

Board of County Commissioners

Okaloosa County, Florida

Title: Economic Development Incentive Policy Guidelines

Date Adopted: December 4, 2018

Effective Date: December 4, 2018

SECTION I: PURPOSE

To establish guidelines and procedures for the approval of economic development incentives for the attraction and retention of high-quality businesses and employment to the County.

SECTION II: AUTHORITY

Section 125.045, Florida Statutes authorizes the Board to expend public funds to attract and retain business enterprises and finds that the use of public funds toward the achievement of such economic development goals constitutes a public purpose. Further, Section 3, Article VII of the State Constitution and section 196.1995, Florida Statutes, authorizes the County to grant Economic Development Ad Valorem Tax Exemptions, subject to the approval of the voters. Such authorization was approved by the voters of Okaloosa County in 2004 for a term of 10 years and that authority was extended for another 10 years in 2014.

SECTION III: POLICY

It shall be the goal of the County to implement guidelines and procedures to provide for the attraction and retention of business enterprises, including the provision of local financial support for the benefit of eligible private enterprises seeking to expand or locate within Okaloosa County which will result in the creation of new, high wage local jobs.

SECTION IV: DEFINITIONS

For purposes of this policy, the following terms shall have the meanings set forth below:
“Board” shall mean the Board of County Commissioners of Okaloosa County.

“CEC” shall mean the Capacity Expansion Charges associated with the provision of water/sewer services.

“EDATE” shall mean the Economic Development Ad Valorem Tax Exemption.

“EDC” shall mean the Economic Development Council of Okaloosa County.

“Maximum QTI Economic Development Incentive” shall mean the total amount of the State Share and the Local Share under Florida’s Qualified Target Industry Tax Refund Incentive as determined by Enterprise Florida and the Department of Economic Opportunity.

“QTI” shall mean the State’s Qualified Targeted Industry Tax Refund incentive as authorized by section 288.106 Florida Statutes.

SECTION V: ECONOMIC DEVELOPMENT PROGRAMS

A. **Economic Development Ad Valorem Tax Exemption Program.**

As authorized by the voters of Okaloosa County, the County has the ability to grant Economic Development Ad Valorem Tax Exemptions. This incentive is reserved for new or expanding businesses and is allowable for up to 100%, for up to 10 years, of the assessed value for new improvements to real property made by or for use of a new business may be exempted. The exemptions cannot apply to improvements to real property when such improvements have been included on the tax rolls prior to the effective date of the ordinance specifically granting a business exemption; i.e. its already been done. An exemption of the assessed value of all added up improvements to real property and the net increase of tangible personal property is also allowed for expanding businesses. To qualify for the Okaloosa County Economic Development Ad Valorem Tax Exemption:

1. Must qualify as a new business defined in Section 196.012 (14), Florida Statutes or expanding business as defined in Section 196.12 (15), Florida Statutes; and

- a) Ten (10) jobs for a business that 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
 - b) Twenty-Five (25) jobs for other industries with a sales factor less than 0.50 for each year that the exemption is claimed; or
 - c) Office space which is owned and used by a business or organization newly domiciled in this state; provided as follows: That such office space houses fifty (50) or more full-time employees of such business or organization; and such business or organization's office begins operation on a site clearly separate from any other commercial or industrial operation owned by the same business or organization.
2. Must pay at least 110% of the average wage in Okaloosa County determined annually by Enterprise Florida; and
 3. Must abide by the timelines for beginning construction no later than 24 months from the time the Okaloosa Board of County Commissioners approves the exemption.
 4. To initiate this process, the authorized representative for the company or business applicant shall provide the following completed forms to the County by the EDC:
 - a) EDATE Supplemental Application,
 - b) DR-418 Form,
 - c) Exemption Schedule from Property Appraiser
 - d) Economic Incentive Performance Agreement
 - e) EDATE Certification Statement (to be completed annually). Following approval of the economic incentive, the applicant must complete the form EDATE Certification Statement Worksheet and submit it to the County Administrator and Okaloosa Property Appraiser, with a copy to the Economic Development Council of Okaloosa County, no later than February 15th of each year in which an exemption is being requested.

