



Agenda Item Summary

File ID: 18-0734

DEPT-2

Meeting Date: 9/11/2018

PLACEMENT: Departmental

TITLE:

MARTIN COUNTY TANGIBLE PERSONAL PROPERTY GRANT PROGRAM

EXECUTIVE SUMMARY:

In 2014, Martin County developed a Tangible Personal Property Grant Program which was then used in 2015 to incentivize Florida Power & Light's (FPL) utilization of their property in Indiantown as a major storage facility for one year. The program was revised later in 2015 and a five year agreement approved. With the incorporation of Indiantown, the program and agreement currently in place must be revised to be valid. The County Attorney is revising the Grant Program and Grant Agreement. Staff is proposing an agreement with FPL which authorizes a rebate of 50% of the County-wide millage rate.

DEPARTMENT: Administration

PREPARED BY: **Name:** Taryn G. Kryzda
Title: County Administrator

REQUESTED BY: Taryn G. Kryzda

PRESET:

PROCEDURES: None

BACKGROUND/RELATED STRATEGIC GOAL:

Florida Power & Light (FPL) owns warehouse property in western Martin County (County), which is located within the newly incorporated boundary of the Village of Indiantown (Village) and the County's Indiantown Community Redevelopment Area (CRA) boundary, where they have a storage area for major tangible personal property. Tangible Personal Property (TPP) is any type of property that can generally be moved (i.e., it is not attached to real property or land), touched or felt. TPP is subject to having taxes levied on the reported value. The taxes that are paid are based upon the value times all taxing authorities adopted millage rate(s). FPL utilizes this site as a storage facility for their large spare parts that are deemed to be TPP. Late in 2014, FPL approached the County to determine if there was any ability for the County to provide a discounted millage rate to FPL as they had researched other counties that could be considered to house their TPP. In their research, they discovered their other property in Collier County has a lower millage rate that would be extremely beneficial to FPL and the lower taxes they would pay on their TPP. The lower millage rates, FPL's ability to move their TPP, and the fact that FPL wanted to significantly increase their TPP inventory were all factors for the Board's consideration for approval of such a program for FPL and possibly

other entities that met the requirements established in the Grant Program.

Initially, after extensive discussion, the Board agreed to a one year agreement with FPL to provide a grant which resulted in an effective millage rate of 4.000 mills on their TPP for the 2015 tax role. At the time, the County had a designated Enterprise Zone in Indiantown, to promote retaining and attracting business investments, and the warehouse site was within the Enterprise Zone and Indiantown CRA boundaries, which both had priorities to promote economic growth. The one year agreement provided a grant which was based upon the amount of taxes FPL would pay for their TPP at the warehouse site applying the total County millage rate compared to the amount that would be paid if the millage rate was capped at 4.000 mills. At the time, the grant award was estimated to be between \$200,000 and \$600,000 based upon FPL's commitment for the TPP inventory to be at a minimum of \$185,000,000 and the County's adopted millage rate. As of January 1, 2015, which is when the TPP for the taxable values for 2015 were established, FPL had TPP on the site worth \$330,595,084. Based upon the adopted millage rate for FY16, FPL's taxes to be paid on the TPP value of \$331M was \$2,981,258.86. The TPP Grant amount based upon a millage rate of 4.000 was \$1,711,773.74, so FPL was provided a grant reimbursement of \$1,269,485.12.

In June 2015, FPL returned to the Board and requested the Board consider implementation of a TPP Grant for a five year period. During that year, the Florida Legislature decided to allow all Enterprise Programs(s) to expire. Based upon that determination and a consideration for a five year TPP Grant program, the Board adopted a resolution, amending the TPP Grant program and TPP Grant Agreement. The amended TPP Grant Program requires the grantee to be located within the County's Primary Urban Service District (USD) boundary and the Indiantown CRA boundary (the FPL warehouse site was within the Indiantown CRA boundary). The term of the TPP Grant Agreement is from January 1, 2016 to December 31, 2020.

Last December, the Village of Indiantown (Village) was established. The boundary for the Village included areas that were previously within the County's Indiantown CRA. The Board received a letter from the Village, on April 26, 2018, requesting that the Board dissolve the County's Indiantown CRA. The Board approved the request on May 22, 2018. Staff has been reviewing the implications of the County's Indiantown CRA dissolving and the TPP Grant. Since the TPP Grant was created to promote economic development in Indiantown within the area defined as the County's Indiantown CRA, which is now dissolved, the TPP Grant agreement is no longer applicable because the FPL warehouse site is no longer a part of the Indiantown CRA nor is it within the County's USD. In addition, the County's economic redevelopment advisory board for Indiantown was also dissolved in recognition that economic development will now be a matter for the Village.

