



Pinellas County

Staff Report

File #: 21-2011A, Version: 1

Subject:

Resolution expressing support of Project C1071544713 as a qualified applicant for an Economic Development Ad Valorem Tax Exemption.

Recommended Action

Adopt a resolution expressing support of Project C1071544713 (Company) as a qualified applicant for an Economic Development Ad Valorem Tax Exemption (EDAVTE) pursuant to Section 196.1995, Florida Statutes, and authorizing Project C1071544713 to make improvements before an EDAVTE Ordinance is adopted.

- The Company is a Fortune 500 Corporate Headquarters currently located in New York City. The Company is considering the relocation of its entire operation.
- The Company would be the sole occupant of a 150,000+ square foot building located within the city limits of St. Petersburg.
- The Company will invest \$10,000,000.00 in real property improvements and \$6,500,000.00 in tangible property for the new facility.
- The Company receives 92% of its revenues from outside of the State of Florida.
- The Company will create at least 350 new jobs in Pinellas County at an average wage of \$120,000.00 per year.
- The business activities of the Company will generate approximately 1,300 hotel room rentals per year in Pinellas County.

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 C1071544713 is a Fortune 500 Corporate Headquarters company that is considering the relocation of its entire operation from New York City to a new facility located within the City of St. Petersburg (City). The proposed project would include both job creation and capital investment components. The Company has also pledged to have a very active and visible role in support of community programs. The Company will be requesting an Economic Development Ad Valorem Tax Exemption. Pinellas County is competing with New York and Georgia 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 C1071544713 is the Corporate Headquarters of a Fortune 500 business operating in the retail sector. The Company is considering a complete relocation of its operations to St. Petersburg from the current location in New York City. The Company currently has stores in 27 countries around the world with revenues of over \$7.5 billion. Competition for this project is New York and Atlanta, Georgia. The Company plans to invest an estimated \$6.5 million in equipment and \$10 million in construction for the relocation of their Headquarter operations. The building that the company intends to occupy in Pinellas County currently incurs \$146,466.00 in property tax liability per year. 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. Our preliminary estimate is that the County will receive over \$1.3 million in net benefits (total revenues less the total cost of government services) over the first 10 years. This is in addition to the \$146,466.00 in direct property taxes that will continue to be paid and will not be subject to abatement.

The direct payroll impact of 350 new jobs with an average wage of \$120,000.00 a year is \$42 million per year and \$460 million over 10 years. The estimated net benefit (total benefit less cost of services) to Pinellas County Schools is \$1.7 million over the 10-year period.

The City of St. Petersburg's City Council is scheduled to consider approval of a municipal EDAVTE for this project on October 7, 2021.

Staff Member Responsible:

Suzanne Christman, Director, Business Development, Economic Development

Partners:

N/A