
Economic Development Incentives Report 2013

A summary of Local Government responses to the reporting requirements outlined in sections 125.045 and 166.021, Florida Statutes.



The Florida Legislature
Office of Economic and
Demographic Research
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Summary

The 2010 Legislature passed Committee Substitute for Senate Bill 1752 (Chapter 2010-147, Laws of Florida) relating to economic development. The legislation amended sections 125.045 and 166.021, Florida Statutes, creating new economic development reporting requirements for county and municipal governments.

In addition to other changes, the legislation requires:

- an agency or entity that receives county or municipal funds for economic development purposes pursuant to a contract to submit a report on the use of the funds,
- the county or municipality to post the report on its website,
- counties and certain municipalities to report on the provision of economic development incentives to any businesses in excess of \$25,000 to the Office of Economic and Demographic Research (EDR), and
- the Office of Economic and Demographic Research, to compile the economic development incentives provided by each county in a manner that shows the total of each class of economic development incentives provided by each county and all counties.

The Office of Economic and Demographic Research has compiled the economic development data submitted by county and municipal governments in accordance with the statutes. The economic development incentives report includes (1) the total of each class economic development incentives provided by each county and municipal government, and (2) the total of each class of economic development incentives for all counties and all municipalities. A copy of this report will be provided to the President of the Senate, the Speaker of the House of Representatives and the Department of Economic Opportunity. The report will also be posted to the EDR website at <http://edr.state.fl.us>

In an effort to increase compliance, in October 2012 EDR staff sent out multiple emails and reminders to local governments about their reporting requirements. For local governments who did not meet the threshold of providing incentives greater than \$25,000, or for municipalities whose budget was less than \$250,000, they could simply reply by email to advise EDR staff they were not required to report. These additional steps increased reporting by 75%.

Survey Results

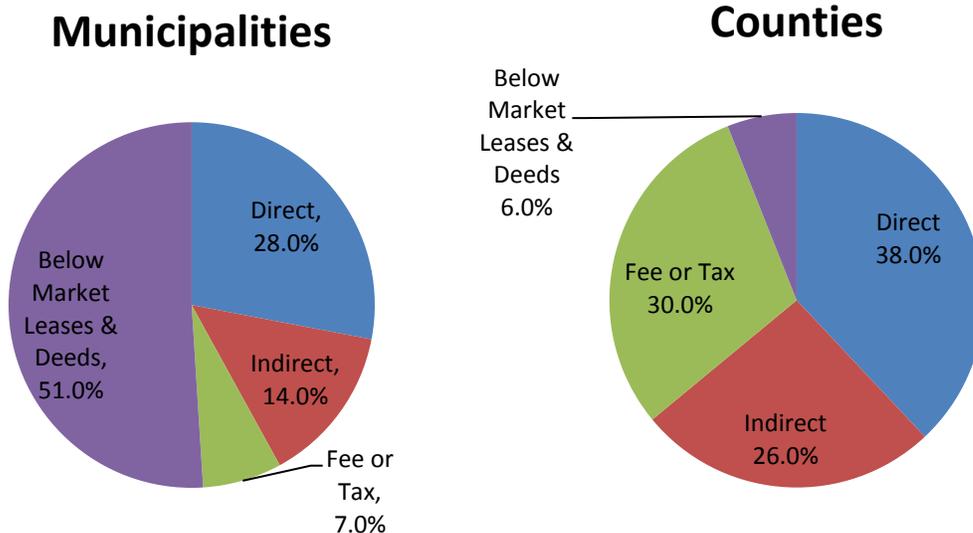
The analysis in this report is based on survey results provided by county and municipal governments between mid-October 2012 and January 2013. Local government financial managers and directors received emails providing details of the statutory requirement and instructions for completing the survey questionnaire. The Office of Economic and Demographic Research provided access to a survey for county and municipalities through the EDR website. To review the survey questionnaire, see http://edr.state.fl.us/Content/local-government/economic-development-incentives/2011_12-surveyfinal.pdf

Respondents were required to report incentives by class and type as described below. A more detailed description of each class is provided in the Glossary section of the report.

