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Sarasota County Economic Development Ad Valorem Tax Exemption Program

What is the economic development ad valorem tax exemption program?

The economic development ad valorem tax exemption (EDAVTE) program is an economic incentive program designed to encourage new businesses to relocate in Sarasota County and existing businesses to expand to create new job opportunities for Sarasota County residents. If approved, the program will authorize the Sarasota County Commission to grant qualifying businesses a county property tax exemption of up to 100 percent for up to 10 years.

When would the incentive program take effect in Sarasota County?

A referendum question asking whether the County Commission should be authorized to grant economic development ad valorem tax exemptions to qualifying businesses will appear on the August 24, 2010 primary ballot. The program would take effect upon passage of the referendum.

Why do we need it?

Sarasota County is experiencing an unprecedented unemployment rate, businesses are closing and homes are going into foreclosure. The economic development ad valorem tax exemption program will diversify the county's business base by encouraging industries that offer higher-than-average salaries to relocate here and helping existing businesses expand. The program also will enable Sarasota County to more effectively attract new businesses.

Will the program create more competition for existing businesses?

The program was established to encourage diversification in the business community, not to create competition to existing businesses.

How can existing businesses take advantage of this opportunity?

This incentive will encourage existing businesses to expand, purchase new equipment and create new jobs.

What taxes are eligible for exemption?

Sarasota County property taxes on qualifying buildings and equipment will be eligible.

Are school taxes exempt?

The exemption does not apply to school taxes.

Will Sarasota County's services be affected?

There are no anticipated impacts to the County's existing services as a result of the program. In fact, it has been shown that the financial benefits to a county from increased employment and business diversification outweigh any reduction in ad valorem tax revenues.

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Are companies that apply automatically granted an exemption?

No. Companies must first meet threshold criteria in County Ordinance 2010-034, as amended by Ordinance No. 2010-050. If those criteria are met, an application will be considered by the County Commission at a public hearing where public input will be taken. The Commission will apply its Economic Development Guidelines to determine whether to grant an exemption, as well as the percentage and length of time. Each exemption is granted by a separate ordinance.

What are the threshold criteria?

For New Businesses:

- A business that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full-time jobs; or
- A business that sells 50 percent or more of its goods outside the Sarasota/Manatee County area and creates 25 or more full-time jobs; or
- A business that leases or owns office space on a site separate from any other commercial or industrial operation that it owns and creates 50 or more full-time jobs; or
- Any business in an enterprise zone that creates new full-time jobs under these conditions.

For Existing Businesses:

- A business that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full times jobs; and
- A business that creates 25 or more full-time jobs and sells 50 percent or more of its goods outside the Sarasota/Manatee County area for each year the exemption is claimed; provided that the business increases operations on a site co-located with a commercial or industrial operation owned by the same business, resulting in a net increase in employment of at least 10 percent or an increase in productive output of at least 10 percent.

What are the County Commission’s Economic Development Guidelines?

- A resolution setting forth the Sarasota County Economic Development Policy Guidelines to be considered by the Board on June 22, 2010, includes the following factors:
 - Number of current and projected employees in the county
 - Average wage of employees
 - Amount of capital Investment
 - Innovative business
 - Commitment to local procurement
 - Net positive contribution to the local economy
 - Sales factor as applied to enterprise zones

Will big-box retail/outlets and fast-food restaurants be eligible?

Fast-food restaurants will be eligible only in an enterprise zone because they don’t otherwise meet threshold criteria. A big box retail/outlet that meets threshold criteria will be eligible to apply but the Economic Development Guidelines don’t support granting the exemption to these businesses.

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Are existing buildings and equipment eligible for exemption?

No. Only new buildings and new equipment that are built or purchased by a qualifying business after the application for exemption is filed are eligible. Land is not eligible. If the property has been taxed before, it is not eligible, regardless of ownership.

Can the exemption be applied retroactively?

No. It applies only to new construction and new equipment constructed or purchased after the application for exemption has been filed.

Can businesses apply for an exemption before Aug. 24, 2010?

No. Applications will not be accepted before the special referendum is approved by voters.

How will the county monitor businesses that receive an ad valorem tax exemption to ensure that they fulfill the representations made in their application?

Businesses that are granted an economic development ad valorem tax exemption will be required to file an Annual Renewal Statement and an Annual Report.

- The Annual Renewal Statement certifies that no information provided in the application has changed.
- The Annual Report is a status report on the business to determine if the milestones in the application have been met. These milestones include the amount of total capital investment, commitment to local procurement and local hiring, creation of new jobs, commitment to wages and percentage of goods sold outside of the Sarasota County/Manatee County area.

What happens if a business that has been granted an ad valorem tax exemption fails to comply with the requirements of the Economic Development Ad Valorem Tax Exemption Program?

After a 30-day written notice, the County Commission can adopt an ordinance revoking the ad valorem tax exemption or take other appropriate action if a business fails to:

- Timely file its Annual Renewal Statement or Annual Report; or
- Continue to meet the definition of “new business” or “existing new business” in Ordinance No. 2010-034; or
- Timely report change of ownership or fulfill representations made during the application process, including the creation and maintenance of the stated total number of new jobs.

If it's determined that a business should not have received the ad valorem tax exemption for any year within the exemption period, a business owner will be subject to the taxes exempted plus annual interest.

Additional information is available online at the Sarasota County website at www.scgov.net