
# Work Hard
# Play Hard
# in Flagler County

## Economic Incentives

An Investment in the Future

Flagler County
Florida

# Contents

## WHY ECONOMIC DEVELOPMENT INCENTIVES?

Incentives can be a catalyst for economic development by providing various forms of direct and indirect financial support to businesses. In return, governments that provide such support expect that the businesses will reciprocate by creating jobs and making investments in infrastructure, facilities, and equipment that will ultimately enhance the local economic climate.

Incentives can be a powerful tool for economic growth not just because of the direct jobs that they create, but also because of the leverage they create for knock-on economic activity – sometimes referred to as secondary and tertiary job creation. The amount of downstream economic growth from the original job creation and investments creates often dwarfs the relative size of the incentive grants themselves.

Briefly, incentives may provide:

- Financial support to minimize upfront costs and speed up the timeline to profitability.
- Create leverage for knock-on economic activity, which can dwarf the relative size of the incentive grants themselves.
- Create a true public-private partnership between a community, state, and company, which can create both direct and indirect economic impact based on the company's economic activity in the area.

They do this in three ways:

1. Every job supported by an incentive grant indirectly supports other jobs in their local area. Supporting the creation or retention of just 1 job has a multiplier effect on others in that worker's immediate community (think grocery stores, gas stations, service workers, schools and more).

2. In addition to jobs, companies must also invest in capital expenditures. A relatively modest incentive grant can be thought of as leverage that induces a company to spend dollars in a physical plant and equipment – and these are just a handful of examples. That private cash investment goes straight into local economies, with the same knock-on effects.

3. Those new jobs created, both directly and indirectly, generate much more economic activity than the incentive grant alone.

## FAST TRACK PERMITTING PROGRAM

Overview

| Implementation Time Frame: Short-Term | | |
|---|---|---|
| **Incentive 1** | Legal Approach | Budget Effects on General Fund |
| **Fast Track Permitting Program** | | |
| | Standard Operating Procedures* | N/A |
| The program accelerates the planning, zoning, and building permitting process. It is available to companies that are expanding operations or moving into the County so that value-added employment may be created at a faster pace. The program provides qualifying projects an efficient process to resolve issues in a timely manner through face-to-face meetings with a county representative without sacrificing any requirements as established through the County's Codes or Comprehensive Plan. Companies must meet specific criteria in order to qualify for the program. | | |

*Standard Operating Procedures would need to be crafted by the Growth Management Department in order to implement this program.

# AD VALOREM REAL PROPERTY TAX ABATEMENT

Overview

| **Implementation Time Frame: Short-Term** | | |
|---|---|---|
| **Incentive 2** | Legal Approach | General Fund Effects |
| **Ad-Valorem Tax Abatement** | | |
| In property law, abatement refers to a reduction in property taxes that a company has to pay on any given property. The first five years of operation of a company - relocating or expanding - are traditionally the most expensive. By offering tax abatement during those first years of operation, a company may be able to reach peak performance and job creation at a faster rate. Abatement of taxes are often granted to incentivize economic development. | Call for Referendum Vote | Limited to 5 Years |
| | Place on Ballot | *Note: There are different approaches to developing the program. Some governments have a point system, others are more straight forward after meeting specific criteria. Each approach would result in a different effect on the general fund.* |
| | 1st Reading: Ordinance | |
| | 2nd Reading & Adoption of Program | |
| | Each Individual Project Requires Commission Approval | |
| The use of ad-valorem tax exemptions (property & personal property) as an economic development incentive is authorized by the State of Florida Constitution, Article VII. Further, Florida Statutes 196.1995 outlines the process that local governments must follow in order to grant such economic incentives and outlines suggested ballot language.<br><br>The REV (Recaptured Enhanced Value) Grant Program has been used successfully in other counties in lieu of tax abatements. It is outlined on page 12 of this document. | | |

Background

An ad valorem tax is a tax based on the assessed value of an item, such as real estate or personal property. The Latin phrase *ad valorem* means according to value. The most common ad valorem taxes are property taxes levied on real estate by local jurisdictions such as counties, municipalities, or school districts. Ad valorem taxes may be levied on both real property (land, buildings, and other structures) and major personal property (contents within a building, car, or boat).

The value of real property is considered by January 1 at least once every five years by Flagler County Property Appraiser's office. To estimate the value, the appraiser must identify comparable properties that have been sold, their sale prices, and the terms and conditions of the sale. For residential properties, a homestead exemption may be applied capping annual tax increases to 3% or the Consumer Price Index (CPI), whichever is lower, provided the homeowner qualifies. Non-homestead properties - commercial, industrial, seasonal residential, apartment building, etc. - ad valorem real property taxes are typically capped at 10% per annum.

There are two other methods to appraise ad valorem real property taxes: the cost approach and the income approach. The cost approach is based on how much build an almost identical structure on the parcel. The income approach – usually performed on commercial property – requires a study of how much net revenue a property would produce.

Concept of Ad Valorem Real Property Tax Abatement Program

The first five years of the operations of a relocating or expanding company are often the most expensive. By offering a tax abatement during those first years, a company may be able to reach peak performance and therefore job creation at a faster pace. The County may offer a property tax abatement to qualified targeted industries to stimulate job creation for a period of up to five (5) years. All applications go through an approval process. This is a discretionary incentive, offered to projects on a case-by-case basis for the sole purpose of job creation. The incentive applies for ad valorem taxes real property taxes levied by Flagler County only.

