

Charlotte, NC Incentive Overview

The following information is from www.charlottechamber.com

Job Development Investment Grants

The Job Development Investment Grant (JDIG) is a discretionary incentive that provides cash grants (in the form of annual payments up to a maximum of 12 years) to high-impact new and expanding businesses in North Carolina. An important factor in obtaining approval is that the grant be deemed necessary for the completion of the project in North Carolina.

The JDIG statute authorizes grants up to 75% of state withholding taxes collected from eligible employees, i.e. employees who fill new jobs created by an investment project.

One North Carolina Fund

Created to recruit high value-added, knowledge-driven industries by providing financial assistance to companies deemed to be vital to a healthy and growing State economy. Grants are available to companies that plan new expansion or new operations in the state.

Grants may be used for the following purposes:

- Installation or purchase of equipment

- Structural repairs, improvements, or renovations of existing buildings to be used for expansion.

- Construction of --or improvements to-- new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings.

A local unit of government (city or county) must provide a dollar-for-dollar match of the grant.

Article 3J Tax Credits

Credits against any combination of the North Carolina corporate income tax, the North Carolina corporate franchise tax, and -in the case of insurance companies- the state premiums tax. Article 3J tax credits cannot be used to offset more than 50% of a given year's cumulative tax liability, net of any other tax credits taken for the year. Unused credits have a five-year carryforward for each eligible year. For investors who place into service within a two-year period a minimum of \$150 million in real and business property, the carryforward is twenty years.

Job Creation Tax Credit

\$750 per new job created. Qualifying companies must meet a threshold of at least 15 new jobs per year, and the credit is available for all new jobs created in each qualifying year. The jobs credit is amortized in equal installments over four years beginning the year after qualifying jobs are created.

Credit for Investing in Business Property

3.5% of the cost of eligible new property. The credit is applied only to the amount of new property that exceeds a threshold of \$2 million, and it is amortized in equal installment over four years following the tax year in which the property is placed in service. "Business Property" is defined as capitalized, tangible personal property used in a company's business, including furniture, fixtures, computer equipment, machinery and equipment.

Urban Progress Zone - Enhanced Tax Credits

Job Creation Tax Credit - \$1,750 per new job created (vs. \$750 outside the zone). The eligibility threshold is reduced to 5 new jobs per year. The credit for new jobs filled either by residents of the Urban Progress Zone or long-term unemployed workers is \$3,750. The wage standard is reduced to 90% of the weekly average for all of North Carolina's private insured employers.

Credit for Investing in Business Property - The credit is increased to 7% and is applied to the entire eligible investment in new business property. (The \$2 million threshold is eliminated.)

Research + Development Tax Credit

Taxpayers may take only one of three potentially available credits (defined below) in a given tax year.

The credit may be applied, at the taxpayer's option, against either the North Carolina corporate income tax

or state franchise tax. The R+D credit may not exceed 50% of tax liability for the year in which qualified research expenses were incurred. Unused R+D credits may be carried forward

Cash Grants - Charlotte

The City of Charlotte and County of Mecklenburg offer cash grants to qualifying companies that invest in special zones or, in the case of "large economic impact" projects, anywhere in the City of Charlotte. In general, the following categories of operations are eligible for consideration under the Business

Investment Program (BIP):

- Headquarters: corporate, divisional and regional
- Financial, insurance and professional services*
- Transportation/distribution (logistics)
- Manufacturing
- Emerging technologies/industries+

*Law, accounting or other professional services firms that predominantly serve the Charlotte region are not eligible.)

+Includes opto-electronics, alternative energy, bioinformatics, film/video production, or industries that create synergies with the Charlotte Research Institute or local colleges and universities.

Investment within the BIP Zone

Companies that invest within the BIP Zone are eligible if they meet the following general criteria:

Invest \$1.5 million or more

Create a minimum of 20 new jobs that pay 100% of the average annual wage rate for the Charlotte-Gastonia-Concord MSA.

Manufacturing companies that create fewer than 20 jobs may be eligible if their qualifying investment is \$3 million or more.

Large Economic Impact Projects

Larger projects may be eligible for BIP grants anywhere within the City of Charlotte if they meet these general criteria:

Invest \$10 million or more

Create 300 jobs that pay an average of 125% of the average annual wage rate for the Charlotte-Gastonia-Concord MSA.

Within the above guidelines, however, there is flexibility to consider projects that entail higher investment but fewer jobs, or higher paying jobs and less investment. Those projects may still be considered for BIP grants.

Cash Grants

Negotiated individually with investing companies and are based on the amount of each company's capital investment and the number of new jobs to be created.

Utility Rate Discounts

Duke Energy

Rider EC - Economic Development

Rider EC (NC) can reduce a company's power costs by as much as 25% over their first four years of operation. In the first year, a credit of 20% is applied to qualifying companies' electric bills under the applicable rate schedule. Rate declines continue in the second through the fourth year at rates of 15%, 10% and 5%, respectively.

Rider ER - Economic Redevelopment

This rate schedule enables qualifying companies to purchase electric power at a 50% discount over the first 12 months of operation. At the customer's discretion, the 12-month billing credit period can be deferred up to 12 months from the date of initial delivery of service in order to allow for start-up periods in which power requirements are not at peak.

EnergyUnited

The company offers free energy audits and equipment evaluations, financing packages, and site selection assistance. EnergyUnited has over \$6 million to support local projects with loans and grants and also offers an "Economic Development Incentive Rate" for five years to qualifying companies.

ElectriCities

ElectriCities offers economic development incentive rates over the first four and one-half years of a qualifying project's operations.

Natural Gas Discounts

Piedmont Natural Gas Company offers discounts under a rate plan called the "Economic Development Rider." This program offers a three-year discount beginning with a 45% reduction in year one; 25% in year two and 15% in year three. In year four, the customer would pay the normal rate as stated on the applicable rate schedule.

Job Training Support

NEW & EXPANDING INDUSTRY PROGRAM

This North Carolina Community College program provides company-tailored free training support, including expense reimbursement, to support new, full-time production and service positions created in the State.

The per-employee value of the New and Expanding Industry Program varies from project to project but can be as high as \$1,500 to \$2,000.

Employee Recruitment & Screening

The Employment Security Commission of North Carolina (ESC) provides free of charge a wide range of services geared to help employers recruit and screen job candidates. The value of this service varies from project to project but can be conservatively estimated at \$500 per new hire.