



**OFFICE OF ECONOMIC AND SMALL BUSINESS DEVELOPMENT  
Governmental Center Annex**

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**MEMORANDUM**

DATE: September 27, 2017  
TO: Bertha Henry, County Administrator  
FROM: Sandy-Michael McDonald, Director  
Office of Economic and Small Business Development  
SUBJECT: Project Beachfront Exhibit 2- Tax Revenue/Incentive Pay Out Analysis

The Office of Economic and Small Business Development (OESBD) has prepared an agenda item in support of the Project Beachfront resolution to be approved as a qualified applicant for participation in the State of Florida Qualified Targeted Industry Tax Refund (QTI) and QTI High Impact Sector Bonus Incentive Grant Programs. The incentive amount includes a QTI and QTI with High Sector Bonus amount of \$6,000 per new job created under the QTI program over the period of Fiscal Years 2018 through 2024 based on the creation of 225 new, high wage/high skill jobs and an estimated capital investment of \$9,060,058 in the City of Miramar, Broward County, Florida.

The OESBD conducts tax revenue/incentive pay out analyses to ultimately determine Return on Investment (ROI). The ROI is determined by calculating the monetary value of the Net Return for the County (Column J) divided by monetary value of the County Incentives Payments (Column H), plus the monetary value of the County Public Service Cost (Column I).

The OESBD proposes to award to Project Beachfront a total of \$135,000 over a six (6) year period as follows: Year 1: \$11,250; Year 2: \$22,500; Year 3: \$33,750; Year 4: \$33,750; Year 5: \$22,500; Year 6: \$11,250. During this six (6) year period the County's Share of All Tax Payments would generate \$274,734, (Column F) in new tax revenue. Using the County's Economic Impact Multiplier (1.8853) (Column G), the total economic benefit from Project Beachfront's investment would be \$517,955.

Over that same six-year period, the Net Return for the County (Column J) is \$139,734. This figure reflects the County's Share of All Tax Payments (\$274,734) minus the County Incentive Payments (\$135,000). Please note that the Project is not constructing a new facility; ergo, no County Public Service Costs (Column I) are associated with this building renovation.

The Tax Revenue/Incentive Pay Out Analysis comprises the following data and information in spreadsheet form (see spreadsheet). The following are the descriptive headings included on this spreadsheet:

- Column A/Year: The term of the project
- Column B/Sales Tax: The projected amount of future sales tax by year
- Column C/County's Share of Sales Tax Payments (Reference Local Government Half-Cent Sales Tax Table). Source: Florida Department of Revenue's Office of Tax Research
- Column D/Ad Valorem and Personal Property Taxes (Reference FY17 [2016 Final] Millage Rate Chart, Broward County Property Appraiser
- Column E/County's Share of Ad Valorem Taxes (Reference FY17 [2016 Final] Millage Rate Chart), Broward County Property Appraiser
- Column F/County's Share of All Tax Payments: Reflects the sum of Column E plus Column C
- Column G/Economic Impact 1.8853 Multiplier. Source: Florida Department of Revenue
- Column H/County Incentive Payments: Proposed amount of local financial support from County
- Column I/County Public Service Cost (Reference OESBD Municipal Service Costs Chart)
- Column J/Net Return for the County: (Difference between Column F (County's Share of All Tax Payments), and Column H (County Incentive Payment) and Column I (County Public Service Cost
- Column K/Cumulative Net Return for the County
- Column L/Net Present Value of Net Return

The analysis indicates that the anticipated return on investment generated from the project is 103.51%, and meets the County's threshold for positive Net Return. Therefore, approval is recommended based on the creation of 225 new, high wage/high skill jobs and an estimated capital investment of \$9,060,058.