Legal Approach

The use of ad valorem tax exemptions (real property and personal property) as an economic development incentive is authorized by the State of Florida Constitution, Article VII. Further, Florida Statutes 196.1995 outlines the process that local governments must follow in order to grant such economic incentives and outlines suggest ballot language. The basic steps are:

- The board of county commissioners of any county or the governing authority of any municipality shall call a referendum within its total jurisdiction to determine whether its respective jurisdiction may grant economic development ad valorem tax exemptions under s.3, Art. VII of the State Constitution if:
    - (a) The board of county commissioners of the county or the governing authority of the municipality votes to hold such a referendum.
- The ballot question in such referendum shall be in substantially the following form:

  Shall the board of county commissioners of this county (or the governing authority of this municipality, or both) be authorized to grant, pursuant to s. 3, Art VII of the State Constitution, property tax exemptions to new businesses and expansions of existing business that are expected to create new, full-time jobs in the county (or municipality, or both)?

  Yes – For authority to grant exemptions.

  No – Against authority to grant exemptions.
- If the referendum is approved by voters, adoption of Ad Valorem Real Property Tax Abatement Program would be place on County Commission Agenda for consideration, two hearings, and adoption.

- Each individual application for the program would be presented to the County Commissioners for approval by resolution.
- The authority to grant exemptions expires 10 years after the date such authority was approved in an election, but such authority may be renewed for subsequent 10-year periods if each 10-year renewal is approved in a referendum.
- By definition, abatement refers to the act of reducing or nullifying something. In property law, abatement refers to a reduction in property taxes a person/company has to pay on any given property.

Program Concept Guidelines

In order to apply for the Ad Valorem Real Property Tax Abatement Program company must:

- Value-Added Employer.
- Average wages must be 125% of average annual wages paid in Flagler County as defined by the State of Florida
  - $50,950 per annum
  - $24,54 per hour
- Add 10 new full-time employees to the payroll in Year 1.
- Ad Valorem Property Tax Abatement applies to new construction for expanding (existing) companies.
- Relocating companies would be eligible to apply for new construction as well as existing buildings for Ad Valorem Tax Abatements.
- Program would be limited to five (5) years on a sliding scale.

| | |
|---|---|
| Year 1 | 100 % Exemption |
| Year 2 | 100 % Exemption |
| Year 3 | Taxes that would have been assessed in Year 1 |
| Year 4 | Taxes that would have been assessed in Year 1 + 3% |
| Year 5 | Taxes that would have been assessed in Year 1 + 6% |
| Year 6 | Taxes at normal rate |

The REV Grant – Recaptured Enhanced Value – Program has been used successfully in Baker County and Clay County as an economic development incentive. Their programs served as models in developing the program for Flagler County as outlined on Page 12.

## TANGIBLE PERSONAL PROPERTY TAX ABATEMENT

Overview

| Implementation Time Frame: Short-Term | | |
|---|---|---|
| **Incentive 3** | Legal Approach | Budget Effects on General Fund |
| **Tangible Personal Property Tax Abatement** | | |
| The cost of machinery to produce goods and/or services for companies that wish to relocate or expand operations can be exorbitant. Offering tangible personal property tax abatements may help with the company's cash flow and contribute to a positive outcome during the site selection process. Tax abatements would be offered through a reimbursement program after proof of purchase and installation of needed equipment for production and/or services. | Call for Referendum Vote<br>Place on Ballot<br>1st Reading: Ordinance<br>2nd Reading & Adoption of Program<br>Each Individual Project Requires Commission Approval | Limited to 5 Years |
| The use of ad-valorem tax exemptions (property & personal property) as an economic development incentive is authorized by the State of Florida Constitution, Article VII. Further, Florida Statutes 196.1995 outlines the process that local governments must follow in order to grant such economic incentives and outlines suggested ballot language.<br><br>The REV (Recaptured Enhanced Value) Grant Program has been used successfully in other counties in lieu of tax abatements. It is outlined on page 12 of this document. | | |

Background

Tangible personal property (TPP) is defined as all goods and articles of value that can be physically possessed other than real estate. TPP includes furniture, fixtures, tools, machinery, equipment, signs, leasehold improvements, leased equipment, supplies, and any other equipment that may be used as part of the ordinary course of business or included inside a rental property.

The following types of business must file a Tangible Personal Property tax return with the county property tax appraiser:

- Proprietorship
- Partnership
- Corporation
- Self-employed agent or contractor
- Leases, lends or rents property

Companies that file the TPP tax return by/or before April 1st of each year are eligible for a tangible property tax exemption of up to $25,000. Any returns filed after April 1 will be assessed penalties for improper or late filing of returns as outlined in Florida Statute 193.072.

Concept of Tangible Personal Property Tax Abatement Program

The equipment and machinery for a new or expanding business can sometimes exceed the cost of the physical structure of the building itself. Offering tangible personal property tax abatements may help with the company's cash flow and contribute to a positive outcome during the site selection process. Tax abatements would be offered through a reimbursement program after proof of purchase and installation of needed equipment for production and/or services.

Legal Approach

The use of ad valorem tax exemptions (real property and personal property) as an economic development incentive is authorized by the State of Florida Constitution, Article VII. Further, Florida Statutes 196.1995 outlines the process that local governments must follow in order to grant such economic incentives and outlines suggest ballot language. The basic steps are:

- The board of county commissioners of any county or the governing authority of any municipality shall call a referendum within its total jurisdiction to determine whether its respective jurisdiction may grant economic development ad valorem tax exemptions under s.3, Art. VII of the State Constitution if:
  - (a) The board of county commissioners of the county or the governing authority of the municipality votes to hold such a referendum.
- The ballot question in such referendum shall be in substantially the following form:

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  Yes – For authority to grant exemptions.

