(Second Reading 02-06-07)

Memorandum

MIAMI-DADE COUNTY

Date: December 19, 2006

Agenda Item No. 7(M)

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Ordinance Granting Enterprise Zone Ad Valorem Tax Exemption Under Ordinance 96-74 for CL-1, LLC d/b/a Big Wash

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RECOMMENDATION

It is recommended that the Board approve the attached ordinance granting Enterprise Zone Ad Valorem Tax Exemption to CL-1, LLC d/b/a Big Wash, hereinafter referred to as "Business," pursuant to the provisions of Section 196.1995, Florida Statutes, and Miami-Dade County Ordinance 96-74.

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 new full-time jobs. If, on any given year of the 5-year exemption, 20 percent or more of a business' permanent full-time employees are residents of the Enterprise Zone, the exemption for that year will be 100 percent of the assessed value of all improvements to real property and 100 percent of the assessed value of all tangible personal property. In case the company cannot comply with the 20 percent residency requirement of their employees living within the Enterprise Zone, then the exemption for that year will be 50 percent of the assessed value of the improvements to real estate and improvements to personal property.

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 millage rate of 5.935 for FY 2004-05, which is the year the Business became eligible for the tax abatement.

CL-1, LLC d/b/a Big Wash

Address:	1498 NW 54th Street, Miami, FL 33142	
Community Redevelopment Area (CRA)	No	
Business:	Laundry	
Contact Person:	Keith Gordon, Consultant (305) 558-2010	
Employment:	Five (5) Full-time Jobs	
Basis for Application:	Acquisition of Tangible Personal Property	
Total New Investment:	$525,000 Approximately	
Exemption Eligibility:	$ --- $510,828	(real property) (tangible personal property)
Estimated County Tax Exemption Per Year: **Total:**	$ --- $3,032 **$3,032**	(real property) (tangible personal property)
Period:	5 Years	

ECONOMIC IMPACT ANALYSIS

If the full exemption is granted, the impact on the County budget would have been to reduce revenues by $3,032 for FY 2004-05, based on the FY 2004-05 countywide millage rate. The exemption declines annually as the property is depreciated.

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 five new jobs, which include a total of four jobs held by residents of the Enterprise Zone. Exemption recipients are monitored annually for compliance with maintaining five new full-time jobs requirements. Businesses found not to be in compliance with maintaining five new full-time employees will lose their tax exemption.

ECONOMIC IMPACT ANALYSIS CHART

Company	Exemption	Term	Total Jobs Existing	Projected New Jobs Since Investment	Projected EZ Jobs	Total New Investment
CL-1, LLC d/b/a Big Wash	$3,032	5 Yrs.	5	5	4 (80%)	$525,000

The initial cost of processing the application is offset by a $50 application fee, plus 10 percent of the first year's exemption. The public benefits of this project are 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.

Please see attached revenue implication statement prepared by the Property Appraiser's Office for this project.

Attachments

Cynthia W. Curry
Senior Advisor to the County Manager

Enterprise Zone Abatement
Property Tax Assessments/Revenue Implications

Business Name: **CL-1, LLC d/b/a BIG WASH** **Estimate- 2004**
Address: **1498 N.W. 54 St. Miami, FL. 33116-0249**
Folio #: **P.P. # : 40-129429**

1. Assessed Value of Improvements/Additions to:
   (a) Real Property $0

   (b) Tangible Personal Property $516,380

2. Total Taxes Levied on Improvements and Additions to:

   (a) Real Property (excluding land)
   (Based on 2004 millages) $0

(I) County Operating	$0.00
(ii) Unincorporated Municipal Service Area	$0.00
(iii) Debt Service	$0.00
(v) All other property taxes	$0.00

   (b) Tangible Personal Property
   (Based on 2004 millages) $13,549

(I) County Operating	$3,064.72
(ii) Unincorporated Municipal Service Area	$0.00
(iii) Debt Service	$147.17
(v) All other property taxes	$10,337.36

Revenue Implications :

3. Total property tax revenue for the current tax year from ad valorem taxes: $875,969,005

4 Total revenue forgone for the current fiscal year by virtue of exemptions previously granted under this section: $833,458

5. Total revenue forgone for the current fiscal year if exemption applied for is granted: **R.E. :** $0 **P.P. :** $3,032 $3,032

6. Taxable value forgone if the exemption applied for were granted on: $510,828
   (a) Improvement to Real Property $0
   (b) Tangible personal Property $510,828

7. Last year for which exemption may be applied for 2008.

Date: 8/25/2006

Signed: Property Appraiser

PTARI FORM

Big Wash / CL1, LLC

1498 N.W. 54th Street Miami, Fl. 33142

Attachment – justification of Jobs created in Enterprise Zone

Section I **Permanent, full-time employees (Enterprise Zone residents) EZ-1301**

Name	Address	City	State	Zip
Leonard Baker	6005 NW 30th Avenue	Miami	FL	33142
Golda Dorsette	1637 NW 40th Street	Miami	FL	33142
Crystal Lee	5410 NW 13th Avenue	Miami	FL	33142
George Taylor	1535 NW 54th Street	Miami	FL	33142

Section II Permanent, full-time employees (None Zone residents) EZ-1301

Name	Address	City	State	Zip
Lillie Wilson	14175 NE 6th Avenue	Miami	FL	33161

Section III

Calculation of 20% requirement

1. **Total employees from Section I: 4**
2. **Total employees from section II: 1**
3. **Percentage of employees residing In enterprising zone: 80%**

TOTAL EMPLOYEES	5
ENTERPRISE ZONE EMPLOYEES	4
%ENTERPRISE ZONE EMPLOYEES	80%

MEMORANDUM
(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: February 6, 2007

FROM: Murray A. Greenberg County Attorney

SUBJECT: Agenda Item No. 7(M)

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**

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 7(M)

02-06-07

ORDINANCE NO. _____

ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM TAX EXEMPTION TO CL-1, LLC D/B/A BIG WASH, 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

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, CL-1, LLC d/b/a Big Wash, hereinafter referred to as "Business", located at 1498 NW 54th Street, Miami, FL 33142, 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 Code Section 29-82(b), and after careful consideration of certain factors including those enumerated in Section 29-84(a) and (b) of the Miami-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 CL-1, LLC d/b/a Big

Wash, located at 1498 NW 54th Street, Miami, FL 33142, 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 1498 NW 54th Street, Miami, FL 33142.

Section 4. Revenue Implications. The total amount of revenue available to the County from ad valorem tax sources for FY 2004-05 is $875.9 million. The total amount of revenue foregone by the County for FY 2004-05 by virtue of Enterprise Zone Ad Valorem Tax Exemptions is $833,458. The revenue foregone by the County attributable to the exemption of the Business named in the ordinance is estimated at $3,032 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 Office of Community and Economic Development 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. All fees are non-refundable even if Miami-Dade County rescinds the tax exemptions due to non-compliance with eligibility requirements. Fees are payable to Miami-Dade County Board of County Commissioners.

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 by March 1 of every year with the Office of Community and Economic Development (OCED) 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.

Prepared by:

Shannon D. Summerset