



SANTA ROSA COUNTY ECONOMIC DEVELOPMENT OFFICE

SHANNON OGLETREE, CECD
Economic Development Director
shannon@santarosa.fl.gov

6491 Caroline Street | Suite 4 | Milton, Florida 32570

MEMORANDUM

TO: Board of County Commissioners
FROM: Shannon Ogletree, Economic Development Director
DATE: October 10, 2016
SUBJECT: Discussion of Retail Incentive Program

RECOMMENDATION

Discussion to amend the Santa Rosa Economic Development Incentive Ordinance 2012-01 to include large scale retail development incremental grant program.

BACKGROUND

The primary reason to offer incentives is to remain competitive. When a company chooses to locate either locally or nationally, they narrow their search to communities that best fit their needs. Incentives play a large part in the decision making.

Over the years, Santa Rosa County has developed incentives around industry, which are those companies that derive more than 50% of their sales outside the State of Florida. While these incentives have been useful in attracting new companies and expanding our existing companies, it is my recommendation that a new incentive be developed toward the attraction of large scale retail development based upon the incremental County Ad Valorem Tax Collected by the new development.

To highlight a potential project, below are the estimated figures for first **5-years**:

Project Parameters:

Cost of Development:	\$13.5 Million (development cost beyond price of land)
Potential New Jobs:	100
Number of New National Retailers:	3

Estimated Tax Collected Over 5-years:

Estimated County Tax Collected Over 5-years:	\$436,787 (incentive amount back to company)
Estimated Sales Tax Collected Over 5-years:	\$600,000 (includes local government ½ cent sales tax and LOST)
Estimated School Tax Collected Over 5-years:	\$504,541
Estimated Tax Collected Over 5-years:	\$1,541,238

Estimated figures for 10-years:

Estimated County Tax Collected Over 10-years: \$919,035

Estimated Sales Tax Collected Over 10-years: \$1,000,000 (includes local government ½ cent sales tax for 10 years and LOST for the first 5-years)

Estimated School Tax Collected Over 10-years: \$1,061,595

Total Estimated Collected Over a 10-Year Period: \$2,980,630

Incentive Value:

Total Incentive Amount Over 5-years: \$436,787

Amount is based upon County Property Tax Collected over a 5-year period

Net Amount Collected Over 5-Year Period:

Estimated Sales/Ad Valorem Tax Collected: \$1,541,238

(Sales tax includes local government ½ cent sales tax and LOST)

Minus

Rebate Amount: \$436,787

Net Amount Over 5-years: \$1,104,451

The Economic Development Staff will continue to research and developed guidelines for large scale retail development to bring back to the Board of County Commissioners at a later date.

More detail is provided in the attached backup documents:

- Proposed retail incentive
- Estimated Sales Tax Revenue of a proposed project
- Estimated Property Tax Collected
- List of National retailers with range of square foot sizes

**Estimated Sales Tax Collected by Santa Rosa County on a Retail Project
Estimated Sales of New Development**

Year	Estimated Sales	Local Government 1/2 cent	
		Sales Tax Program	Local Option Sales Tax Collected
2017 (Under Construction)	\$0.00	\$0.00	\$0.00
2018	\$12,000,000	\$60,000	\$60,000
2019	\$16,000,000	\$80,000	\$80,000
2020	\$16,000,000	\$80,000	\$80,000
2021	\$16,000,000	\$80,000	\$80,000
Five Year Total:		\$300,000	\$300,000

Grand Total Collected over five (5) years: \$600,000

Year	Estimated Sales	Local Government 1/2 cent	
		Sales Tax Program	Local Option Sales Tax Collected
2022	\$16,000,000	\$80,000	Extension Required for Calculation
2023	\$16,000,000	\$80,000	Extension Required for Calculation
2024	\$16,000,000	\$80,000	Extension Required for Calculation
2025	\$16,000,000	\$80,000	Extension Required for Calculation
2026	\$16,000,000	\$80,000	Extension Required for Calculation
Total Collected over 10 years:		\$700,000	\$300,000

Grand Total Collected over ten (10) years: \$1,000,000

Sales Tax Rate back from State:	1/2 cent
Local Option Sales Tax Rate:	1/2 cent sales tax, passed 2016, expires 2021

