

Industry and Incentives. What Does it All Mean?

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TEAM Santa Rosa is always working to bring more industry and new jobs to the area. We do this by working with industry to help get their needs met in their decision to locate to or expand in Santa Rosa County. They are most often interested in the incentives available to them, what requirements exist to qualify for those incentives and the caliber of the existing workforce from which they will draw employees upon locating here.

TEAM works with industry to help identify incentives for which they could qualify in order to entice them to come to or expand in Santa Rosa County. Those incentives include ones such as training grants, electricity sales tax exemptions, potential land discounts, infrastructure improvements and a variety of tax exemptions/abatements. Industry, by the way, is defined as a business that generates 50% or more of its sales outside of the region. Santa Rosa County shares the region with Escambia and Okaloosa Counties. Largely, this means that if a business locates or expands in Pensacola or Ft. Walton Beach it's great for Santa Rosa County too because of residual economics that spill over the entire region, yielding returns for the entire area. In other words, what's good for Navarre is good for Gulf Breeze, Ft. Walton Beach and Pensacola, etcetera.

Many wonder how this whole "incentive" thing works. How does industry get these incentives? What do they do with them? Why does government offer them? All are important questions. Government exists to improve quality of life in a multitude of ways. Incentives are offered in order to build the economy. An example within the economic development realm is high-salary job creation. Higher salaries provide more income for people to inject into the economy. More money circulating in the economy makes businesses grow. When businesses grow, more jobs are created. The trickledown effect is amazing- one good thing comes from another and so on, building ultimately the better quality of life for which we are all striving.

Most of the incentives I'm talking about here are performance-based and are acquired by an industry over a period of time, which is usually 10 years. One misconception we often come across with the public is the assumption that incentives are paid out immediately in the form of a check totaling the entire amount the industry qualifies for. In reality, the amount they qualify for is paid out based on performance. As their benchmarks are attained, the incentives are redeemed. This will occur throughout the life of the incentive agreement. If the thresholds are not met, the incentives are not paid.

For example, the latest Mercedes-Benz expansion in Tuscaloosa County Alabama is slated to account for \$100 million in incentives. That amount will be paid incrementally as the company shows progress. The illustration here is that Alabama is not going to be cutting a \$100 million check to Mercedes for locating to Tuscaloosa County. The company qualified for training grants

and tax benefits, among other incentives. The incentive benefits will be realized by the company as their business meets the performance goals established in their incentive package.

Incentives are vital for attracting business that can create good jobs for Santa Rosans. TEAM works to match industry with applicable incentives that will entice these companies to operate in Santa Rosa County.

In the beginning of this article, I talked about cold hard cash. When a company comes to Santa Rosa County and pays its employees well, those employees take their cold hard earnings and help build our community and the ones around us. So you see, for effective economic development, industry, consumers and government are all dependent on one another. All must function efficiently together to keep the cold hard cash circulating in our county, building the fabulous place to work and play that Santa Rosa County is.

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