

# Ocoee's Tax Abatement Program



## Ocoee Voters approved a citywide job-creation-tax abatement referendum in January 2012

This economic development tool gives the City Commission the ability to approve property tax exemptions to qualified new and existing businesses that are expanding in the City of Ocoee for the purpose of creating new jobs.

The program authorizes the City to grant qualifying businesses a temporary city property tax exemption of up to 100% on new capital improvement and/or equipment purchases for up to 10 years. This incentive will have no impact on what the company is currently paying in City taxes on existing land, buildings, infrastructure and equipment.

Qualified businesses include manufacturing, biomedical and life sciences,

aviation and aerospace, Homeland Security and defense, logistics, financial and professional services, Cleantech, infotech, and other emerging business sectors.

Other business with a majority of sales outside the state or newly domiciled offices may qualify if a sufficient number of above-average wage jobs are being created. Wage requirements may be lower for businesses location in designated economic development areas.

This economic development tool was created to help the City of Ocoee attract high-paying jobs in targeted industries to secure the region's long-term sustainability.

### Program Overview

- ◆ All grants of exemptions must be approved by the Mayor and City Commissioners.
- ◆ The exemption benefit cannot exceed a 10-year period.
- ◆ The program does not exclude qualifying business from school taxes, county taxes or taxes levied by any other entity.
- ◆ Qualifying companies must meet the threshold criteria for consideration
- ◆ Only new buildings and new equipment built or purchased to accommodate new employees are eligible. Land is not eligible for the exemption.
- ◆ A business or organization that fails to meet performance requirements or benchmarks could/would have the exemption revoked in whole or in part.

# Frequently Asked Questions

## About the City of Ocoee's Property Tax Exemption

### What is the property tax exemption for economic development?

The ad valorem tax exemption for economic development is an economic incentive program designed to encourage new businesses to locate in the City of Ocoee while assisting existing local businesses expand to create new job opportunities.

The program authorizes the Mayor and the City Commission to grant qualifying businesses a temporary City property tax exemption of up to 100% for up to 10 years.

### Why does the City of Ocoee have this program in its tool box?

The economic development ad valorem tax exemption program diversifies the City's business base by encouraging industries that offer higher-than-average salaries to locate here while helping existing businesses expand.

### How is the program administered?

Existing staff at the City of Ocoee will administer the program.

### How can existing businesses take advantage of this opportunity?

This incentive encourages existing businesses to expand, purchase new equipment, save jobs and create new jobs.

### What taxes are eligible for exemption?

City of Ocoee property taxes on qualifying buildings and equipment are eligible.

### Are companies that apply automatically granted an exemption?

No. Companies must first meet threshold criteria required by state law and City guidelines. If all criteria are met, an application will be considered by the Mayor and City Commissioners at a public hearing where public input is taken. The Commission will have discretion to grant or deny exemption applications and to determine the percentage and duration of the exemption. Each exemption is granted on a case by case basis.

## Qualifying Criteria

- Net number of new jobs
- Average wage of new jobs
- Capital investment by applicant
- Must be a qualifying industry or business
- Environmental impact
- Economic related characteristics deemed nec-



## What are the threshold criteria?

### For New Businesses or Organizations

- ◆ A business or organization that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full-time jobs paying an average wage above the average wage in this area; or
- ◆ A business or organization that sells 50% or more of its goods outside the state and creates 25 or more full-time jobs; or
- ◆ A business or organization that leases or owns office space on a site separate from any other commercial or industrial operation that it owns and creates 50 or more full-time jobs.

### For Existing Businesses or Organizations

- ◆ A business or organization that manufactures, processes, compounds, fabricates, or produces products at a fixed location and creates 10 or more full-time jobs that are above the average wage in the area; or
- ◆ A business or organization that is a qualified target industry and creates 10 or more full-time jobs that are above the average wage in the area; or
- ◆ A business or organization that creates 25 or more full-time jobs and sells 50% or more of its goods outside the State for each year the exemption is claimed; provided that the business increases operations on a site collocated with a commercial or industrial operation owned by the same business, resulting in a net increase in employment of at least 10%.

## Are existing buildings and equipment eligible for exemption?

No. Only new buildings and new equipment built or purchased by a qualifying business after the application for exemption is filed are eligible.

Land is not eligible. Equipment purchased to replace existing equipment is not eligible. If the property has been taxed before, it is not eligible, regardless of any ownership change.

## Can the exemption be applied retroactively?

No. It applies only to new construction and new equipment constructed or purchased after the application for exemption has been filed.

## What happens if a business that has been granted an ad valorem tax exemption fails to comply with the job creation requirements of the program?

A business or organization which does not achieve the performance requirements specified in the individual authorizing ordinance could/would have the ad valorem tax exemption revoked in whole or in part.