

Memorandum



(Second Reading 07-07-05)

Date:

June 7, 2005

To:

Honorable Chairperson Joe A. Martinez
and Members, Board of County Commissioners

From:


George M. Burgess
County Manager

Agenda Item No. 7(H)

Subject:

**Ordinance Granting Enterprise Zone Ad Valorem Tax Exemption
Under Ordinance 96-74 for R.K.M.R., Inc. d/b/a High Tech Electronics**

RECOMMENDATION

It is recommended that pursuant to the provisions of Section 196.1995, Florida Statutes, and Miami-Dade County Ordinance 96-74, that the Board approves an ordinance granting Enterprise Zone Ad Valorem Tax Exemption to R.K.M.R., Inc. d/b/a High Tech Electronics hereinafter referred to as "Business." The total amount of tax exemption beginning in fiscal year 2004 from real estate in \$336.85 and \$37.56 for tangible personal property, for a total of \$374.41. Approximately \$150,000 in private funds has been invested in the Enterprise Zone. As a result, nine (9) full-time jobs have been created by this business of which five (5) of them are residents of the Enterprise Zone.

BACKGROUND

On April 19, 1988, the Board enacted Ordinance No. 88-27, which authorized Enterprise Zone Ad Valorem Tax Exemption for new or expanding businesses, which invest in these zones. On May 21, 1996, the aforementioned ordinance was revised and enacted as Ordinance No.96-74.

The Business has filed an application for Enterprise Zone Ad Valorem Tax Exemption for improvements made to its real properties and for acquisition of tangible personal property. The Property Appraiser reviewed the application and inspected the property to arrive at determinations of the appropriate exemption.

To be eligible for this exemption, a new or expanded business shall create a minimum of five (5) new full-time jobs. If, on a given year of the 5 year exemption, 20% or more of a business' permanent full-time employees are residents of the Enterprise Zone, the exemption for that year will be 100 % of the assessed value of all improvements to real property, or 100 % of the assessed value of all tangible personal property. In case the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption for that year will be 50% of the assessed value.

Once the Board has granted approval, Miami-Dade's Office of Community and Economic Development (OCED) will monitor the firm's compliance during the life of the tax exemption.

Florida State incentives available in the Enterprise Zone include jobs tax credit, property tax credit, community contribution tax credit, sales tax exemption on building materials and sales tax exemption on business equipment. The Business has indicated that the availability of these incentives was a contributing factor in its decision to locate in the Enterprise Zone.

Detailed information regarding the Business is provided below. The tax exemption is based on the estimated countywide municipal service area millage rate of 5.935 for fiscal year 2004, which is the year the Business became eligible for the tax abatement.

(R.K.M.R., Inc., d/b/a High Tech Electronics)

Address: 880 East 9th Street, Hialeah, FL 33010

Community Development Area (CRA): No

Product: Sales and Installation of Electronic Equipment

Contact Person: Richard Estrada, Owner (305) 389-5093

Employment: Nine (9) Full-time Jobs

Basis for Application: Improvement of Real Property and Acquisition of Tangible Personal Property

Total New Investment: \$150,000 Approximately

Exemption Eligibility:	\$ 56,757	(real property)
	\$ 6,329	(tangible personal property)
Estimated County Tax Exemption Per Year:	\$ 336.85	(real property)
	\$ 37.56	(tangible personal property)
Total:	<u>\$ 374.41</u>	

Period: 5 Years

ECONOMIC IMPACT ANALYSIS

The economic impact of the ordinance is summarized in the Economic Impact Analysis Chart on page 3. If the full exemption was granted, the impact on the County budget would be to reduce revenues by \$374.41 for fiscal year 2004, based on estimated 2004 millages. The portion, which applies to improvements to real property, totaling \$336.85 in fiscal year 2004, remains relatively constant for the duration of the exemption period. The portion, which applies to tangible personal property, totaling \$37.56 declines annually as the property is depreciated. Please see attached revenue implication statement prepared by the Property Appraiser's Office for this project.

