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OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

(Second Reading 9-1-09)

Date: June 30, 2009

Agenda Item No. 7(M)

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Ordinance No. 09-80

Subject: Ordinance Granting 50 Percent Exemption on Municipal Tax on Electricity for RSJ Investment, Inc., d/b/a Chevron

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Recommendation

It is recommended that the Board of County Commissioners (Board) approve the attached ordinance granting a 50 percent exemption on the Municipal Utility Tax on Electricity to RSJ Investment, Inc. (RSJI), d/b/a Chevron hereinafter referred to as "Business" pursuant to the provisions of the Miami-Dade County Ordinance No. 06-54.

Scope

This business is located in unincorporated Miami-Dade County, Commission District 6. Further information on this business is located in the Background section.

Fiscal Impact Analysis/Funding Source

If the five-year exemption is granted, it is estimated that the amount of municipal utility taxes on electricity that the County would forgo is $3,840 in general fund revenue annually. That estimate is based on copies of Florida Power Light (FPL) bills incurred after the renovation submitted as part of the application. The total estimated impact to the County is $19,200 over the five-year period.

The impact of the exemption on the private sector is to reduce the applicant's operating costs, which is intended to serve as an incentive to create jobs and invest in the Enterprise Zone areas of Miami-Dade County.

Track Record/Monitor

The Office of Community and Economic Development will monitor on an annual basis the employment base of the company during the five-year term to ensure the total employment does not drop below the level indicated in the application.

Background

The Enterprise Zone Program is a joint State of Florida and Miami-Dade County business assistance program that provides incentives to: 1) stimulate economic growth in distressed areas, 2) stimulate economic development through private investment, and 3) create and maintain jobs within the enterprise zone boundaries. The Enterprise Zone Program has been an integral part of the County's economic development strategy and is one of the major business inducement incentives marketed by the Beacon Council. The State's Enterprise Zone Program has no relationship to the federal Empowerment Zone.

On April 25, 2006 through Ordinance No. 06-54 Miami-Dade County authorized a new business incentive as part of the Enterprise Zone Program. This application would be the second one before the Board for consideration since the incentive as approved. The business incentive offers a 50 percent exemption on the municipal utility tax on electricity to new and expanded businesses; however,

businesses must be in the unincorporated areas of the County's Enterprise Zone. The incentive is available for five years.

The County modeled the Municipal Utility Tax Exemption Program on the State of Florida's Sales Tax Exemption for Electrical Energy Program. In order to be eligible, a business must meet one of three requirements:

1) Occupying a new structure with no previous electrical service;
2) Occupying a renovated structure with no previous electrical service for three consecutive months; and/or
3) Obtained a State of Florida refund of sales tax for building materials.

The state's program provides either a 50 or 100 percent exemption of its six percent sales tax on electricity imposed by Chapter 212 of the Florida Statues depending on the percentage of Enterprise Zone employees. The sales tax exemption on electricity provided by the State is only available in zones where the local government, such as the County, has authorized a municipal utility tax exemption program on electricity. In order to achieve a 100 percent exemption from the State, rather than 50 percent, the Board must approve the County's municipal tax exemption and the Business must maintain the Enterprise Zone 20 percent employment requirement. If the Board approves the County's incentive, the Business is eligible for a 50 percent reduction (on the County's ten percent tax) regardless of the percentage of Enterprise Zone residents employed per Ordinance No. 06-54, but only a 50 percent reduction on the State's sales tax since less than 20 percent of the employees are from the Enterprise Zone.

The Business, RSJI, is qualified for this County incentive because it qualifies under the program requirement #2 listed above, occupying a rehabilitated/renovated structure with no previous electrical service in three preceding billing periods other than that used solely in the rehabilitation of the structure. Upon Board approval of this incentive, the County will notify FPL and the State of Florida, respectively.

Detailed information regarding the Business is provided below:

Business:	RSJ Investment, Inc., d/b/a Chevron (RSJI)
Address:	2545 NW 42nd Avenue, Miami, FL 33142
Commission District:	6
Business:	Gas Station, Car Wash, Restaurant
Contact Person:	Kevin Geissler, Accountant
Employment:	10 employees – 1 living in the Enterprise Zone
Average Wages:	$10/hr on average
Basis of Application:	No electrical usage in 3 billing periods other than to rehabilitate the property
Total Investment:	$3.35 million
County Incentive:	50% Reduction in Municipal Utility Sales Tax on Electricity Use
Period:	Five years

The Enterprise Zone Advisory Council, a Board-appointed body with oversight of the Enterprise Zone Program of the County, approved forwarding this ordinance to the Board on March 19, 2009.

Cynthia W. Curry
Senior Advisor to the County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners

DATE: September 1, 2009

FROM: R. A. Cuevas, Jr. 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 Mayor'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)
9-1-09

ORDINANCE NO. 09-80

ORDINANCE GRANTING 50% MUNICIPAL UTILITY SALES TAX EXEMPTION ON ELECTRICAL USE TO RSJ INVESTMENT, INC., (RSJI) D/B/A CHEVRON A BUSINESS LOCATED IN THE ENTERPRISE ZONE; PROVIDING SCOPE AND TERMS OF SALES TAX 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 the requirements of Section 290.0058 of the Florida Statutes; and

WHEREAS, this Board authorized a utility sales tax exemption on electricity to qualifying businesses located in the unincorporated areas of Enterprise Zone through Ordinance No. 06-54, enacted on April 25, 2006; 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, RSJ Investment, Inc., (RSJI) d/b/a Chevron hereinafter referred to as "Business", located at 2545 NW 42nd Avenue, Miami, FL 33142, within Enterprise Zone No. 1301 has made application for a 50% sales tax exemption on the utility tax; and

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

WHEREAS, this Board finds that a 50% sales tax exemption on the municipal utility tax 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 has presented documentation of occupying a renovated structure with no electrical service for three consecutive months.

Section 3. Granting the Exemption. This Board hereby grants a 50% exemption of the municipal utility tax on electricity use pursuant to Ordinance No. 06-54 enacted on April 25, 2006 to RSJI, a business located in the Enterprise Zone. The exemption shall be up to 50% of the utility tax electrical usage for a period of five (5) years as long as the Business maintains its principal business residency within the Enterprise Zone.

Section 4. Revenue Implications. The revenue foregone by the County attributable to the exemption of the Business named in the ordinance is estimated at $320 a month for the utility sales tax based on the projected electrical usage.

Section 5. Duration and Expiration of the Tax Exemption. The duration of the 50% utility sales tax exemption on electricity granted to the Business is five (5) years and shall expire after the 2013 tax year of Miami-Dade County.

Section 6. Scope of Exemption. The utility sales tax exemption authorized through the ordinance is 50%. The exemption shall apply only to Miami-Dade County utility tax on electrical usage in the unincorporated area of the Enterprise Zone. 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 sales tax exemption, unless expressly waived by the Board, with location requirement of Ordinance No. 06-54, will nullify the sales tax exemption benefits granted through this ordinance and the Business shall be required to make payment of sales taxes exempted in addition to the interest accrued from the date of non-compliance.

Section 8. 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 9. 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 10. Sunset. This ordinance shall stand repealed five (5) years from its effective date.

PASSED AND ADOPTED: **September 1, 2009**

Approved by County Attorney as
to form and legal sufficiency:

Prepared by:

Brenda Kuhns Neuman