



Pinellas County

Staff Report

File #: 22-0069A, Version: 1

Subject:

Resolution expressing support of Project C1110944724 as a qualified applicant for an Economic Development Ad Valorem Tax Exemption.

Recommended Action

Adopt a resolution expressing support of Project C1110944724 (Company) as a qualified applicant for an Economic Development Ad Valorem Tax Exemption (EDAVTE) pursuant to Section 196.1995, Florida Statutes, and authorizing Project C1110944724 to make improvements before an EDAVTE Ordinance is adopted.

- The Company is a supplement manufacturer currently headquartered in the United Kingdom with a production facility in unincorporated Pinellas County.
- The Company is considering expanding their current 150,000+ square foot Pinellas facility which is located in a Brownfield Area.
- The Company will invest \$5,000,000.00 in real property improvements at and \$6,500,000.00 in tangible property for the expanded facility, totaling \$11.5 million in capital investment. The economic impact of this capital investment is \$7.8 million.
- The Company will create at least 20 new jobs in Pinellas County at an average wage of \$38,000.00 per year, which meets the wage threshold for a facility located in a Brownfield Redevelopment Area.
- The economic impact of 20 new jobs with an average wage of \$38,000.00 a year is \$1.1 million. The economic impacts were calculated using the U.S. Bureau of Economic Analysis Regional Input Modeling System (RIMS II) Model for Pinellas County.
- Based on the County's current millage rate of 5.2092, and assuming that 80% of the investment would contribute to taxable value, the maximum annual impact of the real property portion could be approximately in the range of \$10,000.00 to \$20,800.00
- The maximum initial, annual impact of the tangible portion could be approximately in the range of \$15,000.00 to \$33,900.00. The tangible value would be subject to depreciation in future years.

Strategic Plan:

Foster continual economic growth and vitality

4.1 Proactively attract and retain businesses with targeted jobs to the county and the region.

Summary:

Project C1110944724 is a dietary supplement manufacturing company that is considering expanding their current location in Pinellas County. The proposed project would include both job creation and capital investment components. The Company will be requesting an Economic Development Ad Valorem Tax Exemption. Pinellas County is competing with sites in Minnesota and Montana for this

project.

Background Information:

The State of Florida has provided for the Economic Development Ad Valorem Tax Exemption (EDAVTE) program pursuant Section 196.1995, Florida Statutes. Pinellas County Ordinance 2018-08 amending Chapter 118, Article VII of the Pinellas County Code authorizes the granting of such exemptions.

Project C1110944724 is manufacturer of dietary supplements. The company is headquartered in the United Kingdom with a production facility located in a Brownfield Area in unincorporated Pinellas County. The County is competing with sites in Minnesota and Montana for this project. The Company plans to invest an estimated \$6.5 million in equipment and \$5 million in construction and buildout for their expanded facility.

The building that the company currently occupies in Pinellas County incurs \$178,752.00 in property tax liability per year. The company also incurs a tangible tax liability of \$93,047.00 per annum. These taxes would continue to be paid to Pinellas County even if the EDAVTE is approved for this project. The new tax revenue arising out of an increase in incremental property value and tangible taxes associated with the improvements are the only taxes that could be abated.

The Company has notified Pinellas County Economic Development of its intent to apply for an EDAVTE and is requesting to move forward with the permitting process. The EDAVTE program provides for the approval of a resolution allowing a company to commence its project prior to adoption of an Exemption Ordinance.

Based on representations made by the Company, the project meets the requirements of the EDAVTE program. This resolution does not bind the Board to adopting an Exemption Ordinance. The Project's Exemption Ordinance and written agreement will be brought back to the Board for consideration and the company name will be disclosed at that time. This resolution allows the Company to begin their project without losing the ability to receive an EDAVTE in the future. The final amount and duration of the exemption will be determined when the ordinance is brought to the Board of County Commissioners for consideration.

Fiscal Impact:

The total tax exemption amount will be based on the final assessed value of the real property improvements, additions to tangible personal property, and the exemption period (from 1 - 10 years) and exemption percentage (from 25% - 100%) approved by the Board. The Pinellas County Property Appraiser will determine an estimated fiscal impact and it will be included in the staff report brought to the Board during its consideration of the Exemption Ordinance for this project. The overview of the project's total fiscal impact will also be provided to the Board by the Economic Development Department showing the full impact of the recommended exemption timeframe and percentage.

The proposed amount and term of the EDAVTE outlined in the final ordinance will be determined based upon the findings of a fiscal impact study. This study will consider the number of jobs created by the Company, the average wages of these new jobs, and the overall capital investment.

Staff Member Responsible:

Cynthia Johnson, Director, Economic Development

Partners:

N/A

Attachments:

Resolution