On June 19, 2018 staff brought an item to the Board to discuss the TPP Grant Program and the changing dynamic that was created by the Village incorporation. The Board directed staff to meet with FPL and return to the Board with a revised TPP Grant Program and draft Agreement that the County would address the issues posed by the incorporation. Prior to the incorporation, the County collected taxes in the unincorporated (which included all of Indiantown) area for services defined within a Municipal Services Taxing Units (MSTU) for Fire Rescue, Road & Stormwater Maintenance and Park Maintenance. The incorporation of the Village prevents the County from being able to levy taxes other than the County-wide millage to the incorporated residents throughout the County. This is significant because the initial TPP Grant Program was structured to offer a rebate based upon a set millage rate that was applied to all millage rates, including the MSTUs since the FPL TPP was located in the unincorporated area.

The Village is willing to create a TPP Grant Program that would be offered to FPL and essentially 'rebates' to FPL \$250,000 to offset the taxes that FPL will be paying for those properties located

within the Village boundary. The County has reviewed various scenarios to develop a TPP Grant Program that would be reasonable and easy to implement as far as the annual calculation. The County is offering through the TPP Grant Program a 'rebate' that is equal to fifty-percent (50%) of the County-wide millage rate. In essence, for illustrative purposes, using the current FY19 tentatively approved millage rate of 6.5971 with a TPP value of \$385,247,318 (FPL's TPP value for 2018), the taxes to be paid would be \$2,541,515. Applying a 50% reduction to the county-wide millage rate, the millage would be 3.29855 applied to the \$385,247,318 value the net taxes that would be paid would be \$1,270,759, with a rebate from the County in the amount of \$1,270,759.

The County can only utilize those revenues that they control for a TPP Grant. The County cannot guarantee what the Village can or cannot do relative to offering a rebate to FPL for the millage rate that would be levied and the taxes that will be collected by the Village. Therefore, the proposed revisions to the TPP Grant Program only focus on the county-wide portion of the County's millage rate. It also does not include other millage rates that are levied by the School District, Florida Inland Navigational District (FIND), Children's Services Council (CSC) or South Florida Water Management District (SFWMD). A resolution approving a revised TPP Grant Program and a draft TPP Grant Agreement will be submitted to the Board via supplemental memorandum once it is finalized by the County Attorney. Latest communication with FPL representatives indicate that FPL is interested in having an agreement for one year to allow ample time for the Village to get their budget established and 'settled'.

ISSUES:

The County recognizes FPL's financial impact in the County and the benefit(s) of partnering with FPL when possible. Offering a TPP Grant Program shows the County's willingness to be more competitive with other areas and hopefully keep FPL from locating their inventory in another county.

LEGAL SUFFICIENCY REVIEW:

This item has been reviewed for legal sufficiency to determine whether it is consistent with applicable law, has identified and addressed legal risks, and has developed strategies for legal defensibility.

RECOMMENDED ACTION:

RECOMMENDATION

Move that the Board approve the Resolution amending the TPP Grant Program and authorize the Chairman to sign the proposed TPP Grant Agreement, which would provide for a rebate equaling the amount of 50% of the County wide millage to FPL's TPP value for a term of one year. (To be submitted by Supplemental Memorandum.)

ALTERNATIVE RECOMMENDATIONS

Provide staff direction concerning the proposed Resolution, the amended TPP Grant Program and/or the proposed TPP Grant Agreement.

FISCAL IMPACT:

RECOMMENDATION

The FY19 fiscal impact would be \$1,270,759 to the general fund, which an amount has been

included in the FY19 tentative budget based upon prior allocations.

ALTERNATIVE RECOMMENDATIONS

The fiscal impact would depend upon the Board's decision.

DOCUMENT(S) REQUIRING ACTION:

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| <input type="checkbox"/> Budget Transfer / Amendment | <input type="checkbox"/> Chair Letter | <input type="checkbox"/> Contract / Agreement |
| <input type="checkbox"/> Grant / Application | <input type="checkbox"/> Notice | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Other: TPP Grant Program | | <input checked="" type="checkbox"/> Resolution |