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THE CITY OF TAMPA TO ENACT LAW TO PROVIDE TAX BREAKS FOR NEW OR EXPANDING BUSINESSES

In an effort to boost the City's stagnant economy, the Tampa City Council took the first step to enact an ordinance that will provide tax exemptions for new or expanding businesses. The exemptions are intended to encourage new businesses to locate or existing businesses to expand and create new jobs in the City of Tampa. Final approval of the tax breaks is scheduled for May 5th.



Florida law allows a City to exempt up to one hundred percent of the assessed value of improvements made to property, including all tangible personal property for both new businesses and those intending to expand. The law authorizes for the exemption to last up to ten years. However, in order for a City or County to take advantage of this important economic development tool, they are required to obtain voter approval. Accordingly, on March 1, 2011, the City's voters approved a referendum authorizing the City to utilize these economic tax exemptions for selective new businesses that meet the City's proposed stringent business and hiring criteria.

The City's portion of a City of Tampa property owner's tax bill consists of twenty-six percent of the total tax obligation. This total includes assessments on both real property and improvements. The new exemptions, however, exclude real property. Although the City's ordinance provides exemptions for property located within its boundaries, it is also collaborating with Hillsborough County in offering these exemptions. The County approved a similar

economic recovery plan in the November 2010 elections. Therefore, a business locating in the City could apply for exemptions from both the County and City tax obligations. Notably, these exemptions do not relate to taxes levied by other taxing authorities, such as the School Board, Tampa Port Authority, or SWFWMD.

Important aspects of the City's new economic development law are as follows:

1. Exemptions apply solely to new businesses or an expansion of an existing business and must meet certain job creation thresholds.
2. In order to qualify for an exemption, a business must meet the definition of a "Target Industry Business" such as environmental technology, manufacturing, corporate headquarters and several others, or be a "High Value Business" which is generally defined as a business expected to have a significant economic impact.
3. The City will utilize a sliding scale to determine the duration and size of an exemption. Exemptions between fifty percent and seventy-five percent are provided on a three-tier system for five to ten years based on the number and types of jobs created, average annual wages, and location of the business.
4. Exemptions may last up to ten years.
5. Exemptions apply only to new improvements made to property and tangible personal property. Real property is not included in the exemption.
6. Every exemption must be approved by Tampa City Council.
7. The new law caps the exemptions at \$2,000,000 annually, or such amount otherwise approved by a supermajority of the Tampa City Council. This cap would allow for approximately \$350,000,000 in assessed value of improvements to be exempted from the tax rolls.

The City's initiative is a major step toward attracting new businesses to Tampa and encouraging already existing businesses to remain in the City. Hopefully, the City will continue to take other actions to facilitate job creation and bolster its economy - letting the business community know that Tampa is a "business friendly" community and desirable place to conduct business.