

**Hillsborough County
Economic Development
Ad Valorem Tax Exemption Program
Application and Instructions
1/26/2011**

The Hillsborough County Board of County Commissioners (the Board) is pleased to provide the application and instructions for the Economic Development Ad Valorem Tax Exemption Program. To help determine if you qualify under this incentive program, you should read Section IV, “**Qualifications Specific to Hillsborough County**”.

If you have any questions about this program, including eligibility or the application process, please contact the Hillsborough County Economic Development Department at (813) 272-7232.

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I. Program Intent

The Board believes that local government should support economic growth by providing an incentive for employment opportunities that will lead to the improvement of the quality of life of the residents of Hillsborough County and the positive expansion of the economy. To this end, the Board desires to offer ad valorem tax exemptions to new businesses relocating to Hillsborough County and to expansions of businesses already situated in Hillsborough County. The granting of ad valorem tax exemptions to such businesses will provide Hillsborough County with an additional economic development incentive which will enhance the ability of Hillsborough County to be competitive when trying to encourage new business development in Hillsborough County and retain local businesses with planned expansions. Such exemptions are authorized pursuant to Article VII, Section 3, of the Constitution of the State of Florida and Section 196.1995, Florida Statutes, upon the successful passage of a referendum. The electors of Hillsborough County have authorized the granting of ad valorem tax exemptions by the successful passage of a referendum held on November 2, 2010;

II. Enactment Authority

Article VII, Section 3, of the Constitution of the State of Florida and Section 196.1995, Florida Statutes, empower the County to grant Economic Development Ad Valorem Tax Exemptions to New Businesses and Expansions of Existing Businesses after the electors of the County, voting on the question in a referendum, authorize such exemptions. In a referendum held on November 2, 2010, the electors of Hillsborough County authorized the Board to grant Economic Development Ad Valorem Tax Exemptions.

III. Definition of Terms

The following words, phrases and terms shall have the meanings set forth below. Except where indicated otherwise such words, phrases and terms shall have the same meanings attributed to them in the Florida Statutes and the Florida Administrative Code as amended from time to time:

Administrator - means the chief administrative officer of the County, or such person's designee.

Applicant - means any person, firm, partnership or corporation who files an Application with the Board seeking an Exemption.

Application - means a written application for an Exemption on the form prescribed by the Department, together with any supplemental form prescribed by the Administrator and any additional information requested by the Administrator. (See Appendix 3.)

Average Annual Employment - means the sum of the number of Full-Time Equivalent Employees as of the last day of each month of the preceding calendar year divided by twelve (12).

Average Annual Private Sector Wage - means the lesser of the average annual private sector wage throughout the State of Florida, the MSA or the County.

Average Annual Wage - means the sum of the Wages paid to Full-Time Equivalent Employees included in the Average Annual Employment, divided by the Average Annual Employment.

Board - means the Board of County Commissioners of Hillsborough County, Florida.

Brownfield Area - means an area designated as a brownfield area pursuant to Section 376.80, Florida Statutes.

Business - means any activity engaged in by any person, firm, partnership, corporation, or other business organization or entity, with the object of private or public gain, benefit, or advantage, either direct or indirect.

Capital Investment - means any expenditure for an Expansion of an Existing Business or a New Business to be located in Hillsborough County which can be capitalized under generally accepted accounting principles.

Community Redevelopment Agency - means a public agency created by or designated pursuant to Section 163.356 or 163.357, Florida Statutes.

Community Redevelopment Area - means an area designated as a community redevelopment area pursuant to Part III, Chapter 163, Florida Statutes.

County - means Hillsborough County, Florida.

Department - means the Florida Department of Revenue.

Destination Retail Business - means an Expansion of an Existing Business or a New Business that is regularly engaged in, and whose Business consists to a substantial extent of, the selling of unique Goods or such a wide assortment of Goods to a consumer, not principally for the purpose of resale, such that it attracts a substantial number of consumers who are willing to make a special trip from throughout a wide geographic area of sufficient distance to necessitate overnight stays generating lodging and entertainment expenditures.