- Direct Incentives- monetary assistance provided to one or more businesses or through an organization authorized by the local government. Direct incentives include grants, loans, equity investments, loan insurance and guarantees, and training subsidies.
- Indirect Incentives- grants or loans provided to businesses or community organizations that provide support to businesses or promote business investment or development.
- Fee-based or Tax-based Incentives- tax or fee credits, refunds, exemptions, or property tax abatement or assessment reductions¹.
- Below Market Rate Leases or Deeds for Real Property - provided to business from the local government.

A total of 123 local government entities (40 counties and 83 municipalities) completed the survey questionnaire. Of the 40 counties that completed the survey, 14 counties did not issue economic development incentives which met the statutory reporting requirement (incentives greater than \$25,000 during the previous fiscal year). Incentives in the amount of \$38.3 million were reported by the counties that met the requirements. The largest dollar percentage of the incentives granted was in the form of direct incentives accounting for \$14.6 million of the total incentives (38%).

Of the 83 municipalities that reported, 59 municipalities did not issue economic development incentives which met the statutory reporting requirement (incentives greater than \$25,000 during the previous fiscal year). Incentives in the amount of \$13.1 million were reported by the municipalities that met the requirements. The largest percentage of the incentives granted was in the form of below market leases and deeds, accounting for \$6.6 million of the total incentives (51%).



¹ The value of property tax assessment reduction was calculated to reflect the value of the reduction in property tax, not the value of the assessment reduction.

Counties

[Note: Totals are unduplicated.]

Total Incentives by Class of Incentive

Incentive Type	Counties Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Direct	19	\$14,644,181	38%	134	\$109,285
Indirect	14	\$9,808,104	26%	64	\$153,252
Fee or Tax Based	14	\$11,674,310	30%	84	\$138,980
Below Market Lease or Deed	3	\$2,207,089	6%	3	\$735,696
Total	26	\$38,333,684	100%	285	\$ 134,504

Totals By Incentive Type

Direct Incentives	Counties Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Grants	17	\$11,966,160	82%	118	\$101,408
Loans	0	\$0	0%	3	\$0
Equity Invest.	1	\$1,359,076	9%	1	\$1,359,076
Loan Insurance	0	\$0	0%	0	\$0
Loan Guarantees	0	\$0	0%	0	\$0
Training	1	\$253,796	2%	5	\$50,759
Other*	2	\$1,065,149	7%	7	\$152,164
Total	19	\$14,644,181	100%	134	\$109,285

*Other types included building rehabilitations and matching funds.

