

Buncombe County Economic Development Incentive Policy

INDUSTRIAL DEVELOPMENT INCENTIVES AND INFRASTRUCTURE ENHANCEMENT FOR ECONOMIC DEVELOPMENT

Purpose

The purpose of the program is to broaden and diversify the tax base (create new job opportunities for the citizens of Buncombe County) and promote the economic growth and welfare of Buncombe County. The program is adopted with the intent of complimenting any incentive program that may be adopted by a municipality within Buncombe County or by the State of North Carolina.

General

The County encourages and supports the development of the industrial base of the County by providing incentives for both new industry and the expansion of current industries. Normally, assistance is provided through infrastructure development; however, in compliance with the North Carolina General Statutes (NCGS), such assistance may also be provided through land development, site preparation, building preparation and other means identified in NCGS 158-7.1.

Limitation

There is no vested "right" to any assistance by anyone under this policy. Before the County will participate in any industrial development project, it must be established that the increase in ad valorem taxes on real and personal property resulting from the project will, in the three (3) to five (5) years following essential completion of the project, equal or exceed the amount of funds provided by the County. The original value of the property will be deducted in calculating the real property basis.

Developer Incentive

Consideration in providing infrastructure funding or other direct assistance will be provided only upon the assurance that the pay back in increased real property ad valorem tax revenues occurs within three (3) years. The calculations used to determine the incentive will be based on the current year tax levy computed at 100 percent collection.

- a. Estimates of valuation of property enhancement must be based on architects estimates, contracted construction, development costs, or development contracts in hand if third parties are involved. Other forms of proving the level of financial commitment may be considered on an individual basis.
- b. Increased tax revenues beyond the initial three (3) years will enhance the project desirability but will not qualify for County funding.
- c. Incentives for speculative buildings will be awarded based on the investment schedule provided on the following page.

Industry Incentive

To be eligible for an incentive, the investment must be an investment that is not currently taxed in Buncombe County. This policy is intended to support the expansion of our current industry as well as any new industry to

the area. The following business types (as defined by S.I.C. codes used by the State of North Carolina) are eligible for an economic development incentive subject to funding availability: manufacturing and assembly; processing; warehousing and distribution; data and information processing, including call centers; and administrative headquarters. This policy does not provide incentives for retail, commercial or residential projects.

Incentives will be provided based on the following schedule:

Initial Investment Between ¹		Maximum Economic Dev. Incentive % ²	Eligible # Yrs. ³	Building and Equipment Incentive Portion ⁴	Job Incentive Portion ⁵
\$ 1,500,000	\$3,999,999	75%	3	50%	Based on Wage Value, up to 50%
\$ 4,000,000	\$5,999,999	75%	4	50%	
\$ 6,000,000	\$9,999,999	85%	4	50%	
\$10,000,000	Up	85%	5	50%	

- ¹ The initial investment includes the company’s investment for buildings and equipment. If equipment is included in the initial investment, the equipment portion of the initial investment will be adjusted by a reduction of 42.4%, which represents the estimated value of depreciation that can be recovered by companies over the first three years’ class life of the equipment. The building investment plus the adjusted equipment investment shall equal the Total Adjusted Investment.
- ² The Annual Tax Value will be determined on the Total Adjusted Investment. An Annual Incentive is computed by multiplying the Annual Tax Value by the applicable Maximum Economic Development Incentive percentage.
- ³ The Annual Incentive is multiplied by the Eligible Number of Years to compute the total Maximum Economic Development Incentive.
- ⁴ A total of 50 percent of the Maximum Economic Development Incentive will be awarded based on the building and equipment investment (adjusted if applicable).
- ⁵ Up to 50 percent of the Maximum Economic Development Incentive will be awarded based on the number of jobs created multiplied by the value assigned to the average wage rate of the new jobs. Values are established in the Average Wage Value Table.

To determine the incentive amount for jobs created and average wage rates, the following Average Wage Value Table was established to assign values to each wage range.

Average Wage Between		Value of Incentive Per Job
\$10.00	\$11.99	\$250
\$12.00	\$17.99	\$500
\$18.00	\$23.99	\$750
\$24.00	\$29.99	\$1,000
\$30.00	\$35.99	\$1,250
\$36.00	\$41.99	\$1,500
\$42.00	\$47.99	\$1,750
\$48.00	\$53.99	\$2,000
\$54.00	\$59.99	\$2,250
\$60.00	\$65.99	\$2,500
\$66.00	Or More	\$2,750

The Total Economic Development Incentive awarded to each company equals 50% of the Maximum Economic Development Incentive for buildings and equipment plus the Job Incentive Value, up to 50% of the maximum economic development incentive.

Headquarters, regional offices, and regional headquarters that create administrative, professional level jobs will be eligible for a bonus of \$500 per employee. This bonus shall be in addition to the job incentive computed above.

The Total Economic Development Incentive awarded to a company may be adjusted at the discretion of the Board of Commissioners. The total economic development incentive awarded may be divided by the Eligible Number of Years and paid on annual basis, may be paid in a lump sum, or may be paid in other installments as deemed appropriate and at the discretion of Buncombe County.

Alternative

On a case-by-case basis, the Board of Commissioners may opt to provide funding for infrastructure development, site work, etc. to a company at the beginning of a project, rather than through the incentive schedule. This may be done at the discretion of the Board of Commissioners and may reduce or preclude the incentive by an amount equal to the initial grant.

Requirements

1. The project must enhance the tax base of the County as outlined in the incentives sections above.
2. Conveyances of land by the County must not realize a consideration less than the value determined as fair market value.
3. A determination must be made regarding the proposed average wage.
4. To qualify for the job incentive portion of the incentive, the company must provide and pay for at least 50% of the cost of employee health insurance for new jobs created.
5. A public hearing must be held in accordance with NCGS 158-7.
6. County participation cannot violate the laws of the State of North Carolina.
6. Projects must be deemed not harmful to the environment according to all federal, state and local regulations.

Compliance

All Economic Development Incentives will be formalized in a written letter agreement between Buncombe County and the recipient company. The recipient company will be required to meet the following performance criteria:

- Jobs created as announced;
- Capital investment in real property as announced; and
- Compliance with wage requirements.

Buncombe County reserves the right to audit a company to assure compliance with the Economic Development Incentive agreement. If the performance criteria is not met or is altered significantly, Buncombe County may require the incentive to be repaid in full or in part.

To be eligible for payment of the incentive, the company must have:

- Completed and occupied the building;
- Be current on all taxes payable to Buncombe County; and
- Be current on performance criteria specified in the incentive agreement.

Project Evaluation

Each project will be evaluated on an individual basis. Changing economic conditions and availability of funds may cause the Board of Commissioners to modify, amend, or discontinue the Economic Development Incentive program. Should the incentive program be discontinued, the Board of Commissioners will honor any incentive committed to before the discontinuance of the program.

Economic Development Incentives may not be transferred or otherwise conveyed to another party, unless agreed to by the Buncombe County Board of Commissioners.