

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Resolution 2020-241

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

Date of Introduction: May 12, 2020

Committee(s) of Reference: F

Date of Analysis: May 12, 2020

Type of Action: Authorizing the execution of an Economic Development Agreement; recommending Qualified Target Industry (QTI) status for the Company; establishing oversight

Bill Summary: The bill authorizes the Administration to execute an Economic Development Agreement between the City and Project Academy (the Company). The bill recommends that Project Academy be granted Qualified Target Industry (QTI) status through the State of Florida. The Office of Economic Development will provide oversight of the agreement.

Background Information: Project Academy is a multi-national manufacturer evaluating establishing a facility in the Southeastern United States. Port cities in Alabama, Georgia, Florida, South Carolina and Virginia are being evaluated. Jacksonville is the only Florida city being considered at this time. Academy has indicated that time is of the essence and financial incentives are a material factor in the location decision. The project could result in the creation of up to 300 new jobs within five years. The average annual wage of those jobs projected is \$59,146.00 plus benefits. The average wage is 119% of the average wage in Florida and qualifies for the Qualified Target Industry (QTI) Tax Refund Program. The QTI Program is scheduled to sunset on June 30, 2020. Therefore, time is of the essence to utilize the QTI Program. Because of the short time period to utilize the QTI Program, Academy has not finalized their site decision. The preferred site is located within Census Tract 174, a designated Level 2 Distress Area within Downtown. Academy seeks to purchase or lease the preferred site and the negotiations have not been finalized. It is anticipated however, that the incentive package necessary for Academy to select Jacksonville as their preferred site would also require the utilization of the City of Jacksonville Recaptured Enhanced Value (REV) Grant estimated to equal 50% of the incremental increase in ad valorem and tangible personal property taxes generated from the proposed capital investment for a 10 year period. The estimated value of the private capital investment net of land cost is in excess of \$40 million, comprising real property or leasehold improvements, manufacturing equipment and furniture fixtures and equipment.

Policy Impact Area: Economic development

Fiscal Impact: Academy is seeking public investment through the State of Florida Qualified Target Industry (QTI) Program. The QTI incentive proposed is \$5,000 per job up to \$1,500,000. The City match portion of the QTI is 20% of the award, or \$1,000 per job up to \$300,000. The QTI award will be payable after the average wage and jobs created are verified by the Florida Department of Economic Opportunity over the proposed payout period extending from 2021 - 2028. Due to the time constraints associated with the sunset of the QTI program, Project Academy will be submitted in two separate pieces of legislation. The first is this request to participate in the QTI program and appropriate the 20% match as proposed herein. Once the exact site configuration is determined, subsequent legislation will be submitted by DIA for consideration and approval of the REV Grant. The specifics of the REV Grant will be specified at that time.

Analyst: Baltiero