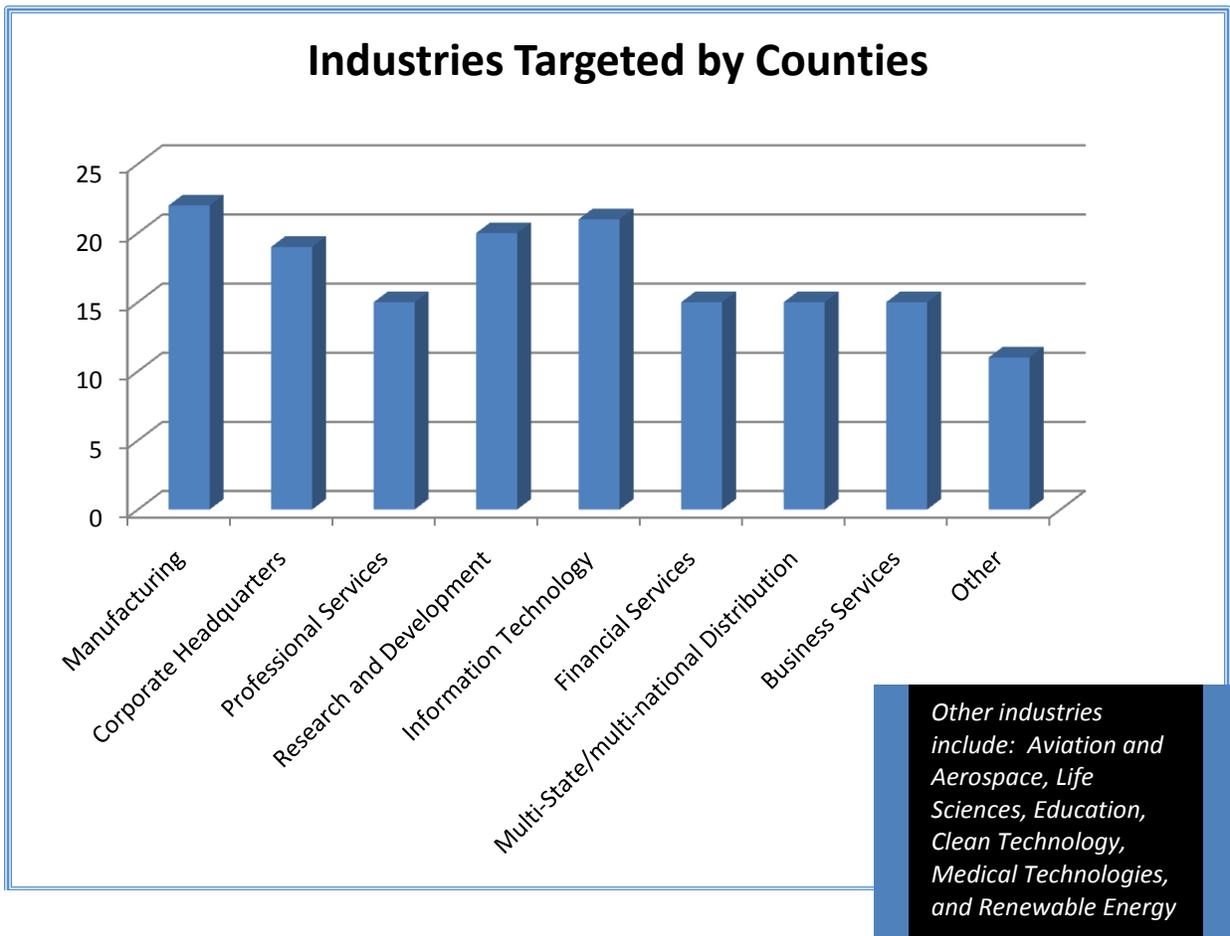
Indirect Incentives	Counties Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Grants	10	\$6,780,320	69%	49	\$138,374
Loans	0	\$0	0%	0	\$0
Other*	4	\$3,027,784	31%	15	\$201,852
Total	14	\$9,808,104	100%	64	\$153,252

*Other types included employee reimbursement, investment, dues, subsidies, services and education.

Fee or Tax Based Incentives	Counties Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Credits	2	\$18,519	*	4	\$4,630
Refunds	7	\$533,718	5%	33	\$16,173
Exemptions	2	\$4,258,676	36%	17	\$250,510
Property Tax Abatement	5	\$6,296,776	54%	29	\$217,130
Property Tax Reduction	1	\$566,621	5%	1	\$566,621
Other	0	\$0	0%	0	\$0
Total	14	\$11,674,310	100%	84	\$138,980

*Dollar percentage rounds to less than 1%

Below Market Leases or Deeds	Counties Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Leases	2	\$1,539,988	70%	2	\$769,994
Deeds	1	\$667,101	30%	1	\$667,101
Total	3	\$2,207,089	100%	3	\$735,696



County	Value of Direct Incentives	Value of Indirect Incentives	Value of Fee and Tax Based Incentives	Value of Below Market Leases or Deeds	Total Incentives Granted by County
Brevard	\$1,022,650	\$1,500,050	\$197,028	\$0	\$2,719,728
Charlotte	\$60,058	\$0	\$0	\$0	\$60,058
Citrus	\$0	\$0	\$42,000	\$0	\$42,000
Clay	\$80,711	\$50,000	\$0	\$0	\$130,711
Escambia	\$100,000	\$1,312,734	\$3,834,619	\$0	\$5,247,353
Hardee	\$3,943,337	\$0	\$202,955	\$667,101	\$4,813,393
Hendry	\$0	\$125,000	\$0	\$0	\$125,000
Hillsborough	\$1,139,799	\$1,090,991	\$79,753	\$0	\$2,310,543
Indian River	\$197,942	\$747,492	\$0	\$0	\$945,434
Lee	\$341,000	\$0	\$0	\$0	\$341,000
Leon	\$0	\$56,438	\$40,739	\$0	\$97,177
Manatee	\$1,153,649	\$395,650	\$0	\$0	\$1,549,299
Miami-Dade	\$600,980	\$0	\$750,370	\$0	\$1,351,350
Nassau	\$2,700,000	\$0	\$0	\$0	\$2,700,000
Okaloosa	\$0	\$0	\$75,847	\$39,988	\$115,835
Orange	\$563,368	\$2,182,313	\$197,595	\$0	\$2,943,276
Osceola	\$965,149	\$0	\$0	\$0	\$965,149
Palm Beach	\$0	\$1,306,597	\$1,001,157	\$0	\$2,307,754
Pinellas	\$275,000	\$0	\$37,825	\$0	\$312,825
Polk	\$161,011	\$0	\$1,782	\$0	\$162,793
St. Johns	\$31,376	\$165,000	\$0	\$0	\$196,376
St. Lucie	\$41,220	\$200,000	\$5,102,640	\$0	\$5,343,860
Sarasota	\$837,331	\$538,711	\$0	\$1,500,000	\$2,876,042
Seminole	\$429,600	\$0	\$0	\$0	\$429,600
Volusia	\$0	\$0	\$110,000	\$0	\$110,000
Walton	\$0	\$137,128	\$0	\$0	\$137,128
Grand Total	\$14,644,181	\$9,808,104	\$11,674,310	\$2,207,089	\$38,333,684