B. The State of Florida's Qualified Target Industry (QTI) Tax Refund Incentive Program.

1. The various State QTI incentives include refunds on corporate income, sales, ad valorem, intangible personal property, insurance premiums, and certain other taxes for businesses falling within those industries identified by Enterprise Florida. Eligible companies or businesses under the QTI program must meet the following job creation thresholds contained in section 196.012 (14) and (15), Florida Statutes.
2. The Maximum QTI Economic Development Incentive available to a company or business shall be primarily based on job creation and the average wage for those jobs, as compared to the current Okaloosa County Average Wage as determined annually by Enterprise Florida as follows:
 - a) If the average wage of the new jobs is less than 115% of the average wage of Okaloosa County, the company is not eligible for the State's QTI Incentive unless it qualifies for a waiver.
 - a) If the average wage of new jobs is equal to or greater than 115% but less than 149% of the average annual wage of Okaloosa County at the time of the application request/submittal, a Maximum QTI Economic Development Incentive of three thousand dollars (\$3,000.00) per new job created may be granted.
 - b) If the average wage of new jobs is equal or greater than 150% but less than 199% of the average annual wage of Okaloosa County at the time of the application request/submittal, a Maximum QTI Economic Development Incentive of four thousand dollars (\$4,000.00) per new job created may be granted.
 - c) If the average wage of new jobs is equal or greater than 200% of the average annual wage of Okaloosa County at the time of the application request/submittal, a Maximum QTI Economic Development Incentive of five thousand dollars (\$5,000.00) per new job created may be granted.
 - d) In addition to the other tax refund payments noted in this paragraph, a qualified target industry business shall be allowed an additional tax refund payment equal to \$2,000 multiplied by the number of

jobs specified in the tax refund agreement if the business falls within one of the high-impact sectors designated under section 288.108, Florida Statute.

e) The average wage requirements may be waived pursuant to the requirements of Florida Law.

3. The amount of the Maximum QTI Economic Development Incentive is a “not to exceed” amount, which will be payable to the State Economic Development Trust Fund in increments based on the meeting of the required performance goals as set forth in an Economic Incentive Performance Agreement entered into by the County and the applicant.

C. **Local Financial Support Under the State of Florida’s Qualified Target Industry Program.**

1. Local financial support shall be available in those situations where a company or business has applied for and been deemed eligible for the State of Florida’s Qualified Target Industry (QTI) tax refund incentive program. Under the Department of Economic Opportunity’s QTI program, the State of Florida provides eighty percent (80%) of the tax refund incentive (the “State’s Share”) with the County and any other participating local governmental entities providing of the remaining twenty percent (20%) (the “Local Share”).

2. It is the policy of the County, that the local financial support shall generally be provided in the form of tax exemptions offered through the County’s Economic Development Tax Exemption (EDATE) Program which must meet the criteria set forth in Section V. A. of this Policy. However, in those circumstances where the value of the County’s anticipated EDATE exemption will not fully achieve the 20% Local Share amount as required by the Department of Economic Opportunity, the County may elect to provide the differential through a local financial support contribution. Any contemplated local financial support contribution would comply with the guidelines contained herein and would be subject to the review and recommendation of the Economic Development Council of Okaloosa County. All local financial support under this paragraph shall be in

compliance with the Department of Economic Opportunity's Qualified Target Industry tax refund incentive program.