  No – Against authority to grant exemptions.
- If the referendum is approved by voters, adoption of Tangible Personal Property Tax Abatement Program would be place on County Commission Agenda for consideration, two hearings, and adoption.
- Each individual application for the program would be presented to the County Commissioners for approval by resolution.

- The authority to grant exemptions expires 10 years after the date such authority was approved in an election, but such authority may be renewed for subsequent 10-year periods if each 10-year renewal is approved in a referendum.

- By definition, abatement refers to the act of reducing or nullifying something. In property law, abatement refers to a reduction in property taxes a person/company has to pay on any given property.

Proposed Program Concept Guidelines

In order to apply for the Tangible Personal Property Tax Abatement Program company must:

- Value-Added Employer
- Average wages must be 125% of average annual wages paid in Flagler County as defined by the State of Florida
  - $50,950 per annum
  - $24.50 per hour
- Add 10 new full-time employees to payroll over length of the program.
- Tangible Personal Property Tax Abatement Program applies to purchase or lease of new equipment needed in order to grow the business.
- Program would be limited to five (5) years on a sliding scale.

| | |
|---|---|
| Year 1 | 100 % Exemption |
| Year 2 | 100 % Exemption |
| Year 3 | Taxes that would have been assessed in Year 1 |
| Year 4 | Taxes that would have been assessed in Year 1 + 3% |
| Year 5 | Taxes that would have been assessed in Year 1 + 6% |
| Year 6 | Taxes at normal rate |

The REV Grant – Recaptured Enhanced Value – Program has been used successfully in Baker County and Clay County as an economic development incentive. Their programs served as models in developing the program for Flagler County as outlined on Page 12 of this document.

## INCENTIVE WAGE GRANT

Overview

| Implementation Time Frame: Short-Term | | |
|---|---|---|
| **Incentive 4** | Legal Approach | Budget Effects on General Fund |
| **Wage Incentive Grant** | | |
| Grant to encourage the relocation/expansion of companies that pay 125% of the annual wage in Flagler County which equates to 60% higher than the poverty rate. Grant would complement the Quick Response Training Grant offered by Career Source. | Resolution to create the program. | Limited to 1 Year |

Background

The Wage Incentive Grant is modeled after the Quick Response Training program, administered by CareerSource Florida. The Quick Response Training (QRT) is a state-funded grant program that provides funding to qualified businesses to train their net, new, full-time employees. Funding is provided in the form of a performance based reimbursable grant, 12-month maximum term and pay 125% above state or local wages. The proposed Wage Incentive Grant may be used to complement the QRT offered by the State or as a stand-alone incentive.

Proposed Program Concept & Guidelines

In an effort to encourage companies to pay 125% of the county average for new full-time employees, the county will off-set $5,000 per job for one year (12 months) capped at 25 jobs. To qualify, the company must pay County ad-valorem property taxes. This represents the approximate difference between the definition of a value-added job (115%) and a more aggressive and innovative approach to attracting high paying employers.

| | Average Annual Wage | Hourly Wage | 115% of Annual Wage | Hourly Wage | 125% of Average Wage | Hourly Wage |
|---|---|---|---|---|---|---|
| State of Florida | $60,176 | $28.93 | $69,202 | $33.27 | $75,220 | $36.16 |
| Flagler County | $40,760 | $19.60 | $46,874 | $22.54 | $50,950 | $24.50 |
| St. Johns | $52,796 | $25.38 | $60,715 | $29.19 | $65,995 | $31.73 |
| Volusia | $46,385 | $22.30 | $53,343 | $25.65 | $57,981 | $27.88 |

*Data Source: State of Florida Incentive Average Wage Requirements – Effective January 1, 2023*

State of Florida | Program Average Wage Requirements | Effective January 1, 2024

| | Average Annual Wage | Hourly Wage | 115% of Annual Wage | Hourly Wage | 150% of Average Wage | Hourly Wage | 200% of Average Wage | Hourly Wage |
|---|---|---|---|---|---|---|---|---|
| State of Florida | $63,670 | $30.61 | $73,221 | $35.20 | $95,505 | $45.92 | $127,340 | $61.22 |
| Flagler County | $44,801 | $21.54 | $51,521 | $24.77 | $67,202 | $32.31 | $89,302 | $43.08 |
| St. Johns | $56,425 | $27.13 | $64,889 | $31.20 | $84,638 | $40.69 | $112,850 | $54.25 |
| Volusia | $49,175 | $23.64 | $56,551 | $27.19 | $73,763 | $35.46 | $98,350 | $47.28 |

Utilizing the State of Florida's 2024 Average Wage Requirements, 125% of the average annual wage in Flagler County would equate to $56,001[25]

## RECAPTURED ENHANCED VALUE (REV) GRANT PROGRAM

Overview

| Implementation Time Frame: Short-Term | | |
|---|---|---|
| **Incentive 5** | Legal Approach | Budget Effects on General Fund |
| **REV Grant - Recaptured Enhancement Value aka Tax Increment Grant** | | |
| Utilizing a base year as established by the Property Appraiser of a project's site, a certain percentage of the county's incremental increase from the base year of the taxes paid on real property may be available as a grant to the project. Program should be designed to encourage large scale development meeting specific criteria similar to what is offered by Baker County and Clay County.<br><br>REV Grant is often used in lieu of Tax Abatement Programs. | Resolution to create the program.<br><br>Tied to Ad-Valorem increase in value. | 10 Years |

Background

The Enhanced Property Value Recapture Grant (REV Grant) is designed to attract larger scale private capital investment and/or redevelopment into nonresidential project sites. The goal is to expand the tax base, create employment opportunities, or attract targeted industries, and businesses. Utilizing a "base year" assessed property value (from the Property Appraiser's database) for the project, a percentage of the incremental increase in real and/or tangible personal property paid by the project above the base year amount is available as a grant to incentivize the project.