Counties that did not meet reporting threshold	Alachua, Bradford, Calhoun, DeSoto, Dixie, Flagler, Glades, Gulf, Holmes, Lake, Levy, Okeechobee, Putnam, and Sumter
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Municipalities

[Note: Totals are unduplicated.]

Total Incentives by Class of Incentives

Incentive Type	Municipalities Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Direct	12	\$3,721,784	28%	87	\$42,779
Indirect	11	\$1,770,708	14%	28	\$63,240
Fee or Tax Based	16	\$953,416	7%	33	\$28,891
Below Market Lease or Deed	4	\$6,639,054	51%	57	\$116,475
Total	25	\$13,084,962	100%	205	\$63,829

Totals by Incentive Type

Direct Incentives	Municipalities Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Grants	10	\$2,689,769	72%	68	\$39,555
Loans	2	\$178,515	5%	14	\$12,751
Equity Invest.	0	\$0	0%	0	\$0
Loan Insurance	0	\$0	0%	0	\$0
Loan Guarantees	2	\$837,500	23%	4	\$209,375
Training	0	\$0	0%	0	\$0
Other*	1	\$16,000	0%	1	\$16,000
Total	12	\$3,721,784	100%	87	\$42,779

*Other included commercial property improvements and matching funds.

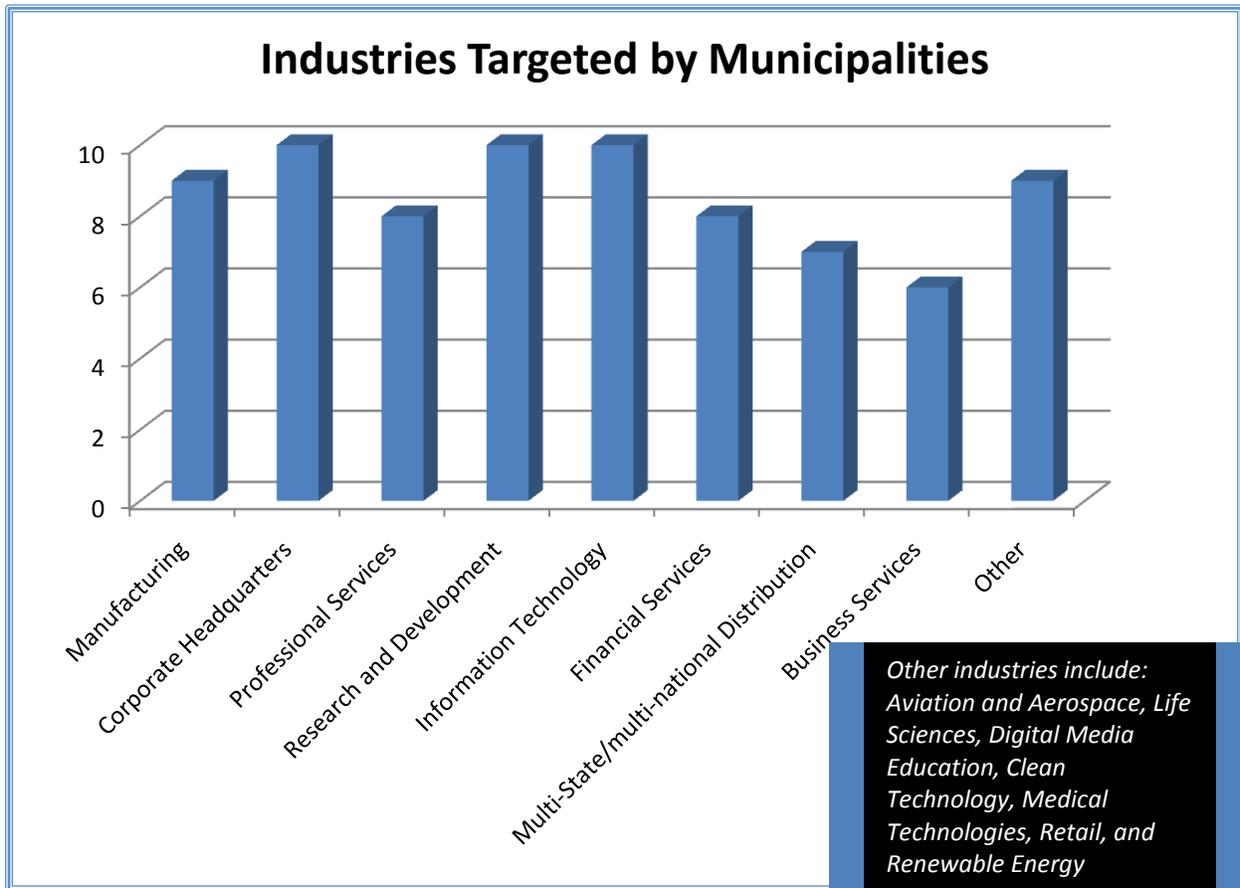
Indirect Incentives	Municipalities Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Grants	8	\$1,366,433	77%	20	\$68,322
Loans	0	\$0	0%	0	\$0
Other*	4	\$404,275	23%	8	\$50,534
Total	11	\$1,770,708	100%	28	\$63,240