PROJECT RETAIL

VALUE	YEAR	INCRE ASE	APPRAISE D VALUE	County Millage	School Millage	EST. COUNTY TAXES	EST. SCHOOL TAXES	EST. TOTAL
\$13,500,000	2018	1.02	13,770,000	0.006095	0.0070408	\$83,932	\$96,952	\$180,884
\$13,770,000	2019	1.02	14,045,400	0.006095	0.0070408	\$85,611	\$98,891	\$184,502
\$14,045,400	2020	1.02	14,326,308	0.006095	0.0070408	\$87,323	\$100,869	\$188,192
\$14,326,308	2021	1.02	14,612,834	0.006095	0.0070408	\$89,070	\$102,886	\$191,956
\$14,612,834	2022	1.02	14,905,091	0.006095	0.0070408	\$90,851	\$104,944	\$195,795
\$14,905,091	2023	1.02	15,203,193	0.006095	0.0070408	\$92,668	\$107,043	\$199,711
\$15,203,193	2024	1.02	15,507,257	0.006095	0.0070408	\$94,521	\$109,183	\$203,705
\$15,507,257	2025	1.02	15,817,402	0.006095	0.0070408	\$96,412	\$111,367	\$207,779
\$15,817,402	2026	1.02	16,133,750	0.006095	0.0070408	\$98,340	\$113,595	\$211,935
\$16,133,750	2027	1.02	16,456,425	0.006095	0.0070408	\$100,307	\$115,866	\$216,173
ESTIMATED TOTAL						\$919,035	\$1,061,595	\$1,980,630

Economic Impact of Project Retail

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Employment	433	238	238	233	226	219	210	202	194	186
Value Added	\$11,785,045	\$13,208,961	\$13,566,733	\$13,644,527	\$13,618,448	\$13,517,612	\$13,344,346	\$13,133,701	\$12,910,712	\$12,688,162
Personal Income	\$20,085,836	\$11,563,848	\$14,607,066	\$16,608,064	\$18,444,498	\$20,131,392	\$21,544,798	\$22,790,249	\$24,043,738	\$25,150,911

\$16 million increase in sales

\$100,000 rebate for 5 years

\$13.5 construction in 2017

Value Added is the measure of each industry's contribution to the GDP and can be thought of as net sales - gross sales minus the cost of inputs.

Personal income includes income received from all sources, including wages and salaries and proprietor's income.

SAMPLE OF RETAILERS WITH SAMPLE SQUARE	
Company Name	Store - Sq. Ft. (Estimated)
Academy	35,000 - 90,000
Bealls	80,000 - 100,000
Best Buy	30,000
Cato	20,000-40,000
Costco	100,000+
Dicks	50,000
Dollar General	2,500-5,000
Dollar Tree	10,000
Family Dollar	2,500-5,000
Gap	7,500 - 10,000
Kmart	90,000-100,000
Kohl's	50,000-90,000
Macy's	100,000+
Maurice's	10,000-20,000
Men's Wearhouse	4,000-7,000
Michaels	16,000 - 20,000
Old Navy	15,000 - 19,000
Stein Mart	38,000
T J Maxx	40,000 -100,000
Target	80,000-160,000
Walmart	40,000-100,000



CRITERIA FOR ESTABLISHING AN ECONOMIC DEVELOPMENT INCENTIVE FOR SHOPPING CENTER DEVELOPMENT

This economic development incentive is to provide an incentive to retail shopping center developments that are locating to Santa Rosa County.

This economic development incentive will be based on the amount of capital investment, and will be paid at the end of each year and extend up to eight consecutive years. There will be a development agreement between the Developer and Santa Rosa County outlining the commitments of the County and the Developer. If vertical construction has not commenced within eighteen (18) months of the effective date of the development agreement, then the development agreement will terminate AND if the minimum amount of capital investment is not met within thirty six (36) months of the effective date of the development agreement, then the development agreement will also terminate.

