

July 7, 2015 Regular BoCC meeting
Agenda Item #26

SUBJECT

Public Hearing to consider adoption of an ordinance granting an Economic Development Ad Valorem Tax Exemption to a new business, Wal-Mart Stores, Inc., and approval of a Performance Agreement with the company.

DESCRIPTION

The Board is asked to consider adoption of an ordinance the title of which is:

AN ORDINANCE OF POLK COUNTY, FLORIDA, ESTABLISHING AN EXEMPTION FROM CERTAIN AD VALOREM TAXATION FOR WAL-MART STORES, INC., A NEW BUSINESS; PROVIDING FINDINGS OF FACT; PROVIDING A TITLE; PROVIDING THE TOTAL AMOUNT OF REVENUE AVAILABLE TO THE COUNTY FROM AD VALOREM TAX SOURCES FOR THE CURRENT FISCAL YEAR, THE TOTAL AMOUNT OF REVENUE LOST TO THE COUNTY FOR THE CURRENT FISCAL YEAR BY VIRTUE OF ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTIONS CURRENTLY IN EFFECT, AND THE ESTIMATED REVENUE LOSS TO THE COUNTY FOR THE CURRENT FISCAL YEAR ATTRIBUTABLE TO THE EXEMPTION FOR WAL-MART STORES, INC.; PROVIDING FOR THE GRANT OF AN EXEMPTION FOR 10 YEARS AT 100 PERCENT; PROVIDING FOR A FINDING THAT THE COMPANY MEETS THE REQUIREMENTS OF SECTION 196.012 (14), FLORIDA STATUTES, (NEW BUSINESS); PROVIDING FOR CONTINUING PERFORMANCE; PROVIDING FOR APPLICABILITY; PROVIDING FOR REVIEW; PROVIDING FOR EXPIRATION; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

Florida counties are authorized to grant ad valorem tax exemptions to qualifying new and expanding businesses under certain circumstances if such exemptions are first approved by voters. On November 6, 2012, Polk County voters approved the granting of such exemptions. On May 7, 2013, the Board adopted Ordinance 2013-017 (the "Ordinance") setting out guidelines and procedures to be followed. The County has received an application under the Ordinance from a new business, Wal-Mart Stores, Inc. Along with that application was a letter of recommendation from the Central Florida Development Council and other required documentation showing that the company intends to add 625 new full-time jobs in Polk County paying at least 115% of the average annual wage and will make a capital investment of approximately \$206,800,000.

As required by the Ordinance and statutes, the application was sent to the Property Appraiser for review and the Property Appraiser has submitted her report dated June 16, 2015. Based on the application and supporting documentation it has been recommended, in accordance with the Ordinance guidelines, that a 100% reduction in applicable ad valorem taxes be granted for a period of 10 years. As required by statute and the Ordinance, a performance agreement is needed to insure that the company fulfills all of its obligations.

Based on the Property Appraiser's Report it is estimated that \$1,236,327 in ad valorem taxes will be lost during each year of the 10-year exemption period, 2017 through 2026, as a result of this exemption. The Ordinance provides that the exemptions granted by the Board for each fiscal year shall not result in an estimated aggregate annual amount of forgone ad valorem tax revenues in excess of Two Million Dollars (\$2,000,000), or such other amount approved by a supermajority vote of the Board, which amount shall be calculated based on the Property Appraiser's estimates on the revenue lost to the County during the then particular fiscal year by virtue of exemptions previously granted plus exemptions under consideration in such particular fiscal year. For Tax Year 2017, the estimated amount of forgone ad valorem tax revenues based on previously granted exemptions is \$1,074,597. If the Wal-Mart Exemption is approved, that amount will increase to \$2,310,924, which is \$310,924 over the maximum annual exemption amount prescribed by the Ordinance. Accordingly, a supermajority vote of

the Board is required to increase the \$2 million annual threshold amount to \$2,310,924, and to approve and adopt the Wal-Mart Exemption ordinance and corresponding performance agreement.

RECOMMENDATION

Approve and adopt by supermajority vote: (1) the increased maximum annual exemption amount of \$2,310,924; (2) the Economic Development Ad Valorem Tax Exemption for Wal-Mart Stores, Inc.; and (3) the Ad Valorem Tax Exemption Performance Agreement between the County and Wal-Mart Stores, Inc.

FISCAL IMPACT

Based on the Property Appraiser's Report it is estimated that \$1,236,327 in ad valorem taxes will be lost during each year of the 10-year exemption period.

CONTACT INFORMATION

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Attachment: [Performance Agreement FINAL.pdf](#)

Attachment: [Ordinance FINAL.pdf](#)