*Other included Lunch and Learn and employee reimbursements.

Fee or Tax Based Incentives	Municipalities Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Credits	4	\$248,175	26%	12	\$20,681
Refunds	5	\$226,136	24%	7	\$32,305
Exemptions	1	\$75,610	8%	1	\$75,610
Property Tax Abatement	5	\$383,556	40%	7	\$54,794
Property Tax Reduction	1	\$10,000	1%	5	\$2,000
Other*	1	\$9,939	1%	1	\$9,939
Total	16	\$953,416	100%	33	\$28,891

*Other included waiver of fees and matching funds.

Below Market Leases or Deeds	Municipalities Granting Incentives	Total Amount Granted	Percent	Businesses Receiving Incentives	Average Incentive Per Business
Leases	4	\$6,639,054	100%	57	\$116,475
Deeds	0	\$0	0%	0	\$0
Total	4	\$6,639,054	100%	57	\$116,475



Municipality	Value of Direct Incentives	Value of Indirect Incentives	Value of Fee and Tax Based Incentives	Value of Below Market Leases or Deeds	Total Incentives Granted by Municipality
Bonita Springs	\$16,000	\$0	\$94,973	\$0	\$110,973
Casselberry	\$50,000	\$0	\$0	\$0	\$50,000
Coconut Creek	\$0	\$0	\$118,543	\$0	\$118,543
Coral Springs	\$0	\$258,680	\$0	\$0	\$258,680
Davie	\$152,855	\$0	\$0	\$0	\$152,855
Daytona Beach	\$0	\$0	\$177,255	\$0	\$177,255
DeBary	\$0	\$52,000	\$0	\$0	\$52,000
Eustis	\$0	\$0	\$9,939	\$0	\$9,939
Fort Walton Beach	\$0	\$14,000	\$14,614	\$247,055	\$275,669
Jacksonville	\$1,534,158	\$98,940	\$0	\$0	\$1,633,098
Jupiter	\$817,500	\$0	\$0	\$78,590	\$896,090
Lake Park	\$43,458	\$0	\$0	\$0	\$43,458
Lynn Haven	\$0	\$0	\$11,036	\$0	\$11,036
Maitland	\$0	\$0	\$18,675	\$0	\$18,675
Melbourne	\$343,437	\$20,000	\$71,105	\$0	\$434,542
North Port	\$20,000	\$2,000	\$0	\$0	\$22,000
Ocala	\$0	\$225,000	\$19,050	\$0	\$244,050
Orlando	\$211,758	\$872,542	\$152,692	\$0	\$1,236,992
Ormond Beach	\$200,000	\$0	\$5,617	\$0	\$205,617
Palm Bay	\$76,258	\$5,000	\$10,000	\$0	\$91,258
Port St. Joe	\$0	\$0	\$75,610	\$0	\$75,610
St. Petersburg	\$0	\$75,836	\$11,275	\$1,425,220	\$1,512,331
Sanford	\$256,360	\$0	\$102,170	\$0	\$358,530
Sarasota	\$0	\$146,710	\$60,862	\$4,888,189	\$5,095,761
Total	\$3,721,784	\$1,770,708	\$953,416	\$6,639,054	\$13,084,962