Beginning after at least 50% of the shopping center has opened for business to the public and continuing for a full tax year, the County shall provide an annual grant payment to the developer equal to the incremental amount of taxes collected based upon the County Millage rate, (School Millage and Northwest Florida Water Rates shall not be included) on the property over a twelve (12) month calendar period as compared to the taxes collected for a base tax year prior to commencement of construction of the shopping center. The grant payment will not be an abatement, waiver, rebate or refund of tax payments, but a payment to incentivize shopping center development on the property that is based on actual tax receipts from the property collected by the County.

If the project has a capital investment of at least ten million dollars (\$10,000,000) up to twenty million dollars (\$20,000,000) AND contains at least two (2) national retailers of at least twenty thousand (20,000) square feet combined, then payments shall be for a period of five (5) years totaling five grant payments. The development agreement shall terminate after the fifth (5th) grant payment made by the County to the Developer.

If the project has a capital investment over twenty million dollars (\$20,000,000) AND contains at least four (4) national retailers of at least forty thousand (40,000) square feet combined, then payments shall be for a period of eight (8) years totaling eight grant payments. The development



agreement shall terminate after the eighth (8th) grant payment made by the County to the developer.

All incentives are subject to approval by the Board of County Commissioners.

Santa Rosa Economic Development Office
850-623-0174 / www.santarosaedo.com
6491 Caroline Street, Suite 4 / Milton, Florida 32570-4592

Revised 9-27-16

ORDINANCE NO. 2012 - 01

AN ORDINANCE RELATING TO SANTA ROSA COUNTY, FLORIDA; ESTABLISHING THE SANTA ROSA COUNTY ECONOMIC DEVELOPMENT INCENTIVE ORDINANCE; PROVIDING FOR CODIFICATION; AND, PROVIDING FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SANTA ROSA COUNTY, FLORIDA:

SECTION 1. TITLE.

This Ordinance shall be known and may be referred to as the “Santa Rosa County Economic Development Incentive Ordinance.”

SECTION 2. PURPOSE AND INTENT.

This ordinance is enacted pursuant to the authority granted to the Board of County Commissioners under Article VIII, Section 1(f) of the Florida Constitution, F.S., § 125.01(1)(w), and F.S. § 125.045(2) and (3). The Board of County Commissioners (BOCC) finds that attracting and retaining business enterprises in Santa Rosa County constitutes a public purpose that justifies the use of public funds to achieve the County’s economic development goals.

The goal of this ordinance is to maintain a stable economy, fortify the tax base and provide a better standard of living for county residents by attracting, retaining and fostering the expansion of business enterprises that provide above-average salaries and employment opportunities to county residents. It is the intent of this ordinance to establish a mechanism to accomplish this goal.

The incentives offered through this ordinance are intended to attract and retain business enterprises engaged in industry. For purposes of this ordinance, “industry” shall mean any business that generates more than fifty percent (50%) of its revenue from outside the three county area – Santa Rosa, Escambia and Okaloosa.

SECTION 3. ECONOMIC DEVELOPMENT INCENTIVES.

Economic incentives to target business enterprises may be in the form of rebates of ad valorem taxation of the assessed value of improvement to real property made by or for the use of the target business. Only those business enterprises meeting the eligibility criteria described below shall be considered for a rebate. Rebates shall be calculated on the following criteria:

(a) Rebates. Eligible business enterprises shall be entitled to apply for rebates based upon the number of full-time jobs created and the average wage of the jobs. The County will

offer this rebate based on the following scale as it pertains to the average wage rate of the industry:

- (1) 100% to 150% greater than the County's average wage rate as defined annually by the State of Florida – 100% for ten years.
- (2) 151% or greater than the County's average wage rate as defined annually by the State of Florida – 100% for fifteen years.

(b) If a company locates within a Florida Brownfield Redevelopment Area within Santa Rosa County, the rebate will be based upon the following scale:

- (1) 85% to 115% greater than the County's average wage rate as defined annually by the State – 100% for ten years.
- (2) 116% or greater than the County's average wage rate as defined annually by the State – 100% for fifteen years.

(c) Rebates may be awarded by the Board of County Commissioners for the assessed value of all improvements to real property made by or for the use of the target business that were paid to the County for the year that the business enterprise created the jobs giving rise to the rebate. Nothing herein shall be construed to obligate Santa Rosa County to approve the maximum rebate. The Board of County Commissioners shall have sole discretion to approve each rebate application and the amount of the rebate. Approval of any rebate shall be subject to lawfully available and budgeted funds.