Economic Development Ad Valorem Tax Exemption or Exemption - means an ad valorem tax exemption granted by the Board in its sole and absolute discretion to a Qualified Business pursuant to the Ordinance as authorized by Article VII, Section 3 of the Constitution of the State of Florida and Section 196.1995, Florida Statutes.

Enterprise Zone - means an area designated as an enterprise zone pursuant to Section 290.0065, Florida Statutes.

Exemption Criteria - means the criteria to be applied by the Board in making its determination as to whether to grant an Exemption, as provided for in Subsection 7(D) of the Ordinance.

Expansion of an Existing Business - means:

- (A) 1. A business establishing 10 or more jobs to employ 10 or more full-time employees in this state, 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. A business establishing 25 or more jobs to employ 25 or more full-time employees in this state, the sales factor of which for the facility with respect to which it requests an Exemption is less than 0.50 for each year the Exemption is claimed; provided that such business increases operations on a site colocated with a commercial or industrial

operation owned by the same business, resulting in a net increase in employment of not less than 10 percent or an increase in productive output of not less than 10 percent.

- (B) Any business located in an Enterprise Zone or Brownfield Area that increases operations on a site collocated with a commercial or industrial operation owned by the same business.

Full-Time Equivalent Employee - means a person who is employed by a Business that works at least 35 hours per week and is eligible to receive benefits, including health benefits, through their employer, subject to any eligible vesting periods.

Goods - means all personal property when purchased primarily for personal, family, or household use, but not including personal property sold for commercial or industrial use.

High Value Business - means an Expansion of an Existing Business or a New Business that is expected to have a significant economic impact as a result of the number of its Full-Time Equivalent Employees, its Average Annual Wage, the Capital Investment in the Business, or additional jobs subsequently created as a result of such Business.

Improvements - means physical changes made to raw land, and structures placed on or under the land surface, including all Tangible Personal Property acquired to facilitate an Expansion of an Existing Business provided that the Tangible Personal Property is added or increased on or after the day an ordinance specifically granting a Business an Exemption is adopted. However, Tangible Personal Property acquired to replace existing property shall not be considered to facilitate a business expansion.

Metropolitan Statistical Area or MSA - means a geographical region with a relatively high population density at its core and close economic ties throughout the area. For purposes of the Ordinance, the MSA includes Hillsborough, Hernando, Pasco and Pinellas Counties.

New Business - means:

- (A)
 1. A business establishing 10 or more jobs to employ 10 or more full-time employees in this state, 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. A business establishing 25 or more jobs to employ 25 or more full-time employees in this state, the sales factor of which for the facility with respect to which it requests an Exemption is less than 0.50 for each year the Exemption is claimed; or
 3. An office space in this state owned and used by a corporation newly domiciled in this state; provided such office space houses 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.
- (B) Any business located in an Enterprise Zone or Brownfield Area that first begins operation on a site clearly separate from any other commercial or industrial operation owned by the same business.

- (C) A business that is situated on property annexed into a municipality and that, at the time of the annexation, is receiving an Exemption from the County.

Ordinance – means the Hillsborough County Economic Development Ad Valorem Tax Exemption Ordinance, Ordinance No 11-_____ enacted by the Board on _____

Qualified Business - means a Business that is a Destination Retail Business, a High Value Business, or a Target Industry Business.

Sales Factor - means 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.

Tangible Personal Property - shall have the meaning set forth in Section 192.001(11)(d), Florida Statutes.

Target Industry Business - means an Expansion of an Existing Business or a New Business that is engaged in a Business designated as a target industry business pursuant to Section 288.106, Florida Statutes. (See Appendix 4.)