Municipalities that did not meet reporting threshold

Alford	Altamonte Springs	Apalachicola	Bartow	Bascom	Brooksville
Cloud Lake	Cocoa Beach	Davenport	Daytona Beach Shores	Deerfield Beach	DeFuniak Springs
Dundee	Eagle Lake	Esto	Freeport	Greenwood	Highland Park
Holmes Beach	Indian Harbour Beach	Indian Shores	Jay	Kenneth City	Key Colony Beach
Key West	Lady Lake	Lake Clark Shores	Lake Worth	Lantana	Lauderdale-by-the-Sea
Laurel Hill	Leesburg	Longwood	Madison	Malabar	Margate
Mary Esther	Miami Lakes	Monticello	New Port Richey	Newberry	North Lauderdale
Orange Park	Palatka	Palm Beach Shores	Parker	Paxton	Penney Farms
Pinecrest	Plantation	Raiford	San Antonio	South Miami	Tamarac
Venice	West Miami	Wewahitchka	Winter Park	Yankeetown	

Three Year Comparison of Survey Results

County	Total Incentives				Number of Businesses Receiving Incentives			
	2010	2011	2012	2010-2012	2010	2011	2012	2010-2012
Alachua	\$23,917			\$23,917	2			2
Bay	\$860,782	\$1,198,696		\$2,059,478	12	13		25
Bradford				\$0		0		0
Brevard	\$1,716,236	\$1,578,330	\$2,719,728	\$6,014,294	26	25	20	71
Broward	\$950,975	\$1,136,638		\$2,087,613	10	8		18
Calhoun				\$0	0	0		0
Charlotte		\$85,902	\$60,058	\$145,960		1	1	2
Citrus	\$72,000		\$42,000	\$114,000			1	1
Clay		\$162,529	\$130,711	\$293,240		8	8	16
Collier	\$447,668			\$447,668				0
Columbia	\$1,208,527			\$1,208,527	4			4
Duval	\$5,293,319	\$4,330,653		\$9,623,972	23	23		46
Escambia	\$5,465,923	\$4,915,794	\$5,247,353	\$15,629,070	25	29	24	78
Flagler				\$0		0		0
Gulf		\$440,000		\$440,000		4		4
Hardee	\$3,210,553	\$202,954	\$4,813,393	\$8,226,900	7	3	7	17
Hendry			\$125,000	\$125,000			1	1
Hillsborough	\$3,980,365	\$4,259,247	\$2,310,543	\$10,550,155	25	34	51	110
Indian River	\$1,145,050	\$857,601	\$945,434	\$2,948,085	7	9	11	27
Lake	\$149,000	\$1,732,088		\$1,881,088	7	51		58
Lee	\$11,441,300	\$6,788,000	\$341,000	\$18,570,300	8	6	4	18
Leon		\$802,963	\$97,177	\$900,140		82	10	92
Liberty	\$635,593			\$635,593	1	0		1
Manatee	\$370,277	\$633,320	\$1,549,299	\$2,552,896	6	16	15	37
Martin	\$60,000			\$60,000	1			1
Miami-Dade	\$3,243,186	\$2,965,269	\$1,351,350	\$7,559,805	38	26	24	88
Nassau			\$2,700,000	\$2,700,000			2	2
Okaloosa	\$199,609	\$139,968	\$115,835	\$455,412	2	1	2	5
Orange	\$32,277,890	\$2,279,563	\$2,943,276	\$37,500,729	15	17	23	55
Osceola	\$547,762	\$191,000	\$965,149	\$1,703,911	10	3	6	19
Palm Beach	\$2,149,370	\$1,723,280	\$2,307,754	\$6,180,404	22	14	10	46
Pinellas		\$47,952	\$312,825	\$360,777		10	8	18
Polk	\$109,062		\$162,793	\$271,855	3	0	3	6
Putnam				\$0	0	0		0
St. Johns	\$640,906	\$585,370	\$196,376	\$1,422,652	9	9	5	23
St. Lucie	\$4,381,970	\$3,554,335	\$5,343,860	\$13,280,165	6	7	8	21
Santa Rosa	\$985,233			\$985,233	8			8
Sarasota	\$1,738,169	\$5,405,997	\$2,876,042	\$10,020,208	8	23	26	57
Seminole	\$880,000		\$429,600	\$1,309,600	7	0	11	18
Sumter				\$0		0		0
Union				\$0				0
Volusia		\$64,900	\$110,000	\$174,900	0	4	3	7
Walton	\$258,000	\$165,000	\$137,128	\$560,128	1	1	1	3
Total	\$84,442,642	\$46,247,349	\$38,333,684	\$169,023,675	293	427	285	1005

