



Economic Development Ad Valorem Tax Exemption



What is the Economic Development Ad Valorem Tax Exemption?

- I. An economic development incentive tool made available to cities through the Florida Constitution.
- II. Grants tax exemptions to developers of specific projects, which will facilitate growth and creation of business enterprises in Cape Coral.
- III. Offers limited exemption from payment of municipal ad valorem taxes (property taxes).
 - Time restriction
 - \$ value restriction
- IV. Must be approved by voters of the city

Who is Eligible for the Tax Exemption?

Qualified businesses/developers looking to invest in Cape Coral and create new jobs such as:

- Manufacturing development
- Light industry
- Technology
- Corporate offices
- Business enterprise management
- Other select industries and activities

How Does the Incentive Program Work?

- I. Eligible person(s), firms, partnerships or corporation file written application with City Manager.
- II. City Manager has 10 days to review and notify applicant of the success or deficiencies in the application.
- III. When complete, the application is delivered to Property Appraiser for review. Property Appraiser will determine:
 - Total ad valorem tax revenue available to City for current fiscal year
 - Amount of revenue lost to City for current fiscal year due to previous exemptions granted
 - Estimate of amount of revenue lost to City if current exemption request is approved
- IV. City Council reviews application to determine if it meets Exemption Criteria and approves exemption by ordinance.

What is the Criteria for a Business to Receive an Exemption?

Three Tiers

I. Tier One: **100%** of Ave. Annual Private Sector Wage

- 10+ manufacturing jobs or \$10 million+ capital investment
- 25+ jobs
- 50+ office jobs if new business / \$5 million+ capital investment
- Duration: 5 years

II. Tier Two: **115%** of Ave. Annual Private Sector Wage

- 25+ manufacturing jobs or \$20 million+ capital investment
- 50+ jobs
- 50+ office jobs if new business / \$10 million+ capital investment
- Duration: 7 years

III. Tier Three: **125%** of Ave. Annual Private Sector Wage

- 75+ manufacturing jobs
- 75+ jobs
- 75+ office jobs if new business
- Duration: 10 years

All Tiers – Maximum Exemption

50% (75% if located in brownfield area or enterprise zone)

What is Eligible for the Exemption?

I. Qualifying New Business

- Up to 100 % of assessed value of all improvements and all tangible personal property

II. Qualifying Expansion of Existing Business

- Up to 100% of assessed value of added improvements for expansion and net increase of all tangible personal property acquired to facilitate the expansion

What are the Financial and Time Restrictions with the Exemption?

Financial: The estimated aggregate annual amount of ad valorem tax revenues the City may forego using the exemption is \$2 million each fiscal year.

Time: The Economic Development Ad Valorem Tax Exemption, if approved by the voters, will sunset after 10 years.

THANK YOU
any questions?