Wages - means all compensation including salaries, bonuses, commissions and the value of exercised stock options subject to federal income tax, but excluding fringe benefits; provided, stock options shall be included in the calculation of wages in a manner consistent with the program established pursuant to Section 288.106, Florida Statutes.

IV. Qualifications Specific to Hillsborough County

Except as provided in the Ordinance and subject to the Board's sole and absolute discretion, Qualified Businesses must meet the industry, job level and wage criteria outlined in the Exception Criteria to be eligible for an Exemption.

Applicants will be required to notify the County of intent to apply for an Exemption before the Business locates or expands in Hillsborough County and in all cases the Application must be approved by the Board by ordinance at a public hearing. The official Application form is provided in Appendix 3.

Applicants must indicate why the Exemption is needed and how the Exemption will impact their decision whether to locate or expand in Hillsborough County. Each Exemption must be approved by ordinance by the Board, and the Business will be required to enter into an agreement with the County to ensure that the Business satisfies all requirements associated with the granting and continuation of the Exemption. In the event of non-compliance with Program requirements, the Applicant will lose any continued eligibility for the Exemption, and will be financially liable for the full value of any taxes not paid on Tangible Personal Property as a result of the Exemption, plus interest and all collection costs. As part of compliance monitoring, Applicants will be required to submit UCT6 (Unemployment Compensation Tax Form 6), as reported to the Agency for Workforce Innovation.

The Exemption shall apply only to property taxes levied by Hillsborough County (Countywide and MSTU millages). The Exemption will not apply to property taxes levied by a municipality, school district, or water management district, or to property taxes levied for the payment of bonds or taxes authorized

by a vote of the electors pursuant to Section 9(b) or 12, Article VII of the State Constitution. Additionally, the ability to continue to receive an annual Property Tax Exemption for the period granted would be conditioned upon the applicant's continued compliance with all applicable requirements. Finally, any Business in violation of any federal, state, or local law or regulation, including but not limited to environmental matters, will be considered ineligible for an Exemption.

V. Application/Review Process Overview

1. Pre-Application Meeting with the applicant, County’s Economic Development Staff and Property Appraiser’s Office staff.
2. Application is submitted to the Hillsborough County Economic Development Department
 - ED Staff: Qualifies the applicant based on the outlined eligibility criteria
 - Forwards the application to the Property Appraiser’s Office
 - Requests a report from the Property Appraiser
 - Prepares an analysis and recommendation
 - a. Eligibility Threshold. The threshold for eligibility is whether the Business meets the definition of a New Business or of an Expansion of an Existing Business as provided in this Ordinance.
 - b. Ineligible Business. Any Business in violation of any federal, state, or local law or regulation, including but not limited to, environmental matters, will not be eligible for an Exemption.
 - c. Exemption Criteria. In making its determination as to whether to grant an Exemption, the Board shall apply the Exemption Criteria provided below; provided that the Board, in its sole and absolute discretion, may deviate from the Exemption Criteria when considering Applications from Destination Retail Businesses and High Value Businesses if the Board determines that such deviation is in the best interest of the County:

Tier	Number of New Jobs	Average Annual Wage or Capital Investment per job	Period	Maximum Exemption
One	10 or more Full-Time Equivalent Employees in manufacturing jobs; or 25 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 50 or more Full-Time Equivalent Employees in office jobs if a New Business.	115% of the Average Annual Private Sector Wage or Capital Investment exceeding \$200,000 per Full-Time Equivalent Employee	5 Years	50%

