

# CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY

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**Bill Type and Number:** Resolution 2024-490

**Introducer/Sponsor(s):** Council President at the request of the Mayor

**Date of Introduction:** June 25, 2024

**Committee(s) of Reference:** F

**Date of Analysis:** June 27, 2024

**Type of Action:** Authorization to execute economic development agreement; REV grant authorization; designation of oversight agency; affirmation of compliance with Public Investment Policy; request for fast-track approval on two readings

**Bill Summary:** The bill authorizes the execution of a development agreement between the City and Project Heat (corporate identity temporarily confidential) to support the creation of a manufacturing facility at Cecil Airport. It authorizes a Recapture Enhanced Value (REV) grant in an amount not to exceed \$2 million. The bill authorizes the execution of documents by the appropriate parties and authorizes the Executive Director of the Office of Economic Development to execute purely technical amendments to the documents. It designates the Office of Economic Development as the City's oversight agency for the project. The bill affirms that the project complies with the provisions of City's Public Investment Policy. Fast-track approval on second reading is requested.

**Background Information:** The Project Heat company is an established aerospace and defense technology company founded to radically accelerate air travel by delivering hypersonic aircraft quickly and cost-effectively. Under R&D, the company is seeking to expand its current operations and set up a High Enthalpy Air-Breathing Test (HEAT) facility at an existing Cecil Airport hangar and hush house for hypersonic engine testing. This will allow the Department of Defense to more effectively test/field verify various hypersonic technologies critical to our nation's infrastructure. The company is seeking to lease space on the Jacksonville Aviation Authority's property adjacent to the taxiway and flight line. In order to test, develop and manufacture the hypersonic engine, the company will make a capital investment of approximately \$135 Million (with \$37 million in tangible personal property (TPP) included) and will create 100 new full-time jobs, with an average annual wage of over \$100,000. Future expansion plans include manufacturing hypersonic aircraft.

The REV grant is based on 75 percent of the increase in tangible personal property (TPP) taxes generated at the project site, for 10 years, up to a maximum of \$2 million. There will be a significant capital investment made on Cecil Airport land that is not taxable and therefore, OED is limiting the REV grant to the TPP. The State of Florida is also providing incentives for the project in the form of a High-Impact Performance Incentive (HIPI) Award (\$3,000,000) and a Capital Investment Tax Credit (CITC) (up to 100% of the Corporate Tax Liability).

**Policy Impact Area:** Economic development

**Fiscal Impact:** The bill authorizes a Recapture Enhanced Value (REV) grant up to \$2 million.

**Analyst:** Clements