Proposed Concept of REV Grant

- New construction or redevelopment of nonresidential properties that generate additional ad valorem tax revenue.
- Applicant/project must invest a minimum of $10 million in construction or renovation (excluding land).
- Eligible projects may include: light industrial projects, warehousing, and logistic developments.
- Prospective businesses must employ at least 30 employees at 125% of annual Flagler County wage.

The Project must generate enough tax increment to cover the requested assistance. A grant is paid annually to the owner after construction of the project that creates the increment is completed, the property becomes taxable, and property taxes and assessments are paid. Incentive grant only applies to taxes levied by Flagler County.

Grant would be offered on a sliding scale:

| | |
|---|---|
| Years 1 – 5 | Incentive Grant = 75% of Increment Value of Assessed Ad-Valorem Property Tax |
| Years 6 – 10 | Incentive Grant = 50% of Increment Value of Assessed Ad-Valorem Property Tax |
| Year 11 | Return to Normal Taxation Value |

## Impact Fee Grant Program – Customized Package

Overview

| **Implementation Time Frame: Long-Term** | | |
|---|---|---|
| **Incentive 6** | Legal Approach | Budget Effects on General Fund |
| **Customized Packages - Impact Fee Grant Program** | | |
| Interest earned from impact fees by a governmental entity may be used to offer economic development incentive programs provided that the monies are used for the express purpose of offsetting impact fees. The use is limited for grants from the same line item or impact fee. Example: Interest earned from previously collected road impact fees may be used to offset costs for road impact fees. FS 219.075 (1)(b) affirmed by AGO 94-39 | Resolution | N/A |
| | | Fund Would be Replenished by Interest Earned in Each Line Item |

Background

**F.S. 219.075 Investment of surplus funds by county officers.—**

(1)(a) Except when another procedure is prescribed by law or by ordinance as to particular funds, a tax collector or any other county officer having, receiving, or collecting any money, either for his or her office or on behalf of and subject to subsequent distribution to another officer of state or local government, while such money is in excess of that required to meet current expenses or is pending distribution, shall invest such money, without limitation, as provided in s. 218.415.

(b) These investments shall be planned so as not to slow the normal distribution of the subject funds. The investment earnings shall be reasonably apportioned and allocated and shall be credited to the account of, and paid to, the office or distribute, together with the principal on which such earnings accrued.

In 1995, Collier County ask substantially the following question of the Florida Attorney General:

> May a county use interest that accrues on impact fee accounts to pay for affordable housing waiver and deferrals of such impact fees?

After much discussion, Attorney General Robert A. Butterworth concluded:

> "Accordingly, it is my opinion that the interest on an impact fee trust fund may be used to offset the cost of granting waivers and deferrals from the impact fee for low-income housing, since such expenditures would be for the same purpose for which the impact fee was charged."

Since the AGO ruling, economic developers have been able to utilize that same principle in order to provide incentives to economic development projects.

Proposed Project Guidelines

- Set up accounting systems to delineate the interest that is earned in each impact fee account that is assessed by Flagler County.
    - Fire / Rescue
    - EMS
    - Law Enforcement
    - Libraries (residential only)
    - Parks & Recreation (residential only)
    - Transportation / Roads
- Allow interest to accrue for a number of years (3+ years).
- Use interest as an additional tool in incentivizing economic development projects.

## PUBLIC PRIVATE PARTNERSHIP TO DEVELOP A LIGHT INDUSTRIAL PARK

Overview

| Implementation Time Frame: Long-Term | | |
|---|---|---|
| **Incentive 7** | Legal Approach | Budget Effects on General Fund |
| **Public Private Partnership - P3** | | |
| Working with municipal partners, purchase land for the development of a light industrial park. In coordination with private sector developer, master plan site, install horizontal infrastructure as needed. Private sector developer would be responsible for vertical construction, marketing, selling &/leasing. As properties are sold, the government would recover initial investment. | Resolution to create the program. | Capital Improvement Plan |

Background

Public Private Partnerships involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects. Some examples include public transportation networks, parks, and convention centers. Financing & construction through a public private partnership can allow a project to be completed sooner or make it a possibility in the first place.

