

MEMORANDUM

DATE: May 13, 2015

TO: Honorable Mayor and City Commissioners

FROM: Kenneth Fields, City Manager

RE: Resolution 2015-11, Tax Refund Incentive Program

SUBJECT: Resolution Magician 2—recommends Project Magician 2 approval as a Qualified Target Industry (QTI) Business pursuant to Section 288.106, Florida Statutes and providing for local monetary financial support in the total amount of \$11,700, which is one-half of the twenty (20%) percent total required QTI local financial match.

RECOMMENDATION

It is recommended that the City Commission adopt Resolution 2015-11.

BACKGROUND

Section 288.106, Florida Statutes, regarding a Tax Refund Program for Qualified Target Industry Businesses, provides a tax refund incentive for companies that create high wage jobs in high impact sectors and value-added industries. This incentive program referred to as the QTI Tax Refund Incentive Program (“Program”) includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes that are paid by such eligible companies. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full-time equivalent job created. The local community where the company locates contributes twenty (20%) percent of the total tax refund. No more than twenty-five (25%) percent of the total local financial support comprising the eligible tax refund approved may be received in any single fiscal year. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

The Program, which is administered by Enterprise Florida at the state level, in cooperation with the Central Florida Development Council (CFDC) and the Lake Wales Economic Development Council (LWEDC) at the local level, has been used numerous times since the Program was established. For qualified businesses located in unincorporated Polk County, the County contributes the required twenty (20%) percent local share. For qualified projects located within incorporated municipalities, Polk County requests the municipality contribute one-half of the twenty (20%) percent share or ten (10%) percent and the County contributes ten (10%) percent. The LWEDC has been working closely with an area business that is planning to expand its investments to the City of Lake Wales. Enterprise Florida recently confirmed the eligibility of the business to receive QTI incentives for its intended investment in Lake Wales and requested the LWEDC secure the City of Lake Wales’ local support. This business qualifies as a Target Industry under the provisions of Section 288.106, F.S. and is expected to bring 39 new manufacturing and engineering jobs, paying at least 115% of the 2013 Polk County average annual wage and a capital investment of \$3,120,000.

In order for a qualified business to receive this incentive, Enterprise Florida must certify the jobs created on an annual basis prior to any disbursement of funds to the business. Based on the requirement that no more than twenty-five (25%) percent of the local financial support comprising the eligible tax refund may be paid in any single fiscal year, the incentive funds will be disbursed over at least a four year period potentially beginning in the spring of 2016.

FINANCIAL IMPACT

Approval of this Resolution will require a cash contribution by the City not to exceed \$11,700. Based on the requirement that a maximum of 25 percent of the local financial support comprising the eligible tax refund may only be paid in any single fiscal year, the maximum amount the City would have to pay would be \$2925.00 per year for four years, expected to begin in FY 2015/16. This amount could be less in any fiscal year since it is based on the number of jobs created and could take more than four (4) fiscal years to pay the total amount of \$11,700.00. This amount would be required to be included in the City budget for each of the ensuing fiscal years in order to fulfill this obligation and until the total amount of \$11,700.00 is paid.

ATTACHMENT

Resolution 2015-11

RESOLUTION 2015-11

A RESOLUTION OF THE CITY OF LAKE WALES, POLK COUNTY, RECOMMENDING PROJECT MAGICIAN 2 TO BE DESIGNATED AS A QUALIFIED TARGET INDUSTRY PURSUANT TO SECTION 288.106, FLORIDA STATUTES; AFFIRMING THIS IS A HIGH IMPACT SECTOR EMPLOYER; PROVIDING FOR LOCAL MONETARY FINANCIAL SUPPORT; SEVERABILITY; REPEAL OF CONFLICTING RESOLUTIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, a business identified as “Project Magician 2” intends to locate in the City of Lake Wales, Polk County, Florida; and

WHEREAS, Project Magician 2, which qualifies as a Quality Target Industry (QTI) business pursuant to Section 288.106, Florida Statutes will create 39 new full-time equivalent jobs; and,

WHEREAS, Project Magician 2 is eligible to receive a tax refund incentive award in the amount of \$3,000.00 per full-time equivalent job created, based on full-time equivalent jobs paying at least one-hundred fifteen percent (115%) of the 2013 Polk County average annual wage; and

WHEREAS, Project Magician 2 will commit to pay an average annual wage of at least \$46,026, which is 115% of the 2013 Polk County average annual wage; and

WHEREAS, the location of Project Magician 2 will benefit the economy of the City of Lake Wales; and

WHEREAS, the City of Lake Wales acknowledges that a local financial support of 20% of the total tax refund is required under the provisions of Section 288.106, Florida Statutes, governing Florida’s Qualified Target Industry Tax Refund Program; and

WHEREAS, the City of Lake Wales hereby acknowledges that local financial support will be equally divided between Polk County, Florida and the City of Lake Wales,

resulting in the City's local financial support not to exceed 10% of the local financial support portion of the total eligible tax refund; and

WHEREAS, Section 288.106, Florida Statutes, requires that the tax refund for a Qualified Target Industry business be disbursed in an amount not to exceed twenty-five percent (25%) of the local financial support portion of the total eligible tax refund amount in any fiscal year based on the number of qualifying full-time equivalent jobs filled for a minimum of one year; and

WHEREAS, a tax refund award, including local financial support, for Project Magician 2 will be disbursed over a minimum of four years, beginning in Fiscal Year 2015/16.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LAKE WALES, FLORIDA, AS FOLLOWS:

1. The above recitals are incorporated herein and form a factual basis for the adoption of this Resolution.
2. That the City of Lake Wales hereby recommends Project Magician 2 to be approved as a Qualified Target Industry Business pursuant to Section 288.106, Florida Statutes.
3. That a cash commitment for local financial support for Project Magician as a Qualified Target Industry pursuant to Section 288.106, Florida Statutes, in the amount of \$11,700, which is ten percent (10%) of the total local financial support portion of the total eligible tax refund amount (one-half of the total local financial support) will be made by the City of Lake Wales. This amount will be made available in accordance with the guidelines set forth by the Governor's Office of Tourism, Trade and Economic Development with the stipulation that these funds are intended to represent local financial support pursuant to Section 288.106, Florida Statutes.
4. If any portion of this Resolution is declared invalid or unenforceable, then to the extent it is possible to do so without destroying the overall intent and effect of this

Resolution, the portion deemed invalid or unenforceable shall be severed herefrom and the remainder of this Resolution shall continue in full force and effect as if it were enacted without including the portion found to be invalid or unenforceable.

5. Any Resolution in conflict herewith is hereby repealed but only to the extent of the conflict and as required to give this Resolution full force and effect.
6. This Resolution shall take effect immediately upon passage.

APPROVED and ADOPTED by the City Commission of the City of Lake Wales, Florida, this 19th day of May 2015.

CITY OF LAKE WALES, FLORIDA

BY: _____
Eugene Fultz, Mayor

ATTEST:

Clara VanBlargan, MMC, City Clerk

Approved as to form:

CITY ATTORNEY