



Pinellas County

Staff Report

File #: 21-844A, Version: 1

Subject:

Resolution expressing support of C1012942751 as a qualified applicant for an Economic Development Ad Valorem Tax Exemption.

Recommended Action:

Adopt a resolution expressing support of C1012942751 (Company) as a qualified applicant for an Economic Development Ad Valorem Tax Exemption (EDAVTE) pursuant to Section 196.1995, Florida Statutes, and authorizing C1012942751 to make improvements before an EDAVTE Ordinance is adopted.

- The Company is an existing medical manufacturing company that is located in the City of St. Petersburg.
- The Company is considering building a 116,000 square foot facility and plans to invest \$1 million in equipment and \$23 million in construction.
- The Company estimate they will create a minimum of 10 new jobs with annual pay scales of at least 75% of the average annual wage for Pinellas County. The project is located in a designated Brownfield area, which allows for projects paying 75% of the Pinellas County wage to be eligible for an EDAVTE.

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:

C1012942751 is an existing medical manufacturing company that is considering expanding its facility in the City of St. Petersburg (City), with both job creation and capital investment components. The company will be requesting an Economic Development Ad Valorem Tax Exemption. Pinellas County is competing with Texas and Alabama 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.

C1012942751 is an existing medical manufacturing company that has been in Pinellas County 30+ years and is looking to expand its facility in the City of St. Petersburg. The company is looking to expand their medical product manufacturing to meet surging demand caused by the global COVID-

19 pandemic. The company is also considering Texas and Alabama for this expansion. The company currently has operations in these two locations and recently purchased 30 acres of land next to their Alabama facility. The company plans to invest an estimated \$1 million in equipment and \$23 million in construction for this expansion. The company currently pays \$638,439 in real and tangible personal property taxes to Pinellas County (Nov. 2020). These taxes would continue to be paid to the County even if the EDAVTE is approved for this project. The new tax revenue arising out of an increase in incremental property value 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 using the abatement amount and term proposed below is that the County will receive over \$200,000 in net benefits (total revenues, less the total cost of government services) in the first five years of operations and over \$900,000 in net benefits after the tenth year, even after the 5 year property tax exemption. This is in addition to the \$638,439 in direct property taxes that the firm pays annually to the County for its current facility.

The City of St. Petersburg's City Council approved a municipal EDAVTE for this project on March 18, 2021. The City caps the tax abatement for a single project at \$100,000 per year and the exemption term for this particular project would be limited to 5 years. Historically, the County has matched the incentive amount provided by the City. If that held true for this project, the total tax abatement amount would be \$500,000 spread out over the first five years the building is in service.

Staff Member Responsible:

Suzanne Christman, Business Development Division Director, Economic Development

Partners:

City of St. Petersburg

Attachments:

Resolution