The impact of the exemption on the private sector is to reduce the applicant's operating costs by these amounts, which is intended as an incentive to invest and create jobs in the most distressed areas of Miami-Dade County. The Business created nine (9) new jobs, which include a total of five (5) jobs for

2

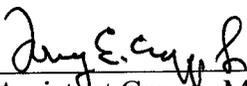
residents of the Enterprise Zone. Exemption recipients are monitored annually for compliance with maintaining five (5) new full-time job requirements. Businesses found not to be in compliance with maintaining five (5) new full-time employees will lose their tax exemption.

The initial cost of processing the application is offset by a \$50 application fee, plus 10% of the first year's exemption. The public benefits of this project is the investment and job creation in Miami-Dade County's distressed areas. The additional payroll and economic activity generates other taxable activity. In addition, once the exemption period ends, the County will receive the increased taxes from the expanded business.

ECONOMIC IMPACT ANALYSIS CHART

Company	Exemption	Term	Projected Total Jobs	Projected E.Z. Jobs	Projected New Jobs	Total New Investment
R.K.M.R., Inc. d/b/a High Tech Electronics	\$374.41	5 Yrs.	9	5 (55%)	9	\$150,000
TOTAL	\$374.41	5 Yrs.	9	5	9	\$150,000

Attachment


 Assistant County Manager



MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: July 7, 2005

FROM: 
Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 7(H)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approval _____ Mayor
Veto _____
Override _____

Agenda Item No. 7(H)
07-07-05

ORDINANCE NO. _____

ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM TAX EXEMPTION TO R.K.M.R., INC. D/B/A HIGH TECH ELECTRONICS, A NEW BUSINESS LOCATED IN THE ENTERPRISE ZONE; PROVIDING SCOPE AND TERMS OF EXEMPTION; PROVIDING SEVERABILITY, EFFECTIVE DATE AND EXPIRATION DATE

WHEREAS, this Board recognizes the need to stimulate economic development in certain areas of Dade County which are economically depressed, where housing and structural conditions are blighted and deteriorated, and where unemployment and poverty are prevalent, said areas being designated "Enterprise Zones" as defined in Section 196.012 and Section 290.004, Florida Statutes; and

WHEREAS, pursuant to Article VII, Section 3 of the Florida Constitution, the State has enacted Section 196.1995, Florida Statutes, providing a local government option for ad valorem tax exemption to new businesses and expansions of existing businesses in each such Enterprise Zone; and

WHEREAS, this Board authorized Enterprise Zone Ad Valorem Tax Exemptions to new businesses and for the expansion of existing businesses located in the Enterprise Zone through Ordinance No. 96-74, enacted on May 21, 1996; and

5

WHEREAS, this Board desires to encourage economic growth and development and alleviate the conditions of unemployment, economic disinvestments and poverty by creating new construction, new jobs, and an enhanced business climate particularly for small or minority owned businesses; and

WHEREAS, R.K.M.R., Inc., d/b/a High Tech Electronics, hereinafter referred to as "Business", located at 880 East 9th Street, Hialeah, FL 33010, within Enterprise Zone No. 1301 has made application for ad valorem tax exemptions; and

WHEREAS, the Business has committed to this Board that it will maintain a work force of at least five (5) employees of whom at least twenty percent (20%) must be residents of the Enterprise Zone; and

WHEREAS, this Board finds that the Business has tax bills which are current; and

WHEREAS, this Board finds that ad valorem tax exemption is appropriate and consistent with the public purpose to eliminate the serious and distressing economic conditions of the designated "Enterprise Zone" in Miami-Dade County,

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. Legislative Intent and Findings of Public Purpose. The above recitations of legislative intent and findings of public purpose are fully incorporated herein as part of this ordinance.

