund. Additionally, the real property investment into the building may generate an additional \$265,227 in Ad Valorem Tax Revenue for the County General Fund.

Direct Tax Benefits Over the Life of the Incentive (8 years)

Fire	\$263,607
Stormwater/Road	\$58,724
Parks and Recreation	\$16,022
District MTSU	\$3,961
Schools	\$582,732
Children's Services Council	\$35,476
Florida Inland Navigation District	\$2,824
South Florida Water Management District	\$22,562
County General Fund	\$260,983
Total	\$1,246,891

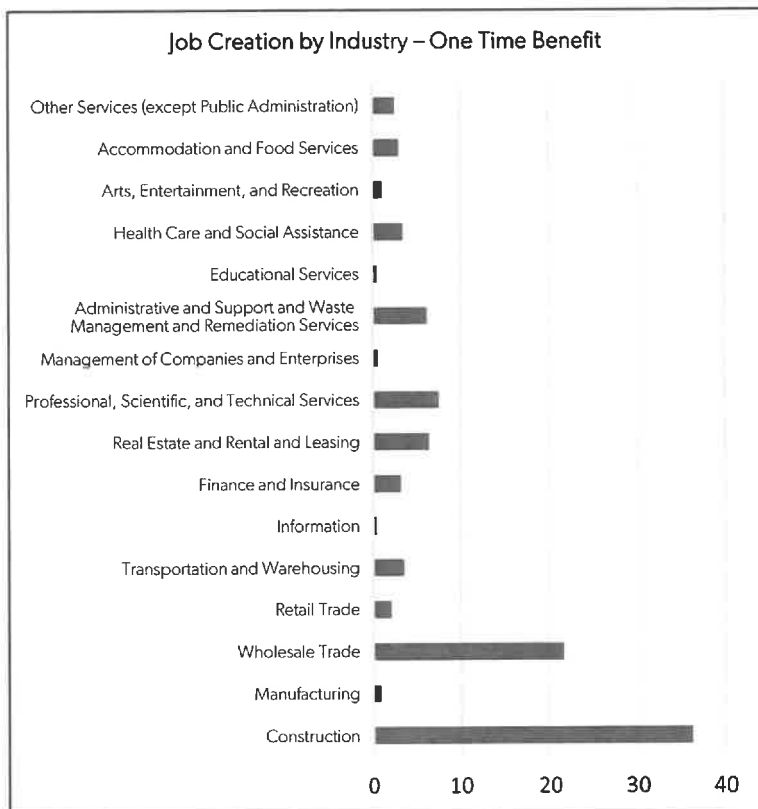


The economic impact summary of the project provides estimates of the project’s impact on the local economy. This includes one-time benefits that occur during construction and start-up, as well as recurring or annual benefits to the economy once the facility is open and operating. The economic impact is also provided for the direct, indirect, and induced benefits that the project will provide. More information about these measures and the methodology is provided at the end of this report.

During the construction and buildout phase of the project, approximately 99 jobs will be supported with \$8.6 million in earnings. This phase can provide a total economic impact to Martin County of approximately \$23 million.

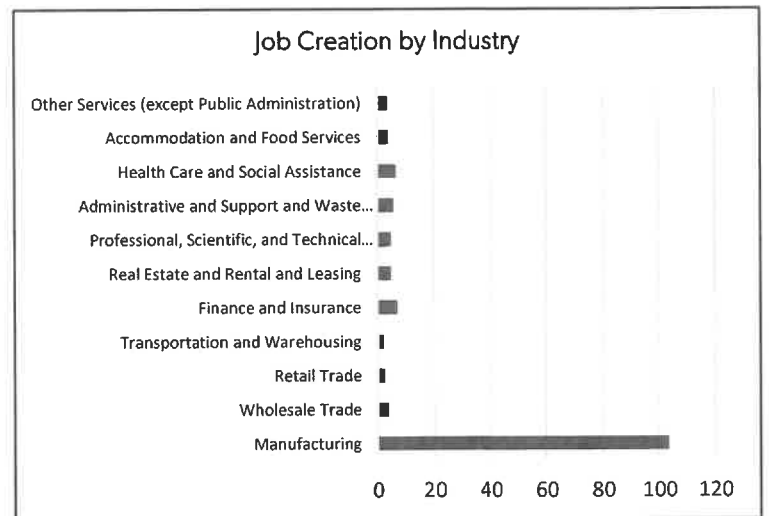
One Time Economic Impact				
	Direct	Indirect	Induced	Total
Jobs	80	7	13	99
Earnings	7,568,357	384,581	699,484	8,652,421
Output	20,480,077	946,583	1,677,093	23,103,754

The majority of the jobs supported during this phase are in the construction industry; however, employment and earnings in several other industries will also benefit, including Wholesale Trade, Administration, Health Care, Professional Services, and Real Estate.



