



Pinellas County

Staff Report

File #: 20-1844A, Version: 1

Subject:

Ordinance approving Jabil, Inc. for an Economic Development Ad Valorem Tax Exemption.

Recommended Action:

Adopt an ordinance approving Jabil, Inc. (Jabil) for an Economic Development Ad Valorem Tax Exemption (EDAVTE) pursuant to Section 196.1995, Florida Statutes, and Pinellas County Ordinance 2018-08.

- Jabil is one of the world's largest electronics manufacturers for computers, smart phones and printers, and their international corporate headquarters is in St. Petersburg.
- Jabil determined that they needed additional space in their headquarters and started looking at options, which included relocating or expanding their current facilities.
- Pinellas County and the City of St. Petersburg offered an incentive package that included the EDAVTE program.
- Jabil decided to maintain and expand their headquarters in Pinellas County after considering other locations, submitting an intent to apply for the EDVATE in 2018.
- The Board of County Commissioners approved a resolution to support the exemption and authorize the improvements on March 20, 2018.
- On January 31, 2020, Jabil submitted a completed application for EDAVTE.
- The new project will be completed in three phases. This ordinance refers only to phase one. The estimated capital investment to be made for phase one is \$11,727,141.00, including construction and equipment.
- The recommendation is to approve an EDAVTE for a 100% tax exemption for ten years on the eligible improvements completed under phase one.
- The Pinellas County Property Appraiser has provided a report estimating that the amount of the tax abatement during the first year would be \$53,419.00.

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:

Jabil, Inc. (Jabil) is one of the world's largest electronics manufacturers for computers, smart phones and printers, and their international corporate headquarters is in St. Petersburg. After considering other locations, Jabil decided to maintain and expand their headquarters in Pinellas County, partially based on an incentive package offered by the County. This expansion project will be completed in three phases. The proposed Ordinance applies to phase one only, which is the renovation of a 39,900-square foot building at 10900 Roosevelt Blvd. in St. Petersburg (former Tampa Bay Research Institute) into a "State of the Art" Innovation Laboratory. Staff has determined that the Jabil application meets all requirements for an Economic Development Ad Valorem Tax Exemption (EDAVTE). Staff

recommendation is to approve an EDAVTE for a 100% exemption for ten years on the eligible improvements completed under Phase One.

Background Information:

Pinellas County Board of County Commissioners (Board) passed Ordinance 2018-08, which is codified in Chapter 118, Article VII of the Pinellas County Code, authorizing the granting of Economic Development Ad Valorem Tax Exemptions (EDAVTE). The EDAVTE Program, authorized by Florida Statute 196.1995, intends to enhance Pinellas County's competitive edge in encouraging new business development and retaining local businesses with expansion plans.

Jabil, Inc. (Jabil) a Fortune 500 company, was considering the relocation of their corporate headquarters from the Gateway Area of St. Petersburg. The firm looked at sites in other states, in the greater Tampa Bay area, and in downtown St. Petersburg. Pinellas County presented a package of potential incentives, including the EDAVTE, in order to keep the campus in Pinellas County. As a result, the firm decided to maintain and expand their headquarters in Pinellas County. This major expansion project has a total estimated capital investment of \$67.3 million including real estate purchases, renovations, new construction and equipment. The project will be completed in three phases. Phase one is the renovation of a 39,900-square foot building (former Tampa Bay Research Institute) into a "State of the Art" Innovation Laboratory. Phase two will demolish an existing building and add 160,000 square feet of new construction, and Phase three will renovate 62,000 square feet of an existing building. These improvements will be used to accommodate the addition of an estimated 300 new full-time jobs.

Under Phase one, an estimated 12 employees are projected to be hired in addition to the retention of 86 jobs. The average annual wage of the 12 new jobs is estimated to be \$62,900.00. These earnings would result in an annual economic impact of \$1,100,121.00 and a total of 22 direct and indirect new jobs. The average annual wage of the 86 retained jobs is estimated to be \$95,000.00. These earnings would result in an annual economic impact of \$11,907,775.00 and a total of 162 direct and indirect jobs. The economic impact of the Phase one capital investment is \$14,296,535.00. These economic impacts were calculated using the U.S. Bureau of Economic Analysis Regional Input Modeling System (RIMS II) Model for Pinellas County.

In 2018, Jabil notified Pinellas County Economic Development of its intent to apply for an EDAVTE and requested permission to be allowed to move forward with the project. The EDAVTE program provides for the approval of a resolution allowing a company to commence its project prior to adoption of an Exemption Ordinance. On March 20, 2018, the Board approved Resolution 2018-15 expressing its support of Jabil as a qualified applicant for an EDAVTE subject to final approval and adoption of an Exemption Ordinance.

On January 31, 2019 Jabil submitted a completed application for an EDAVTE for the Phase One project, requesting an ad valorem tax exemption for 100% of the assessed value of qualifying improvements to real property and qualifying tangible personal property for a period of twenty years. The maximum exemption period, however, is ten years for non-data center projects.

Pursuant to requirements, the Pinellas County Property Appraiser reviewed the application and provided a report to the County that includes the following information:

(A) The total revenue or estimate of revenue available County-wide for the current fiscal year from ad valorem tax sources: \$450,951,982.42.

- (B) The amount of any revenue lost or estimate of revenue lost by virtue of Economic Development Ad Valorem Tax Exemptions previously granted: \$ 0.00.
- (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 and the property for which the exemption is requested would otherwise have been subject to taxation: \$53,419.00.
- (D) A determination that Jabil, Inc. meets the definition of Expansion of an Existing Business, as defined in Florida Statutes, Section 196.012.

On August 20, 2020 the City of St. Petersburg approved an EDAVTE for the same Phase One project. The City exemption approved is for a 100% exemption on eligible improvements for five years, not to exceed \$100,000 per year. In addition, the City previously conveyed the land and building to Jabil for fair market value.

Staff recommendation is to approve an EDAVTE Ordinance for the Phase One project with an exemption of 100% of the assessed value of qualifying improvements to real property and qualifying tangible personal property for a period of ten years. Jabil is expected to apply for an EDAVTE for the remaining two phases of the expansion project.

Staff has determined that the Jabil application meets all requirements for an exemption under the EDAVTE Program. Businesses approved for an EDAVTE are required to enter into an agreement with the County that will include a requirement to submit an annual report containing documentation that the business is eligible to continue receiving the exemption. The agreement will be brought to the Board at a future meeting.

Fiscal Impact:

This Ordinance will exempt only the incremental improvements to the property. The baseline assessed value of the land and the former Tampa Bay Research Institute building is \$2,875,000.00. Based on the millage rate for unincorporated Pinellas County of 5.3590, Jabil paid \$15,407.00 in taxes to Pinellas County in 2019. This baseline assessed value will not be exempted under this Ordinance so the County will continue to receive this level of taxes over the ten-year period. Note that this is new revenue to the County, since the property was previously owned by the City and was tax-exempt.

The estimated capital investment to be made for Phase One is \$11,727,141.00, including construction and equipment. The recommendation is for the Board to approve an EDAVTE for a 100% exemption for ten years on the eligible improvements completed under Phase One. The exemption would go into effect in 2021 and would be applied from 2021 to 2030. The Pinellas County Property Appraiser has provided a report estimating that the amount of the tax abatement during the first year would be \$53,419.00.

Staff Member Responsible:

Mike Meidel, Director, Economic Development

Partners:

City of St. Petersburg

Attachments:

Ordinance
Jabil, Inc. Application with Property Appraiser Report
Resolution 2018-15
Notice of Public Hearing