Municipality	Total Incentives				Number of Businesses Receiving Incentives			
	2010	2011	2012	2010-2012	2010	2011	2012	2010-2012
Boca Raton		\$111,250		\$111,250	0	2		2
Bonita Springs	\$54,945	\$92,219	\$110,973	\$258,137	2	2	4	8
Brooksville	\$28,879	\$0		\$28,879	1	-		1
Bunnell		\$0		\$0	0	-		0
Callaway		\$0		\$0	0	-		0
Cape Coral				\$0	0			0
Casselberry			\$50,000	\$50,000			1	1
Coconut Creek		\$122,229	\$118,543	\$240,772		1	1	2
Coral Springs			\$258,680	\$258,680			1	1
Clermont				\$0	0			0
Davie	\$346,965	\$0	\$152,855	\$499,820	3	-	2	5
Daytona Beach		\$334,497	\$177,255	\$511,752		2	2	4
DeBary			\$52,000	\$52,000				0
DeFuniak Springs	\$115,411	\$0		\$115,411	25	-		25
DeLand		\$25,000		\$25,000		1		1
Deltona	\$51,238			\$51,238	2			2
Eustis			\$9,939	\$9,939			1	1
Fort Lauderdale		\$938,529		\$938,529		9		9
Fort Walton Bch.		\$275,894	\$275,669	\$551,563		8	8	16
Jacksonville			\$1,633,098	\$1,633,098			19	19
Jupiter			\$896,090	\$896,090			9	9
Keystone Heights	\$41,228			\$41,228	9			9
Lake Park	\$95,530	\$98,342	\$43,458	\$237,330	4	7	2	13
Lakeland		\$576,880		\$576,880		11		11
Leesburg		\$0		\$0		-		0
Longwood		\$0		\$0		-		0
Lynn Haven		\$99,509	\$11,036	\$110,545		2	1	3
Maitland		\$115,000	\$18,675	\$133,675		3	2	5
Melbourne	\$74,010	\$129,327	\$434,542	\$637,879	8	6	5	19
New Smyrna Beach		\$133,164		\$133,164		9		9
North Port		\$119,000	\$22,000	\$141,000		5	3	8
Ocala		\$496,284	\$244,050	\$740,334		13	3	16
Orlando	\$834,038	\$1,091,174	\$1,236,992	\$3,162,204	17	29	36	82
Ormond Beach		\$65,000	\$205,617	\$270,617		3	5	8
Palm Bay	\$13,504,922	\$140,963	\$91,258	\$13,737,143	21	22	17	60
Palm Beach Gardens		\$50,000		\$50,000		1		1
Panama City	\$0	\$0		\$0		-		0
Pinellas Park	\$40,133	\$118,559		\$158,692	4	14		18
Plant City	\$0	\$0		\$0		-		0
Port St. Joe			\$75,610	\$75,610			1	1
Port St. Lucie	\$4,050,000	\$12,477,089		\$16,527,089	3	5		8
St. Cloud	\$395,000			\$395,000	5			5
St. Petersburg	\$1,128,187	\$349,252	\$1,512,331	\$2,989,770	17	11	31	59
Sanford	\$150,000	\$408,232	\$358,530	\$916,762	1	14	22	37
Sarasota	\$5,557,249	\$4,972,658	\$5,095,761	\$15,625,668	31	29	29	89
Tallahassee	\$4,799,117	\$1,172,463		\$5,971,580	15	82		97
Tampa	\$28,962,329	\$754,550		\$29,716,879	148	14		162
Titusville		\$460,869		\$460,869		16		16
Venice		\$29,085		\$29,085		1		1
Total	\$60,229,181	\$25,757,018	\$13,084,962	\$99,071,161	316	322	205	843