BONUS - <i>Enterprise Zone, Brownfield Area or Community Redevelopment Area</i>	<i>10 or more Full-Time Equivalent Employees in manufacturing jobs; or 25 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 50 or more Full-Time Equivalent Employees in office jobs if a New Business.</i>	100%	5 Years	75%
Two	30 or more Full-Time Equivalent Employees in manufacturing jobs; or 75 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 100 or more Full-Time Equivalent Employees in office jobs if a New Business.	115% of the Average Annual Private Sector Wage or Capital Investment exceeding \$200,000 per Full-Time Equivalent Employee	7 Years	50%
BONUS - <i>Enterprise Zone, Brownfield Area or Community Redevelopment Area</i>	<i>30 or more Full-Time Equivalent Employees in manufacturing jobs; or 75 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 100 or more Full-Time Equivalent Employees in office jobs if a New Business.</i>	100%	7 Years	75%
Three	90 or more Full-Time Equivalent Employees in manufacturing jobs; or 100 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 200 or more Full-Time Equivalent Employees in office jobs if a New Business.	150%	10 Years	50%
BONUS - <i>Enterprise Zone, Brownfield Area or Community Redevelopment Area</i>	<i>90 or more Full-Time Equivalent Employees in manufacturing jobs; or 100 or more Full-Time Equivalent Employees where the Business's Sales Factor is less than 50%; or 200 or more Full-Time Equivalent Employees in office jobs if a New Business.</i>	100%	10 Years	75%

3. Property Appraiser Review and Report.

Before the Board takes action on an Application, a copy of the Application, once deemed complete, shall be delivered to the Property Appraiser for review. After careful consideration of the Application, the Property Appraiser shall provide a report to the Board which shall include the following:

- a. The total revenue available to the County for the current fiscal year from ad valorem tax sources, or an estimate of such revenue if the actual total revenue available cannot be determined;
- b. The amount of any revenue lost to the County for the current fiscal year by virtue of Exemptions previously granted, or an estimate of such revenue if

- c. the actual revenue lost cannot be determined;
- c. An estimate of the amount of revenue which would be lost to the County during the current fiscal year if the exemption applied for were granted had the property for which the Exemption is requested otherwise been subject to taxation; and
- d. A determination as to whether the property for which an Exemption is requested is to be incorporated into a New Business or the Expansion of an Existing Business, or into neither, which determination the Property Appraiser shall also affix to the face of the Application. Upon request, the Department will provide the Property Appraiser such information as it may have available to assist in making such determination.

4. BOCC conducts Public Hearing to consider Ordinance.

After consideration of the Application, the Property Appraiser's report, input from a Community Redevelopment Agency, if applicable, and such other information it deems relevant, and the application of the Exemption Criteria, the Board may choose in its sole and absolute discretion to adopt an ordinance granting an Exemption to the Applicant. If the Board decides to adopt such an ordinance, the ordinance shall be adopted in the same manner as any other general ordinance of the County, and shall include the following:

- a. The name and address of the New Business or the Expansion of an Existing Business to which the Exemption is granted;
- b. The name of the owner(s) of the New Business or the Expansion of an Existing Business;
- c. The total amount of revenue available to the County from ad valorem tax sources for the current fiscal year, the total amount of revenue lost to the County for the current fiscal year by virtue of Exemptions currently in effect, and the estimated revenue loss to the County for the current fiscal year attributable to the Exemption of the business named in the ordinance;
- d. The period of time for which the Exemption will remain in effect and the expiration date of the Exemption; and
- e. A finding that the Business named in the ordinance meets the requirements of Section 196.012(15) or (16), Florida Statutes.

5. If adopted, the final ordinance is sent to the Property Appraiser's Office.

6. Company files Annual Compliance Report with Economic Development Department for each year in which the company receives an Exemption.

Economic Development Staff reviews the Annual Compliance Report, certifies compliance with the Program requirements and presents an annual report to the BOCC and the Property Appraiser.

VI. Conflicting Provisions

The provisions of the Ordinance shall prevail over any conflicting provisions contained in this Application and Instructions.

VII. Contacts

Property Appraiser

County Center, 16th Floor
601 E. Kennedy Blvd.
Tampa, FL 33602
Phone: (813) 272-6100

Economic Development Department

County Center, 13th Floor
601 E. Kennedy Blvd.
Tampa, FL 33602
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