



v. January 6, 2020 – Page 1

Martin County Economic Development Initiative – Ad Valorem Tax Exemption Program

Reauthorization of Property Tax Exemption for Economic Development in 2020

Potential DRAFT Ballot Language

Shall the Board of County Commissioners of Martin County be reauthorized to grant, pursuant to Section 3, Article 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 and purchase new equipment or make new capital improvements in the county?

☐ **YES** For reauthorization to grant exemptions

☐ **NO** Against reauthorization to grant exemptions

To encourage new high-wage job growth and additional business investment in Martin County, the Business Development Board of Martin County recommends the reauthorization of the Economic Development Ad Valorem Tax Exemption Program. The Martin County Board of County Commissioners (BoCC) will need to consider and agree to hold a voter referendum that, if approved, would reauthorize the BoCC to grant property tax exemptions for expanding or new businesses that are creating good jobs and purchasing new equipment or making capital improvements in Martin County.

Many Florida counties and cities use this exemption as an incentive to attract businesses and encourage local entrepreneurship. In addition to Martin County, the surrounding counties of Indian River, Okeechobee, Palm Beach and St. Lucie also use property tax exemptions to encourage economic development.

The BDBMC proposes that the referendum appear on this year's August 2020 Primary Election ballot. All registered voters in Martin County would be eligible to vote on this nonpartisan issue which was first approved by voters in 2010. If the Ad Valorem Tax Exemption Program is authorized by the voters once again, it will allow the BoCC to grant qualifying businesses a temporary Martin County property tax exemption of up to 100% on new capital improvements and/or equipment purchases for up to 10 years. The incentive will have no impact on what the business or company is currently paying in County taxes on existing land, buildings, infrastructure and equipment.

Additionally, the BDBMC recommends updating program guidelines from 2010 to ensure alignment with County economic development goals and the potential use of the program by target and legacy industries, data centers and businesses located in designated economic development areas such as community redevelopment areas.



v. January 6, 2020 – Page 2

Fast Facts

Martin County's Proposed Reauthorization for Use of Property Tax Exemption for Economic Development

- The referendum must be approved by the voters of Martin County.
- Exemptions will not increase taxes for Martin County residents.
- All grants of exemptions must be approved by the Martin County Board of County Commissioners.
- The exemption benefit cannot exceed a 10-year period.
- The program does not exempt school taxes, city taxes or taxes levied by any other entity.
- Qualifying companies must meet threshold criteria for consideration
- Only new buildings and new equipment built or purchased to accommodate new employees are eligible. Land is not eligible for the exemption
- A business or organization that fails to meet performance requirements or benchmarks set by the BoCC may have the exemption revoked in whole or in part.

Frequently Asked Questions

About Martin County's Property Tax Exemption for Economic Development

What is the tax exemption for economic development?

Initially approved by voters in 2010, the ad valorem tax exemption for economic development incentive program is designed to help and assist existing local businesses expand and new businesses to locate in Martin County who are creating high-wage jobs and purchasing new equipment and/or making capital improvements.

What is the proposed tax exemption for economic development?

The ad valorem tax exemption for economic development is a proposed economic incentive program designed to encourage new businesses to locate in Martin County while assisting existing local businesses expand to create new and better job opportunities. If approved, the program will authorize the Martin County Board of County Commissioners to grant qualifying businesses a temporary County property tax exemption of up to 100% for up to 10 years.

Why is reauthorization of the program needed now?

Martin County voters authorized the ad valorem tax exemption for economic development in August 2010. According to Florida Statute 196.1995, Martin County's authority to grant exemptions expires 10 years after the date such authority was approved in an election. Such initial authority can be renewed for subsequent 10-year periods by the voters.

Why would the County want to continue to have this program in its tool box?