Counties

Incentive Type	Counties Granting Incentives			Total Amount Granted			Businesses Receiving Incentives		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Direct	23	19	19	\$29,675,804	\$24,512,033	\$14,644,181	118	155	134
Indirect	15	18	14	\$40,450,510	\$9,995,726	\$9,808,104	60	62	64
Fee or Tax Based	17	14	14	\$12,774,650	\$10,239,590	\$11,674,310	111	209	84
Below Market Lease or Deed	3	1	3	\$1,541,679	\$1,500,000	\$2,207,089	4	1	3
Total				\$84,442,643	\$46,247,349	\$38,333,684	293	427	285

Municipalities

Incentive Type	Counties Granting Incentives			Total Amount Granted			Businesses Receiving Incentives		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Direct	13	18	12	\$9,005,894	\$4,408,077	\$3,721,784	67	97	87
Indirect	9	15	11	\$1,545,582	\$8,605,393	\$1,770,708	27	48	28
Fee or Tax Based	13	21	16	\$36,840,208	\$2,733,072	\$953,416	183	137	33
Below Market Lease or Deed	6	7	4	\$13,349,971	\$10,010,476	\$6,639,054	39	40	57
Total				\$60,229,183	\$25,757,018	\$13,084,962	316	322	205

GLOSSARY

Direct financial incentives provide direct monetary assistance to a business from the local government or through a local government funded organization. The assistance is provided through grants, loans, equity investments, loan insurance and guarantees. These programs generally address business financing needs but also may be invested in workforce training, market development, modernization, and technology commercialization activities. Cash grants provide the greatest flexibility and immediate benefit to the company by reducing capital outlays. However, loans, bonds, and equity financing are commonly used to make resources available with an expectation that the dollars will be returned for future investments. Another important category of direct financial incentives is in the area of training subsidies. Other forms of direct financial incentive include revolving loan funds, product development corporations, seed capital funds, and venture funds. These programs directly supplement market resources through public lending authorities and banks. *Direct financial incentives are typically discretionary.*

Indirect incentives include grants and loans to local government entities, non-profits, and community organizations to support and promote business investment or development. The recipients include communities, financial institutions, universities, community colleges, training providers, venture capital investors, and childcare providers. In many cases, the funds are tied to one or more specific business locations or expansion projects. Other programs are targeted toward addressing the general needs of the business community, including infrastructure, technical training, new and improved highway access, airport expansions and other facilities. Funds are provided to the intermediaries in the form of grants, loans, and loan guarantees. Indirect incentives may also be used to leverage private investment in economic development. For instance, linked deposit programs in which local government funds are deposited in a financial institution in exchange for providing capital access or subsidized interest rates to qualified business borrowers. *Indirect financial incentives are typically discretionary.*

Tax-based incentives use the tax code (or tax base) as the source of direct or indirect subsidy to qualified businesses. It is more stable and less visible than direct financial or indirect incentives because it does not typically require an annual appropriation. Tax-based incentives can be either discretionary or entitlements. While tax based incentives function like direct financial incentives, the ubiquitous use of these incentives justifies a separate categorization.

Tax-based incentives can be further classified into five sub-categories:

- CREDITS, which provide a reduction in taxes due, after verification that statutory or contractual terms have been met.
- REFUNDS, which provide a return on taxes paid, after verification that statutory or contractual terms have been met.
- EXEMPTIONS, which provide freedom from payment of a variety of taxes normally applied to certain business activities.

LOCAL PROPERTY TAX ABATEMENTS or ASSESSMENT REDUCTIONS, which reduce or decrease the assessed valuation of ad valorem taxes, to include real property and personal property. Because the ad valorem tax is a local government revenue source, the cost of the incentive is borne by local governments.