Section 2. Eligibility Requirements. This Board finds the Business is a “new business” as defined in Section 196.012(15) (b) Florida Statutes (1991) and as defined in Miami-Dade County Ordinance No. 96-74 and after careful consideration of certain factors including those enumerated in Section 29-84(d) of the Dade County Code finds and determines the Business is eligible for ad valorem tax exemption.

Section 3. Granting the Exemption. This Board hereby grants ad valorem tax exemptions pursuant to Ordinance No. 96-74, enacted on May 21, 1996, to R.K.M.R., Inc., d/b/a High Tech Electronics, located at 880 East 9th Street, Hialeah, FL 33010, a “new business”. The exemption shall be up to 100% of the eligible assessed value of the improvements to real property and the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements to real property and the eligible tangible personal property acquired and owned by the Business and located at 880 East 9th Street, Hialeah, FL 33010.

Section 4. Revenue Implications. The total amount of revenue available to the County from ad valorem tax sources for the 2004 fiscal year is \$876 million. The total amount of revenue foregone by the County for the 2004 fiscal year by virtue of Enterprise Zone Ad Valorem Tax Exemptions is \$1,000,238. The revenue foregone by the County attributable to the exemption of the Business named in the ordinance is estimated at \$336.85 for real property and \$37.56 for tangible personal property, based on the assessment by the Property Appraiser of Miami-Dade County.

Section 5. Duration and Expiration of the Tax Exemption. The duration of the Enterprise Zone Ad Valorem Tax Exemption granted to the Business is five (5) years. The tax exemption granted in this ordinance shall expire after the 2008 tax assessment rolls of Miami-Dade County. Notwithstanding the foregoing, the Business must apply for a renewal of the exemption each year for which the exemption is sought. Failure to file a renewal application with the Property Appraiser by March 1, of each year shall constitute a waiver of the exemption for the year.

Section 6. Scope of Exemptions. The property tax exemption authorized through this ordinance shall be up to 100% of the eligible assessed value of the improvements to real property and the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements to real property and the eligible tangible personal property made by or for the use of the Business. The exemption shall apply only to Miami-Dade County countywide operating millage and, when applicable, the unincorporated municipal service area millage and shall not apply to taxes levied for payment of bonds or to taxes authorized by vote of the electors pursuant to Section 9(b) of Section 12, Article VII of the State Constitution. The exemption shall not be prolonged or extended by granting exemption from additional taxes or by virtue of any reorganization or sale of the Business receiving the exemption.

Section 7. Penalties. Non-compliance during the life of the tax exemptions unless expressly waived by the Board, with any of the eligibility requirements of Section 29-87 of the Miami-Dade County Code will nullify the tax exemption benefits granted through this ordinance and the Business shall be required to make payments of taxes exempted in addition to interest accrued from the date of non-compliance.

Section 8. Fee. The Business named in the ordinance will pay a \$50 application fee and a fee of 10% of the first year tax exemption to cover administrative expenses of Miami-Dade County in processing the application for tax exemption. The fee is non-refundable even if Dade County rescinds the tax exemptions due to non-compliance with eligibility requirements.

Section 9. Renewal Provisions. Enterprise Zone Ad Valorem Tax Exemptions granted through this ordinance can be renewed each year for the duration of the term of the exemption as indicated in Section 5 of this ordinance; however, the Business must re-apply to maintain the exemptions on or before March 1 of each year for which the renewal is sought. Failure to file a renewal application with the Property Appraiser by March 1 of any year shall constitute a waiver of the exemption for that year.

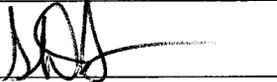
Section 10. Severability. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 11. Effective Date. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

Section 12. Sunset. This ordinance shall stand repealed five (5) years from its effective date.

PASSED AND ADOPTED:

Approved by County Attorney as
To form and legal sufficiency.

RAG


Prepared by:

Shannon D. Summerset