3. Where the tax incentive fails to meet the 20% Local Share required for the QTI program, a local financial support incentive may be authorized by the Board where the jobs created will meet or exceed 150% of the then current Okaloosa County average annual wage as determined by Enterprise Florida. The Board of County Commissioners may deviate from the minimum wage threshold for exceptional circumstances where a project's economic impact is determined to outweigh the incentive contribution. Any such cash incentive granted as part of the Local Share must be paid into the State Economic Development Trust Fund and made available in accordance with the guidelines set forth by the Department of Economic Opportunity for the Qualified Target Industry (QTI) program. No economic incentives shall be paid for those years that the applicant has failed to meet the required performance goals, all in accordance with the guidelines of the Department of Economic Opportunity.

4. In determining whether to provide local financial support to a company or business, the Board shall consider whether the use of County funds can be maximized by partnering with the State's QTI program.

D. Deferral of Payment of Capacity Expansion Charges for Economic Development Purposes

The board established a deferral program that allows the payment of water and sewer capacity expansion charges over time for those non-residential projects which have been determined to qualify as an Economic Development Project by the Okaloosa County Economic Development Council. In order to qualify for the deferral program, the non-residential business must have applied for and received an Economic Development Ad Valorem Tax Exemption by the County either prior to or concurrently with the approval of the deferral. In addition, the non-residential business must be certified by the EDC of Okaloosa County as a high impact economic development project within a target industry business as established under the provisions of section 288.106, Florida Statutes. A high impact economic development project shall be a project which creates one hundred

(100) new high impact jobs and/or will provide a capital investment of at least ten million dollars (\$10,000,000).

1. Terms of the deferral shall be as follows:

- a) The payment of the water and sewer capacity expansion charges, which would normally be required to be paid in advance of the issuance of a building permit and the setting of the water meter, shall be deferred. Only the water and sewer capacity expansion charges shall be eligible for deferral and not the cost of expansion of any lines or infrastructure necessary to provide service to the project. The County is authorized, but not obligated, to enter into additional agreements to address the provision and funding of necessary capital infrastructure to serve a project based upon the specific circumstances of a particular project.
- b) In lieu of payment prior to construction, the business shall be allowed to pay the water and sewer capacity expansion charges on their utility bill once service is instituted and shall be paid over a period of three years in equal monthly payments. The deferred payment plan shall apply to the total charges in such amounts as respectively set out in Appendix A- User Charge Tables for Okaloosa County Water and Sewer User Charge Ordinance except for an up-front charge of ten percent of the total amount deferred, including interest, recording and cancellation fees, and agreement preparation costs.
- c) Prior to approval of the deferral program for the property, the owner must enter into an agreement with the County, which is approved by the board, requiring that they will pay the amounts of the water and sewer capacity expansion charges and that in the event, they fail to pay the full amount in any given month, water service will be cut off/locked in accordance with existing cut off practice, including due dates, past due dates and cut off dates. If the monthly charges are not paid for three months after the first due date, that the property owner consents that the remaining amount owed and any administrative costs involved may be assessed against the property and collected on the ad valorem tax bill as a

non-ad valorem assessment against the property.

E. **Other Economic Development Powers.**

The Board may provide local financial support for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community. Such financial support shall be subject to the compliance with such criteria and requirements as the Board may determine which would enhance the economic development of the County and the establishment of new high wage jobs.

F. All local financial support awards and exemptions shall be subject to the approval of the Board and it shall retain the absolute authority to establish such criteria and requirements as it deems in the best interest of the citizens of Okaloosa County.

SECTION VI. FUNDING

The Board hereby establishes an Economic Development Account from which the local financial support component of the Local Share for economic development purposes may be paid. The Board may utilize the proceeds within that Account for any economic development purpose. The Board shall annually budget and appropriate an amount of money into the Account from the RESTORE proceeds received by the County. Proceeds of the RESTORE funds shall be spent in accordance with all of the requirements of the RESTORE program.

ADDITIONAL REFERENCES

Resolution 14-41, superseded by Resolution 14-90

Section 288.106 Florida Statutes

Ordinance Number 16-16. Section 24-214 of Chapter 24, Article II, Division 5, Subdivision I of the Code of Okaloosa County, Florida