

Orange County Job Creation Initiative— Tax Abatement Referendum

Proposed Property Tax Exemption for Economic Development

To encourage job growth and new investment in Orange County, the Board of County Commissioners (BCC) on Sept. 20, 2011 agreed to hold a voter referendum that, if approved, would authorize the BCC to grant property

tax exemptions for new or expanding businesses that are creating new jobs.

More than 20 Florida counties and 30 cities have already adopted this exemption as an incentive which they can use to attract businesses, entrepreneurship and capital investment in their communities. These objectives are consistent with the goals of the Florida Department of Economic Opportunity.

This referendum will appear on the January 31, 2012 Presidential Preference Primary Election ballot. All registered voters in Orange County are eligible to vote on this nonpartisan issue. If approved, the program will authorize the County to grant qualifying businesses a temporary County property tax exemption of up to 100% on new capital

improvement and/or equipment purchases for up to 10 years. This incentive will have no impact on what the company is currently paying in County taxes on existing land, buildings, infrastructure and equipment.

Targeted industries include biomedical and life sciences, aviation and aerospace, homeland security and defense, logistics, financial and professional services, Cleantech, Infotech, and other emerging business sectors. Other industries may qualify if located in designated economic development areas.



Ballot language

Shall the Board of County Commissioners of Orange County be authorized to grant, pursuant to Section 3, Article VII of the State Constitution, property tax exemptions for new businesses and expansions of existing businesses that are expected to create new, full-time jobs in the county?

- Yes** For authority to grant exemptions
- No** Against authority to grant exemptions



Frequently asked questions

about Orange County's Proposed Property Tax Exemption for Economic Development



Fast facts

Orange County's Proposed Property Tax Exemption for Economic Development

- The referendum must be approved by the voters of Orange County
- Exemptions will not increase taxes for Orange County residents
- All grants of exemptions must be approved by the Orange County Board of County Commissioners
- The exemption benefit cannot exceed a 10-year period
- The program does not exclude qualifying business from school taxes, city taxes or taxes levied by any other entity
- Qualifying companies must meet a 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 will have the exemption revoked in whole or in part

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 Orange County while assisting existing local businesses expand to create new job opportunities.

If approved, the program will authorize the Orange County Board of County Commissioners to grant qualifying businesses a temporary County property tax exemption of up to 100% for up to 10 years.

When would the incentive program take effect in Orange County?

A voter referendum asking whether the Orange County Board of County Commissioners should be authorized to grant economic development ad valorem tax exemptions to qualifying businesses will appear on the Jan. 31, 2012 Presidential Preference Primary Election ballot. The application process could begin upon passage of the referendum.

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

These are uncertain economic times. The economic development ad valorem tax exemption program is designed to diversify the County's business base by encouraging industries that offer higher-than-average salaries to locate here while helping existing businesses expand. The program would enable Orange County to more effectively attract new businesses.

How will it be administered and what are the costs?

Existing staff at the Orange County Office of Economic, Trade & Tourism Development will administer the program.

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, save jobs and create new jobs.

What taxes would be eligible for exemption?

Orange County property taxes on qualifying buildings and equipment would be eligible.

Would school or city taxes be affected?

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

Would Orange 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.

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 Orange 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?

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
- 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 Jan. 31, 2012?

No. Applications will not be accepted before the special referendum is approved by voters.

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.



Qualifying criteria

- Net number of new jobs
- Average wage of new jobs
- Capital investment to be made by applicant
- Must be a targeted industry or business
- Environmental impact
- Economic related characteristics deemed necessary by county



On the web

- Additional information is available online at the Orange County website at www.orangecountyfl.net/Employment/TaxAbatementReferendum/tabid/3793/Default.aspx
- View the PowerPoint presentation at www.orangecountyfl.net/Portals/0/Library/Human%20Resources/TaxAbatementWorksession.pdf