While our local economy continues to perform well enough to have positive job growth, the wages of the jobs being created can be higher with more

intentional economic development efforts and strategies. Additionally, diversifying and adding to the County's business base can provide more vibrancy and opportunities for local businesses and residents. Finally, new and existing commercial and industrial properties being (re) developed can be filled with new and growing companies.



v. January 6, 2020 – Page 3

How will the program be administered and what are the costs? Existing staff at the Business Development Board of Martin County, Martin County Government and the Property Appraiser's Office will support and administer the continuing program, if reauthorized.

Will the program create more competition for existing businesses? The program was envisioned to encourage diversification in the business community, not to create competition between existing businesses.

How can existing businesses take advantage of this opportunity? This incentive would encourage existing businesses to expand, purchase new equipment, make capital improvements and create new jobs while keeping existing jobs.

What taxes would be eligible for exemption? Martin County property taxes on qualifying buildings and equipment (real and tangible personal property) would be eligible.

Would school or city taxes be affected? No. The exemption would apply only to the countywide ad valorem tax levied by Martin County and would not apply to school taxes, city taxes or the taxes of any other entity.

Would Martin County's services be affected? There are no anticipated impacts to the County's existing services as a result of the program. In fact, the long-term expectation is that the financial benefits to the County from increased employment and business diversification outweigh any temporary reduction in ad valorem tax revenues.

Qualifying Criteria

- Net number of new jobs
- Average wage of new jobs
- Capital investment to be made by applicant
- Target, legacy or business in an economic development area such as a community redevelopment area
- Environmental impact
- Extent to which applicant intends to source its supplies and materials in Martin County
- Economic related characteristics or criteria deemed necessary by Martin County

Are companies that apply automatically granted an exemption? No. Companies must first meet threshold criteria required by state law. If all criteria are met, an application will be considered by the Martin County Board of County Commissioners at a public hearing where public input is taken. The board will have discretion to grant or deny exemption applications and to determine the percentage and duration of the exemption. Each exemption is granted on a case by case basis.

What are the threshold criteria? (Original criteria – to be reviewed and updated with County Administration)

For New Businesses or Organizations

- A business or organization that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full-time jobs paying an average wage above the average wage in this area; or



v. January 6, 2020 – Page 4

- A business or organization that is a qualified target industry and creates 10 or more full-time jobs paying an average wage above the average wage in this area; or
- A business or organization that sells 50% or more of its goods outside the state and creates 25 or more full-time jobs; or
- A business or organization that leases or owns office space on a site separate from any other commercial or industrial operation that it owns and creates 50 or more full-time jobs; or
- A business or organization located in an Enterprise Zone or Brownfield Area that creates new full-time jobs.

For Existing Businesses or Organizations

- A business or organization that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full-time jobs that are above the average wage in the area; or
- A business or organization that is a qualified target industry and creates 10 or more full-time jobs that are above the average wage in the area; or
- A business or organization that creates 25 or more full-time jobs and sells 50% or more of its goods outside the State for each year the exemption is claimed; provided that the business increases operations on a site co-located with a commercial or industrial operation owned by the same business, resulting in a net increase in employment of at least 10% or an increase in productive output of at least 10%; or
- A business or organization located in an Enterprise Zone or Brownfield Area that increases operations on a site located within the same zone or area co-located with a commercial or industrial operation owned by the same business or organization.

Are existing buildings and equipment eligible for exemption? No. Only new buildings and new equipment built or purchased by a qualifying business after the application for exemption is filed are eligible. Land is not eligible. Equipment purchased to replace existing equipment is not eligible. If the property has been taxed before, it is not eligible, regardless of any ownership change.

Can the exemption be applied retroactively? No. It applies only to new construction and new equipment constructed or purchased after the application for exemption has been filed.

Can businesses apply for an exemption before August 18, 2020? Yes. Because this is an existing program, applications can still be accepted through the initial 10-year program period authorized by voters on August 24, 2010.

What happens if a business that has been granted an ad valorem tax exemption fails to comply with the job creation requirements of the Economic Development Ad Valorem Tax Exemption Program?

A business or organization which does not achieve the performance requirements specified in the individual authorizing ordinance could/would have the ad valorem tax exemption revoked in whole or in part.