(d) The following criteria must be satisfied by all applicants for rebate awards:

- (1) Business enterprises must create and maintain in Santa Rosa County a minimum of five (5) full-time jobs during the year for which the rebate is sought.
- (2) Eligible business enterprises must have commenced operations with an established payroll for permanent, full-time jobs during the first year for which a rebate is sought. Business enterprises engaged in construction and other actions in anticipation of commencing operations, but which have not yet commenced operations and established a payroll for permanent, full-time jobs, shall not be eligible. Business enterprises shall not be eligible for a rebate during any year in which it ceases operations in Santa Rosa County.

- (3) Eligible business enterprises must generate more than fifty percent (50%) of their revenue from outside the three county area – Santa Rosa, Escambia and Okaloosa.
- (4) Eligible business must annually re-apply for rebates between January 1 and February 15 for the preceding calendar year.

SECTION 4. QUALIFIED TARGET INDUSTRY INCENTIVE.

Economic incentives to target business enterprises may be in the form of payments to business enterprises meeting the eligibility criteria described below. Payments shall be calculated on the following criteria:

(a) Payments. Eligible business enterprises shall be entitled to apply for payments based upon the number of full-time jobs created and the average wage of the jobs. The County will offer this payment based on the following scale as it pertains to the average wage rate of the industry:

- (1) 85% to 115% greater than the County's average wage rate as defined annually by the State of Florida – \$200 per position per year for up to five consecutive years.
- (2) 115% to 125% greater than the County's average wage rate as defined annually by the State of Florida – \$400 per position per year for up to five consecutive years.
- (3) 125% to 150% greater than the County's average wage rate as defined annually by the State of Florida – \$600 per position per year for up to five consecutive years.
- (4) 150% or greater than the County's average wage rate as defined annually by the State of Florida – \$800 per position per year for up to five consecutive years.

(b) Payments may be awarded by the Board of County Commissioners, in its sole discretion, for the year that the business enterprise created the jobs. The Board of County Commissioners shall have sole discretion to establish maximum total payments and shall not be obligated to make payment for all jobs created. Approval of any payment shall be subject to lawfully available and budgeted funds.

(c) The following criteria must be satisfied by all applicants for payment awards:

- (1) Eligible business enterprises must have commenced operations with an established payroll for permanent, full-time jobs during the first year for which a payment is sought. Business enterprises engaged in construction and other actions in anticipation of commencing operations, but which have not yet commenced operations and established a payroll for permanent, full-time jobs, shall not be eligible. Business enterprises shall not be eligible for a payment during any year in which it ceases operations in Santa Rosa County.
- (2) Eligible business enterprises must generate more than fifty percent (50%) of gross revenues from outside the three county area -- Santa Rosa, Escambia and Okaloosa.
- (3) Eligible business must annually re-apply for payments between January 1 and February 15 for the preceding calendar year.

SECTION 5. CODIFICATION. The provisions of this ordinance shall become and be made a part of the code of laws and ordinances of the County of Santa Rosa. The sections of this ordinance may be renumbered or relettered to accomplish such, and the word "ordinance" may be changed to "section", "Ordinance", or any other appropriate word.

SECTION 6. EFFECTIVE DATE. This Ordinance shall take effect upon filing of a certified copy of this Ordinance with the Department of State within ten (10) days after enactment.

PASSED AND ADOPTED by a vote of 5 yeas and 0 nays and 0 absent of the Board of County Commissioners of Santa Rosa County, Florida, on the 12th day of January, 2012.

**BOARD OF COUNTY COMMISSIONERS
SANTA ROSA COUNTY, FLORIDA**

By: Jim Williamson



ATTEST:

Mary M Johnson
Clerk of Court

I, Mary Johnson, Clerk of Court of Santa Rosa County, Florida, do hereby certify that the same was adopted and filed of record and a copy deposited in the Postal Department of the United States of America for delivery by registered mail to the Secretary of the State of Florida on this 18th day of January, 2012.

Mary M Johnson
Clerk of Court