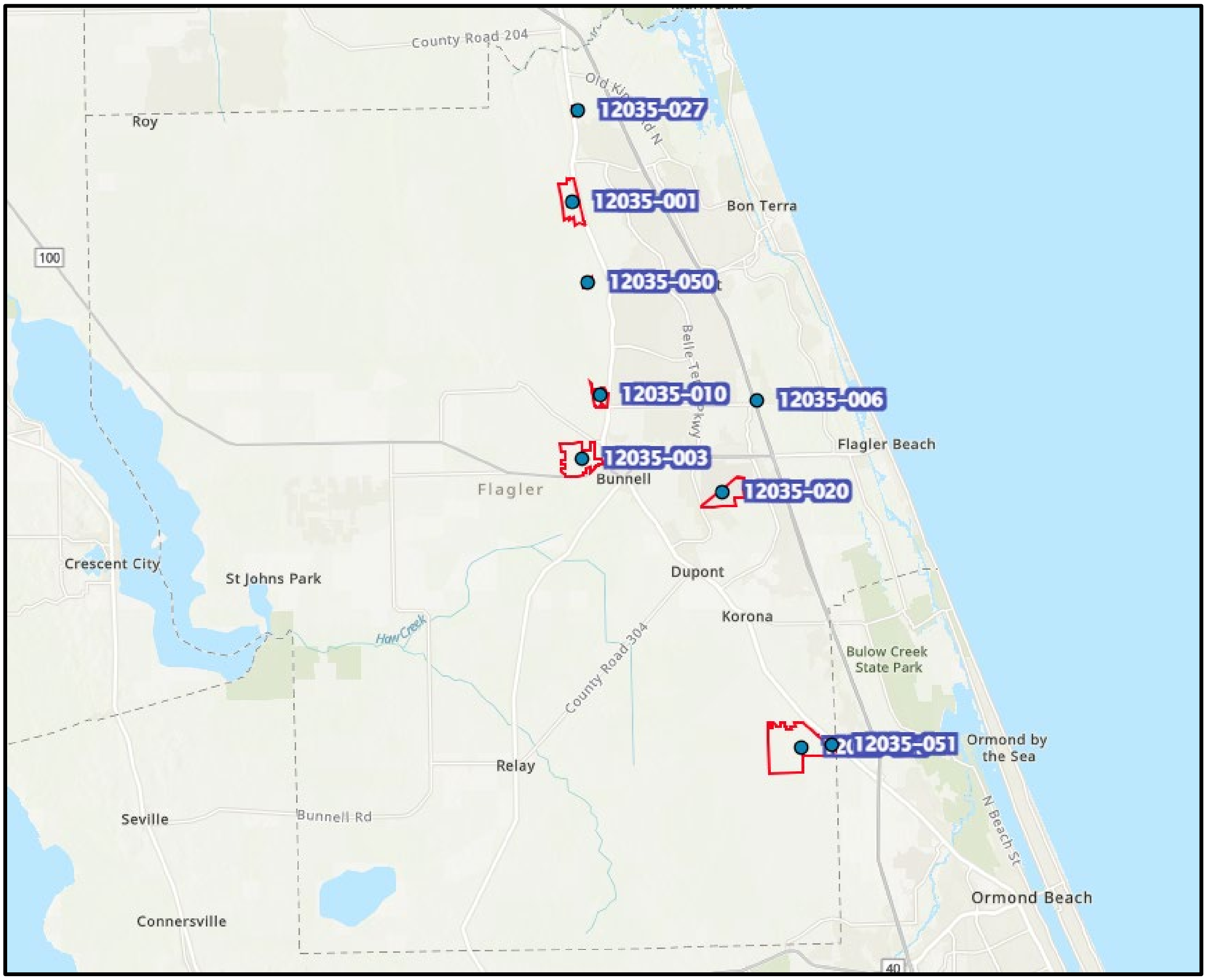
Partnerships typically have contract periods of 20 to 30 years or longer. Financing comes partly from the private sector but requires payments from the public sector and/or users over the project's lifetime. The private sector partner participates in designing, completing, implementing, and funding the project, while the public partner focuses on defining and monitoring compliance with the objectives.

Approximately 15 years ago, over 30 sites were identified in Flagler County that were appropriate for light industrial development out of 86 that were examined for suitability. In March 2023, county and municipal staff re-examined the properties under the guidance of site consultants. The exercise yielded 9 remaining sites as a desirable location for creating an economic engine. Identifying sites within Flagler County and throughout the State of Florida is part the *SSI Study* which is funded by Florida Power & Light, Enterprise Florida (now the Florida Department of Commerce) and Duke Energy in an effort to prepare properties that will diversify the State's economic base.

Proposed Concept of Public Private Partnership for Economic Development

- Purchase one of the large remaining large tracts of land (150-200+ acres) in order to reserve space for a light industrial park.
- Issue RFP for joint venture in development of park.
- County/municipality would own the land; developer would be responsible for infrastructure & buildings.
- As the building sells/lease at market price, government would recover land price investment.

Remaining Properties with Property Connectivity as Identified by Strategic Sites Inventory (SSI) Study



## INDUSTRIAL DEVELOPMENT REVENUE BONDS

Overview

| Implementation Time Frame: Long-Term | | |
|---|---|---|
| **Incentive 8** | Legal Approach | Budget Effects on General Fund |
| **Industrial Development Revenue Bonds** | | |
| Industrial Development Revenue Bonds (IDRBs) finance business and industrial expansions for firms with strong credit. IDRBs can provide low-interest loans for large projects by permitting the borrower to take advantage of long-term financing with lower than prime interest rates. Additionally, for certain types of manufacturing facilities, interest rates may be lowered due to the tax-exempt status of the bond issue. Private parties purchase the bonds, in effect making the loan to the borrowing business. IDRBs may finance up to 100% of project costs, with up to $10 million available if the financing is tax exempt. | Resolution for Each Individual Project<br><br>Outside Bond Consultant | N/A |
| Industrial Development Revenue Bonds are authorized by Florida Statutes, Chapter 159. The bonds would be approved by County Commission, with principal and interest paid solely by the company receiving the funding. An application, financing and attorney fees are usually assessed and are outlined in the adopting resolution present to County Commission. | | |

Background

Industrial Development Revenue Bonds (IDRBs), also known as "private activity bonds", are an alternative method of financing. There are two types of bonds, taxable and tax-exempt. Although both kinds of bonds may be issued, it is generally the tax-exempt bonds that are of interest to a qualifying project.

The Internal Revenue Code creates tax-exempt bonds, which provide a source of long-term-rate financing. IDRBs are securities sold to investors with the proceeds used to finance the project. The borrower pays the principal and interest on the debt. Because the interest is exempt from the federal income tax, the rate on this type of financing is generally lower than conventional debt financing.

Tax-exempt IDRBs allow certain types of business the opportunity to finance facility construction and related costs at an interest typically two or three percent below conventional financing rates. The bonds can be used for construction, demolition, new machinery and equipment, land purchase (up to 25% of the bond value), and other specified items. Generally, the break-even point, below which conventional forms of financing may prove to be less expensive overall, is considered to be $2,000,000. This is primarily the result of the fact that the issuance costs associated with this type of financing are greater than those associated with conventional financing and are paid by the applicant.

