



LEGISLATIVE MEMORANDUM

TO:	Honorable Mayor and Members of the City Council
FROM:	Suzanne Sherman, City Manager
THRU:	Joan Junkala-Brown, Deputy City Manager
DATE:	September 5, 2024
RE:	Consideration of recovering taxes waived over a three (3) year period in which Midwest Dental Arts, Inc. received an Ad Valorem Tax (AVT) abatement (\$63,226.61).

SUMMARY:

On September 6, 2018, City Council adopted Ordinance 2018-36 granting to Project Rainbow (later modified as Midwest Dental Arts by Ordinance 2019-40) an economic development Ad Valorem Tax (AVT) Abatement of 80 percent for a period of eight (8) years. Per the Ordinance, Midwest Dental Arts shall submit to the City an annual report providing evidence of continued compliance with the definition of an existing business planning to expand, per Section 196.012, Florida Statutes.

The City's Economic Development Ad Valorem Tax Exemption Program requires that all companies participating in this Program maintain eligibility each year. The City annually reviews each company's eligibility through their Annual Report filed each year with the City. The Annual Report provides the following information: tangible personal property added, the type of business, total sales in Florida and elsewhere, and the number of employees employed by the company in Palm Bay.

During the City's review of the company's 2023 Annual Report, it was determined that Midwest Dental Arts, Inc. no longer qualified under the guidelines of the Program, outlined in Ordinance 2019- 40, as the company did not maintain the minimum number of jobs created within the first three (3) years as represented on their original application seeking an AVT exemption. At the April 4, 2024, Regular Meeting, City Council approved Ordinance 2024-17, rescinding Ordinance 2019-40.

Per Section 4 of City Resolution No. 98-55, and Section 9 of City Ordinance 2019-40, City Council may recover ad valorem taxes abated in favor of Midwest Dental Arts, Inc. for that period of time that it was determined they no longer met the criteria of Section 196.012 Florida Statutes. The

AVT exemptions granted to-date are as follows:

Tax Year	Amount
2021	
Paid Real Estate	\$17,089.68
2022	
Paid Real Estate	\$18,609.89
Paid Personal Property	\$5,302.26
2023	
Paid Real Estate	\$17,789.47
Paid Personal Property	\$4,435.31
TOTAL	\$63,226.61

At the March 21, 2024, Regular Meeting, City Council directed staff to work with Midwest Dental Arts, Inc to come up with a payment timeline and bring forward to a future meeting. A certified letter was sent to Midwest Dental Arts, Inc. on July 31, 2024 notifying them that the City Council would vote on the repayment of taxes (real & personal property) that were exempt over the past three (3) tax years (2021, 2022, and 2023) totaling \$63,226.61, and payment would be due within 90 days from City Council's approval.

REQUESTING DEPARTMENTS:

Community & Economic Development

FISCAL IMPACT:

Reimbursement of these taxes would be deposited into Undesignated Fund Balance, account 001-0000-392-1001.

STAFF RECOMMENDATION:

Motion to recover any taxes (real & personal property) waived over a three (3) year period in which Midwest Dental Arts, Inc., located at 1490 Treeland Boulevard SE, received an Ad Valorem Tax (AVT) Abatement in the total amount of \$63,226.61.

ATTACHMENTS:

1. Project Rainbow Original Application for AVT Exemption
2. Ordinance 2018-36 (Project Rainbow)
3. Ordinance 2019-40 (Modified to Midwest Dental Arts, Inc.)
4. 2023 Annual Report for Midwest Dental Arts, Inc.
5. Ordinance 2024-17
6. Certified Letter to Midwest Dental Arts, Inc. dated July 31, 2024