Once the facility opens and begins operation, the recurring (annual) benefits to the local economy begin. In the first year of operation, the facility will generate up to \$55 million in economic impact to Martin County, and a total of \$88 million throughout the State of Florida. The project will support approximately 153 jobs in Martin County, with earnings of approximately \$14 million.

Recurring Economic Impact – Martin County				
	Direct	Indirect	Induced	Total
Jobs	120	8	24	153
Earnings	12,630,547	459,778	1,364,267	14,454,592
Output	51,085,518	1,132,431	3,276,963	55,494,912

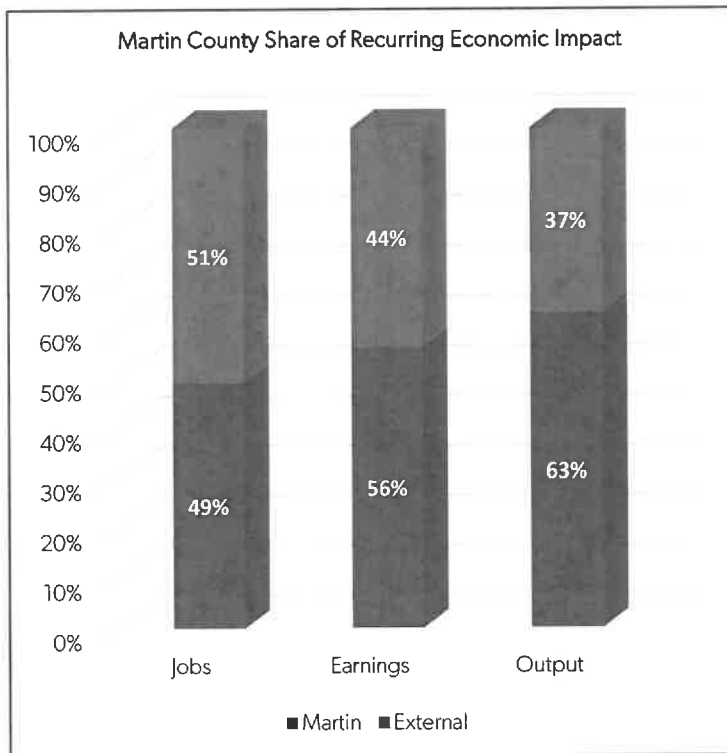


In addition to the economic impact in Martin County, the project will have significant economic benefit throughout the State of Florida through indirect and induced impacts as their investment and capital flows through the supply chain.

The Ad Valorem Tax Exemption Program requires that at least 51% of the company’s revenues be generated from outside of the region. The applicant has confirmed that approximately 84% of the sales generated by the Martin County facility will come from outside of the region.

Additionally, the project’s economic impact is also regionally significant, and will support job creation, earnings growth and overall economic output regionally and throughout the State of Florida.

	Martin	External	State Total
Jobs	153	159	311
Earnings	14,454,592	11,327,089	25,781,681
Output	55,494,912	32,652,369	88,147,281



Methodology

BusinessFlare® utilizes the EMSI II input-output model. The economic impact analysis utilizes source data that includes information from the Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics’ (BLS) Quarterly Census of Employment and Wages (QCEW).

Emsi’s Type II methodology shows industry-to-industry transactions plus household spending. The multiplier impacts calculated by the model are based on input-output methodology, which considers the inter-industry linkages that exist within an economy. Each industry needs labor and inputs from other industries in order to produce economic output.

Direct Effects are the effect of the user’s input change. This is the first round of changes. Using the analogy of tossing a rock into a pond as the initial, user-input change, the direct effect is the first ripple. The industry impacted by the user in the scenario will in turn impact other industries, demanding more goods or services from the industries in its supply chain.

Indirect Effects are the subsequent ripple effects in further supply chains resulting from the direct change. In more awkward terms, this shows the sales change in the supply chains of the supply chain, as a result of the direct change. This is the second round of impacts. This change is due to inter-industry effects.

Induced Effects are the change due to the impact of the new earnings created by the Direct and Indirect changes. These earnings enter the economy as employees spend their paychecks in the region on food, clothing, and other goods and services. In other words, this figure represents the income effects on inter-industry trade.

Definitions

Jobs: the effect of the user’s input change modeled through jobs.

Earnings: the user’s input change modeled through earnings.

Economic Output: The impact of an economic activity or investment on the defined economy in terms of job creation, earnings, and value added. Economic output is the impact that the activity has on other businesses, industries, and households in the economic region.