Legal Authority

- Chapter 159, Florida Statutes, as may be amended;
- Chapter 19A-4, Florida Administrative Code, as may be amended;
- Securities Act of 1933; and
- U.S. Internal Revenue Code, Sections 103, 146, and 148; and applicable U.S. Treasury Regulations, as may be amended.

Proposed Concept of Industrial Development Revenue Bond Program

Florida Statute allows both counties and municipalities to issue Industrial Development Revenue Bonds. It is the responsibility of the applicant to retain their own bond counsel for the issuance of the bonds. However, all documents are reviewed by trained legal counsel working for the local government. Many counties have opted to form an Industrial Development Authority to work on its behalf although final approval of the issuance of the bonds is retained by the commission/council.

Typical Fee Structure for the Issuance of IDRBs in other Counties

| | |
|---|---|
| Application Fee | $1,500 |
| Financing Fees | Never to exceed $75,000 |
| Less than $10 Million | .5% |
| Over $10 Million | .25% |

Collected funds from the issuance of IDRBs are then used to finance to support Economic Development projects within the county.

In the case of the Industrial Development Authority, the County Commission appoints a board to oversee the task of coordinating the program with final approval given by the County Commission.

## INDUSTRIAL DEVELOPMENT AUTHORITY

Overview

| Alternative Approach | | |
|---|---|---|
| **Incentive 9** | Legal Approach / Outside Consultant | Budget Effects on General Fund |
| **Industrial Development Authority** | | |
| The County Commission may create an Industrial Development Authority as authorized by FS 159.44 Authorities are created for the purpose of financing and refinancing projects to foster economic development in a county. The Authority may issue revenue bonds or other debt obligations repayable solely from revenues derived from the sale, operation, or leasing of projects or other payments received under financing agreements. | 1. Create Authority by Resolution<br>2. Appoint board comprised of 5 members<br>3. Adopt by-laws; powers of authority<br>4. Select Bond Counsel | FS 159.48 County Commission is authorized and may levy ad valorem tax in an amount not to exceed 1 mill annually to aid each industrial development authority. |

Background

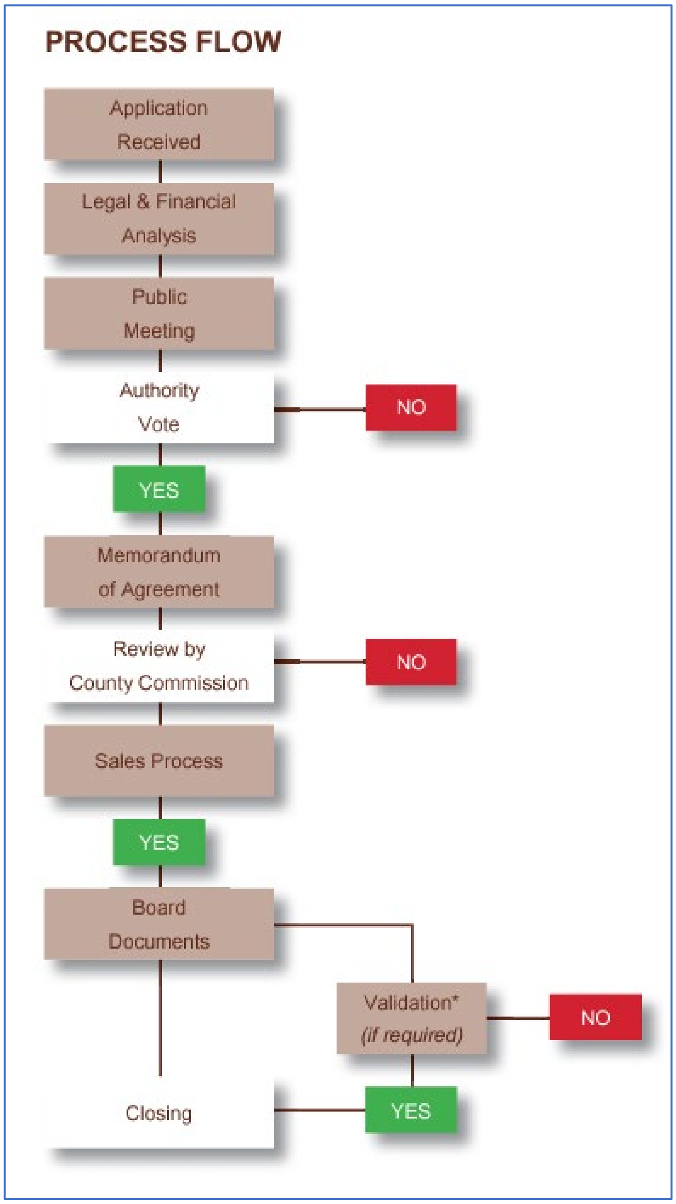
Counties may create an Industrial Development Authority for the purpose of financing and re-financing capital projects as defined by, and in the manner provided by, the Florida Industrial Development Financing Act and by Sections 159.44-159.53 of Chapter 159 of Florida Statutes. Each industrial development authority shall study the advantages, facilities, resources, products, attractions, and conditions concerning the county with relation to the encouragement of economic development in that county. The Industrial Development Authority (IDA) serves as the initial entry point into the Industrial Development Revenue Bond application process. The IDA assesses the proposed project's capability of producing tangible economic benefits in the form of new employment, new capital investment, or a combination of those benefits. The County Commission ultimately approves the issuance of the IDRB upon the recommendation of the IDA.

