

Local Government Economic Development Property Tax Exemptions

November 08, 2012

Over the last several years, county and city governments have looked anew at a more than 30-year-old provision in the Florida Constitution that permits using property tax exemptions as economic development tools. The Florida Legislature broadened the applicability of these exemptions, making more businesses and organizations eligible to receive this benefit. As local governments compete for new jobs and company relocations, many county and city councils are asking their populations to approve the use of these incentives by referendum. We work with clients to determine whether this particular economic incentive and many others offered both locally and through the State of Florida's Enterprise Florida public-private partnership for economic development, fit their business expansion plans. [Article VII, Section 3\(c\)](#) of the Florida Constitution permits these exemptions. It provides:

(c) Any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of this subsection and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinances. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law. The period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. The authority to grant such exemption shall expire ten years from the date of approval by the electors of the

county or municipality, and may be renewable by referendum as provided by general law.

This provision has been implemented in Florida law through Section 196.1995, Florida Statutes, which sets forth:

- The process to call for a referendum by petition or vote of the county or city commission
- The form of the ballot question
- The applicability of the exemption to various types of businesses
- The general requirements for a local government application process

With this authorization, counties and cities in Florida created local application processes for businesses to follow. The following examples demonstrate how some local governments handle this economic development tool. **Hillsborough County Ad Valorem Tax Exemption**

- **Eligibility**
 - Businesses locating or expanding within Hillsborough County and creating jobs
- **Incentives**
 - Exemptions on ad valorem property and tangible taxes
 - The more jobs created, the greater the exemption available
 - If the business is located in an enterprise zone, Brownfield area or community redevelopment area, the greater the amount of incentive available
- **For more information**
 - <https://www.hillsboroughcounty.org>

Ad Valorem Tax Exemption

- **Eligibility**
 - Available in unincorporated Sarasota County, Sarasota, Venice, and North Port
 - New businesses aiming to relocate to Sarasota County
 - Businesses that create new job opportunities for residents within the County and cities of Sarasota, Venice and North Port

- **Incentive**
 - Authorizes the County, and those respective cities' commissions, to grant qualifying businesses a property tax exemption of up to 100 percent for up to 10 years, on both real and tangible property
- **For more information**
 - <https://www.scgov.net/>

Citrus County Tax Abatement Incentive Program

- **Eligibility**
 - New businesses or expanding local businesses within qualified target industries
 - Business must invest \$500,000 and create at least 12 jobs with higher than average wages for the county
- **Incentive**
 - Tax refund for up to 10 years on property taxes paid of up to 100 percent of the taxes assessed on the new capital investment
- **For more information**
 - <https://www.citrusbocc.com/business.htm>

Winter Springs Winter Springs Tax Abatement Program

- The City Commission of the City of Winter Springs is authorized to grant property tax exemptions to qualifying new business and expansions of existing business
- **For more information**
 - <http://www.winterspringsfl.org/wintersprings.biz/>

Palm Beach County Tax Exemption Program (in effect until August 2014)

- **Incentive**
 - Tax exemption for 1-10 years, depending on applicant

- **Eligibility**

- A new or expanding business may apply for an “economic exemption” for improvements to real property and/or tangible personal property not already on the Palm Beach County tax roll
- Applicant must create and maintain the required number of new full-time jobs
- Business project must have a positive impact on the local economy of Palm Beach County
- Product sales of the facility for which the exemption is sought must exceed 50 percent outside Palm Beach County
- Although a business may satisfy the minimum requirements to apply for an exemption, the type and average annual salary of the new jobs will be important considerations when the application is reviewed

- **For more information and an application**

- Annual filing deadline: March 1
- Application fee of \$1,000 must be submitted to the County’s Department of Economic Sustainability
- <https://www.pbcgov.org>

Conclusion The property tax exemption permitted by the Florida Constitution is part of a much broader set of economic development incentives available in many Florida cities and counties. Local voters have repeatedly approved these kinds of incentive programs and businesses looking to relocate or expand should evaluate whether these incentives can assist with their development plans. *Research assistance for this article was provided by Carlton Fields summer associate Katie Alberts.*

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