

## **Arthrex scraps request for business incentives, opting for impact fee relief**

By LIZ FREEMAN

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Arthrex Inc. doesn't want to get held up by politics for expansion projects in Ave Maria and North Naples.

That's why the medical device manufacturing company has decided to drop its request to take part in Collier County's property tax stimulus program and pursue approval for the impact fee assistance program.

"Given the issue that was raised, if that is a problem for some people, we can switch to the impact fee program," Scott Price, Arthrex's general counsel, said. "We didn't want to be embroiled in that and wait."

The issue is whether a voter referendum is required under state law for Collier County commissioners to provide a property tax break to businesses as an incentive to relocate to the community or for existing businesses to expand locally.

District 5 Commission candidate Tim Nance, who is running against Jim Coletta to represent eastern Collier, said state law is clear that a referendum is needed for voters to decide if they want to give county leaders the authority to provide tax breaks as an economic incentive to businesses. Nance said 35 counties have put the issue to referendum and he proposes Collier do the same on the 2012 ballot.

In contrast, County Attorney Jeff Klatzkow and the Economic Development Council said recently the county's property tax stimulus program does not involve exemptions and instead is paid out over 10 years based on a company's capital investment. As a result, no voter referendum is required, Klatzkow said.

Not taking a stance one way or another, Price said Arthrex decided last week to opt instead for the impact fee assistance program. The company's application for the job incentive program that pays \$2,000 for each new job created and a \$25,000 credit for broadband installation remain unchanged.

Commissioners are scheduled June 28 to discuss and vote on the Arthrex application, which could be worth a total of \$3.3 million, according to a June 9 revision.

That includes \$2.1 million for the impact fee credit program that Arthrex qualifies for and involves two projects, one in Ave Maria and the other at its Creekside Boulevard campus, said Tammie Nemecek, chief executive officer of the EDC.

Because the county has been reducing impact fees in recent years, the actual impact

fees on the two projects are likely to be lower, she said.

“We show the maximum amount they can qualify for,” Nemecek said. “The (County Manager’s Office) is trying to estimate what it might be.”

The impact fee program involves the county moving the money from the county’s general revenue fund to another to cover the impact fees, so no money changes hands with the company at hand but a lien is placed on the improved property.

Arthrex plans to build a 160,000-square-foot manufacturing plant on 21 acres on Oil Well Road that would be donated by Barron Collier Cos. The estimated construction cost is \$17 million, not including equipment. The second project is a 100,000-square-foot renovation or expansion at Creekside that is estimated to cost \$10 million, not including equipment.

From 2011 to 2019, Arthrex’s total capital investment is projected at \$50 million. The expansions involve adding 600 new jobs with a \$59,580 average salary.

Commissioner Georgia Hiller, whose North Naples district includes Arthrex, agrees with Nance about the referendum requirement for the county’s property tax stimulus program.

“Arthrex must have good lawyers who recognized that what Commission candidate Tim Nance found was correct, that our ordinance that rebates property taxes is unconstitutional,” she said in an email when asked about Arthrex application change.

When asked if she objects to Arthrex’s application in part or in whole, Hiller said she was told by Nemecek, with the EDC, that the county can’t waive impact fees.

“I have yet to research the basis for her conclusion,” Hiller said. “I’m not prepared to comment on Arthrex’s revised application until I receive and review all back-up, both legal and financial.”

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