Leon County
Board of County Commissioners

Cover Sheet for Agenda #31

July 7, 2015

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Approval of Resolution Supporting Project Gold as a "Qualified Target Industry" Applicant and the County's Required Local Match of up to $7,000

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator Ken Morris, Assistant County Administrator
Lead Staff/ Project Team:	Josh Pascua, Management Analyst

Fiscal Impact:
Adequate funds are available in the County's Qualified Targeted Industry (QTI) account to commit up to $7,000 as the County's required local match for this project, as requested, over the next three to five years.

Staff Recommendation:

Option #1: Approve the Resolution supporting Project Gold as a Qualified Target Industry applicant and the County's required local match of up to $7,000 from the County's QTI escrow account (Attachment #1) managed by the Tallahassee-Leon County Economic Development Council.

Report and Discussion

Background:
The State's QTI tax refund incentive program is available to companies that create high wage jobs in targeted high value-added industries. The program includes refunds on corporate income, sales, ad valorem and certain other taxes for pre-approved applicants who create the targeted jobs. QTI refunds range from $3,000 to $8,000 per net new job created. Companies can increase its QTI "per job" refund by establishing its business within certain geographically targeted areas and/or offering wages that are increasingly above average annual salaries. Applications for this program are processed by the State Department of Economic Opportunity for approval.

Traditionally, a QTI local match of 20% is required from the local community where the job creation is occurring, which is split evenly between the County and the City of Tallahassee (City). The EDC manages an escrow account on behalf of Leon County for the County's portion of the QTI "local match."

Analysis:
Project Gold is an international research and development facility, which would create 10 new research and development positions. Project Gold anticipates forging partnerships with established local entities that would further define the Big Bend region as a global research and development destination for business. Additionally, Project Gold anticipates supporting the local tourism industry by hosting an average of 10 domestic and international clients on a weekly basis.

Project Gold has been identified as a Target Industry Business and falls within one of the high-impact sectors designated under section 288.108, Florida Statutes, specifically Research and Development. As such, it is eligible to apply for the Qualified Target Industry Tax Refund with a High-Impact Sector Bonus, pursuant to section 288.106. Additionally, it is anticipated that, at the appropriate time, Project Gold will make significant capital investments and seek additional incentives through the County and City's Targeted Business Program.

The EDC, together with staff from the County and City, are seeking action from the County and City Commissions to independently approve a Resolution supporting Project Gold's application for state incentives under the QTI Program (Attachment #1). As part of the QTI application process, the County and City must indicate their support of the project in the Resolution through the required match. The City is expected to consider this issue on July 8, 2015.

Due to the sensitive nature of its current site selection process, the company has requested that, at this time, its name not be disclosed for the purpose of the Resolution. Section 288.075 allows specific company information to be kept confidential during the negotiation of an economic incentive opportunity. Protected information, including the name of the qualified business, is exempt from disclosure for up to 180 days after a final project order for an economic incentive agreement is issued. More detailed information regarding the business will be shared well in advance of its site selection and long before the County would make a QTI payment.

The total estimated QTI incentive for this project is $70,000 over a three to five-year period. Under the traditional 80/20 formula (80% state; 20% local government(s)), the County and City would split the 20% local match requirement of $14,000. As a result, the County match requirement of 10% would be up to $7,000. The QTI incentive is provided on a reimbursement basis and is only released once the required jobs have been created. The County's unencumbered QTI fund balance for use in attracting new high-paying jobs to Leon County is $299,154; so, adequate funds are available to fulfill the required local match. Staff recommends that the Board approve the 10% match of up to $7,000 over a three to five-year period.

Options:

1. Approve the Resolution supporting Project Gold as a Qualified Target Industry applicant and the County's required local match of up to $7,000 from the County's QTI escrow account (Attachment #1) managed by the Tallahassee-Leon County Economic Development Council.
2. Do not approve the Resolution supporting Project Gold as a "Qualified Target Industry" applicant.
3. Board direction.

Recommendation:
Option #1.

Attachment:
1. Project Gold Resolution

RESOLUTION No. _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEON COUNTY, FLORIDA, RECOMMENDING THAT **PROJECT GOLD**, BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO SECTION 288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT IN THE AMOUNT OF UP TO $7,000 AS A LOCAL MATCH FOR PARTICIPATION IN THE QUALIFIED TARGETED INDUSTRY TAX REFUND PROGRAM WITH HIGH-IMPACT SECTOR BONUS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of Leon County, Florida (the Board) recognizes and acknowledges the importance of expanding the creation of Qualified Target Business in Leon County; and

WHEREAS, the business under consideration is an international research & development facility, specifically**, PROJECT GOLD***;* and

WHEREAS, PROJECT GOLD will create 10 new research and development positions, forge partnerships with existing local research and development entities further defining our region as a global research and development destination for business and will increase tourism through hosting an average of 10 domestic and international clients on a weekly basis; and

WHEREAS, the basis of this project's average private sector wage commitment calculation shall be approximately 200% of the Tallahassee MSA average annual wage; and

WHEREAS, PROJECT GOLD has been identified as a Target Industry Business and, moreover, falls within one of the high-impact sectors designated under section 288.108, Florida Statutes, specifically Research and Development, and is eligible to apply for the Florida Qualified Target Industry Tax Refund with a High-Impact Sector Bonus, pursuant to section 288.106; and

WHEREAS, PROJECT GOLD plans to construct a new facility with an investment of $5 million toward construction and new equipment purchases; and

WHEREAS, LEON COUNTY hereby acknowledges that local financial support of 20% of the total tax refund is required under the provisions of section 288.106, governing the State's Qualified Target Industry Tax Refund Program; and

WHEREAS, The City of Tallahassee has agreed to participate in the provision of local financial support by committing $7,000, which is 50% of the total required QTI local financial support;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF LEON COUNTY, FLORIDA, that:

1. The Board hereby recommends **PROJECT GOLD** be approved as a Qualified Target Industry Business with a High-Impact Sector Bonus pursuant to section 288.106, Florida Statutes.
2. The Board expresses its intent to commit up to $7,000 as a local match for the application, this amount representing 50% of the total required local match for the creation of up to 140 new jobs under the QTI program, to be dispersed from the EDC account, reserved for this purpose on behalf of the Board. Should the project be approved by the State of Florida for the tax refund under the QTI program in amount less than the total of the $70,000 requested, the local match herein shall be reduced accordingly to represent half of the full 20% local match that is required and shall be split evenly between the Board and the City of Tallahassee.

3. The necessary cash commitment of local financial support for the Qualified Target Industry Tax Refund Program with a High-Impact Sector Bonus exists for **PROJECT GOLD** in the amount of $7,000, which includes $5,000 for the Qualified Target Industry Tax Refund and $2,000 for the High-Impact Sector Refund. This amount will be made available in accordance with the guidelines set forth by the Florida Department of Economic Opportunity with the stipulation that these funds are intended to represent local financial support pursuant to section 288.106, Florida Statutes.

This Resolution shall take effect immediately upon its adoption.

DONE, ADOPTED, AND PASSED by the Board of County Commissioners of Leon County, Florida this Seventh day of July, 2015.

LEON COUNTY, FLORIDA

By: _____
Mary Ann Lindley, Chairman
Board of County Commissioners

ATTEST:
Bob Inzer, Clerk of the Court
and Comptroller
Leon County, Florida

By: _____

Approved as to Form:
County Attorney's Office
Leon County, Florida

By: _____
Herbert W.A. Thiele, Esq.
County Attorney