Proposed Concept of Industrial Development Authority

In order to institute an Authority:

- Flagler County Board of County Commissioners would create the Authority by resolution.
- Designate 5 persons who are residents and electors of the county as members of the authority.

The authority would then be required to adopt bylaws for the regulation of its affairs and the conduct of its business. The authority would also select bond counsel for the organization, determine pricing structure and associated fees.

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# APPENDIX

## State of Florida Incentives

### INCENTIVE PROGRAMS

**High Impact Performance Incentive (HIPI).** The HIPI is a negotiated grant used to attract and grow major high impact facilities in Florida. Grants are provided to applicants pre-approved by the Department of Economic Opportunity. To participate in the program, the project must operate within designated high-impact portions of the following sectors — clean energy, life sciences, financial services, corporate HQs, transportation equipment manufacturing, IT, advanced manufacturing and semiconductors; create at least 50 new full-time equivalent jobs (if a R&D facility, create at least 25 new full-time equivalent jobs) in Florida in a three-year period; and make a cumulative investment in the state of at least $50 million (if a R&D facility, make a cumulative investment of at least $25 million) in a three-year period. Once approved by the state, the high impact business is awarded 50 percent of the eligible grant upon commencement of operations and the balance once full employment and capital investment goals are met.

**Capital Investment Tax Credit (CITI).** The Capital Investment Tax Credit is used to attract and grow capital-intensive industries in Florida. It is an annual credit, provided for up to 20 years, against the corporate income tax. Eligible projects are those in designated high-impact portions of the following sectors: clean energy, corporate HQs, financial services, IT, life sciences, semiconductors, advanced manufacturing and transportation equipment manufacturing. Projects must also create a minimum of 100 jobs and invest at least $25 million in eligible capital costs. Eligible capital costs include all expenses incurred in the acquisition, construction, installation and equipping of a project from the beginning of construction to the commencement of operations. The level of investment and the project's Florida corporate income tax liability for the 20 years following commencement of operations determines the amount of the annual credit.

**Incumbent Worker Training (IWT).** This program provides employers with funds to train currently employed workers to keep their firms and workers competitive. The program addresses retraining to meet changing skill requirements caused by new technology, retooling, new product lines and new organizational structuring.

**Expedited Permitting Assistance.** State and local permit streamlining procedures are available to assist businesses in obtaining necessary permits and approvals in a quick, efficient and predictable manner.

**Quick Response Training.** The Quick Response Training program provides grant funding for customized, skills-based curriculum development and training, through partial reimbursement, to new or expanding businesses in Florida's targeted industries.

**Specialized Incentives.** Project may qualify for opportunities such as urban or rural tax credits and incentives for brownfields.

## Expert Bio's

Mr. Irvin M. Weinstein | Attorney - Applicant Perspective

### Irvin M. Weinstein

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Jacksonville, FL 32207
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**Practice Areas:**

- Capital for Business
- Corporate and Business Transactions
- Public Finance

**Education:**

University of Florida, B.S.B.A., *with high honors*, 1972

Columbia University School of Law, J.D., 1975

ROGERS | TOWERS

**Mr. Weinstein practices in the area of public finance and corporate finance, serving in the capacities of bond counsel, underwriter's counsel and counsel to letter of credit banks. Mr. Weinstein also counsels corporate trust departments of financial institutions in their capacity as administrator of municipal and corporate debt transactions. Mr. Weinstein's practice also includes counseling business enterprises on general business and corporate transactions.**

**Bar Association Memberships:**

- The Florida Bar

**Awards and Distinctions:**

- AV Preeminent Rating®, Martindale-Hubbell
- *The Best Lawyers in America®* (Municipal Law), 2017-2022
- *The Best Lawyers in America®* (Nonprofit/Charities Law), 2022
- *The Best Lawyers in America®* (Business Organization (including LLCs and Partnerships)), 2022
- *Florida Trend Magazine*, "Legal Elite" (Public Finance & Bonds), 2010
- Board of Editors, *Columbia Law Review*
- Harlan Fisk Stone Scholar

**Client Successes:**

- Has served as bond counsel and underwriter's counsel in a variety of different types of public finance transactions for cities, counties, health care institutions and other government bodies.
- Extensive experience in counseling corporate trustees for hundreds of bond transactions, involving a variety of different structures.
- Representation of power marketing corporation.
- Continuous representation of businesses in corporate matters.

Mr. Michael J. McCabe | Attorney – Industrial Development Authority & St. Johns County Perspective

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## Bio

Michael J. McCabe, is an attorney at McCabe & Ronsman and practices in the areas of **construction**, **real estate**, **community association law**, eminent domain, land use, and government. He is a licensed Professional Engineer and received his Bachelor of Science in Civil Engineering from Florida State University. He earned his Juris Doctor degree from Florida Coastal School of Law in 2005 while continuing to work as a Professional Engineer.

Mr. McCabe has extensive experience in representing community associations in a variety of matters, including collections, association governance, election disputes, enforcement of association governing documents, construction and design defect claims, and mediation and arbitration with the Florida Department of Business and Professional Regulation.

Mr. McCabe has represented construction professional and corporations in contract negotiations and dispute resolution. His eminent domain, environmental, and land use practice includes the filing of applications and the organization, preparation, and presentation of disputed matters. He has represented clients before municipalities and county zoning authorities as well as state and local government agencies.

Prior to entering the practice of law, Mr. McCabe worked as a civil engineer for seven (7) years as an aviation, transportation, and structural engineer. Through this experience, he obtained a general contracting license. His experience in construction includes scheduling, estimating, contract negations, contract agreements, performance bonds, utility agreements, right-of-way acquisition, and project management.

Mr. McCabe is admitted to practice law in Florida state courts and the U.S. District Court, Middle District of Florida. He was appointed as a Special Magistrate in St. John's County. He also serves as counsel to the Town of Hastings. Mr. McCabe also provides legal counsel to the Industrial Development Board and the County Code Enforcement Board in St. Johns County.

## Incentives Awarded in Neighboring Counties

Successful Programs in Neighboring Counties

| County | Program | Awarded |
|---|---|---|
| Baker County | REV Grant Ad-Valorem | 6 |
| Since 5/2003 | Tangible Property | 6 |
| Clay County | REV Grant Ad-Valorem | 5 |
| | Tangible Property | 7 |
| | Mobility Fee Mitigation | 1 |
| St. Johns County | Ord. 2014-30 | 23 |
| | IDRB's (1979) | 38 |

*Note: St. Johns County has approved the Issuance of $1,401,971,640 in Industrial Revenue Bonds since 1979.*

## St Johns County Bond Issuances

| PAST RESOLUTIONS APPROVED THE FOLLOWING SJC IDA BOND ISSUANCES | | | |
|---|---|---|---|
| BCC Resolution | Organization | Amount | Type |
| Res. 1979 6 | VAW of America, Inc. | | Industrial/Manufacturing |
| Res. 1983-65 | Hale Project | | |
| Res. 1985-180 | Davis-Stoval Limited Partnership | $1,000,000 | Preservation Historical Structure, Urban Parking |
| Res. 1985-83 | Jack's Hi-Grade Food Company | $1,500,000 | Industrial/Manufacturing |
| Res. 1985-98 | Parker-Hannifin Corporation Project | $6,000,000 | Industrial/Manufacturing |
| Res. 1986-171 | Coastal Health Care Investors LTD, Series 1986 | $2,700,000 | Healthcare |
| Res. 1986-180 | Vicar's Landing, Series 1987A and 1987B | $50,000,000 | Continuing Care |
| Res. 1991-147 | Flagler Hospital, Series 1991 | $16,000,000 | Healthcare |
| Res. 1993-149 | Vicar's Landing, Series 1993A and 1993B, Refunding | $36,000,000 | Continuing Care |
| Res. 1996-203 | Bayview Project, Series 1997A and 1997B | $13,280,000 | Healthcare |
| Res. 1996-204 | Flagler Hospital, Series 1996A and 1996B | $56,000,000 | Healthcare |
| Res. 1997-116 | VAW of America, Inc., Series 1997, Refunding | $5,860,000 | Industrial/Manufacturing |
| Res. 1997-136 | Professional Golf Hall of Fame, Series 1997A and 1997B | $24,000,000 | Professional Golf Hall of Fame |
| Res. 1998-1 | Bronz-Glow Technologies, Series 1998 | $1,800,000 | Industrial/Manufacturing |
| Res. 2001-107 | Professional Golf Hall of Fame, Series 2001, Refunding | $29,000,000 | Professional Golf Hall of Fame |
| Res. 2001-123 | Flagler Hospital, Series 2001 | $7,000,000 | Healthcare |
| Res. 2001-123 | Flagler Hospital, Series 2003 | $35,000,000 | Healthcare |
| Res. 2004-151 | Presbyterian Retirement Communities, Series 2004A and 2004B | $48,000,000 | Continuing Care |
| Res. 2004-334 | Rulon Corporation, Series 2004 | $8,000,000 | Industrial/Manufacturing |
| Res. 2006-317 | Gleenmoor at St. Johns, Series 2005 | $64,900,000 | Continuing Care |
| Res. 2009-136 | Flagler Hospital, Series 2009, Refunding | $31,000,000 | Healthcare |
| Res. 2010-114 | Presbyterian Retirement Communities, Series 2010 | $138,000,000 | Continuing Care |
| Res. 2010-240 | Vilano Town Center Partners, Series 2010 | $6,515,000 | Town Center Buildings and Parking |
| Res. 2010-279 | Flagler Hospital, Series 2010A and 2010B, Refunding | $58,275,000 | Healthcare |
| Res. 2011-17 | Flagler Hospital, Series 2011, Refunding | $12,500,000 | Healthcare |
| Res. 2012-206 | St. Johns County Council on Aging | $3,500,000 | Social Services |
| Res. 2012-291 | Professional Golf Hall of Fame, Series 2012A and 2012B | $26,000,000 | Professional Golf Hall of Fame |
| Res. 2012-94 | Flagler Hospital, Series 2012A and 2012B | $30,000,000 | Healthcare |
| Res. 2013-85 | BVM Florida Obligated Group | $20,660,750 | Senior Living and Healthcare |
| Res. 2014-17 | Vicar's Landing | $16,000,000 | Continuing Care |
| Res. 2014-76 | Glenmoor / Life Care St. Johns, Series 2014A and 2014B | $57,145,890 | Continuing Care |
| Res. 2016-132 | Vicar's Landing | $15,725,000 | Continuing Care |
| Res. 2017-262 | Flagler Hospital, Series 2017B | $115,000,000 | Healthcare |
| Res. 2017-292 | Westminster St. Augustine, Series 2017A and 2017B | $43,805,000 | Continuing Care |
| Res. 2020-254 | Presbyterian Retirement Communities, Series 2020 | $107,360,000 | Continuing Care |
| Res. 2020-289 | Flagler Hospital, Series 2020A and 2020B | $168,815,000 | Healthcare |
| Res. 2021-214 | Life Care Ponte Vedra / Vicar's Landing, Series 2021A and 2021B | $115,630,000 | Continuing Care |
| Res. 2022-221 | Vicar's Landing, Series 2022 | $30,000,000 | Continuing Care |
| | | $1,401,971,640 | |