



# ECONOMIC DEVELOPMENT INVESTMENT PROGRAM IN BUNCOMBE COUNTY

## **Purpose**

The purpose of the program is to broaden and diversify the development of new businesses and industries in Buncombe County and to support the expansion of existing businesses and industries that create and/or retain job opportunities for the citizens of Buncombe County that promote the economic growth and welfare of Buncombe County. The program is adopted with the intent of complementing 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 both new and expansion projects that develop the business and industrial base of the County. Assistance may be provided through direct grants, infrastructure development, land acquisition, building and site preparation, or other means authorized under North Carolina General Statutes.

## **Limitations**

There is no vested "right" to any assistance under this policy. Before the County will participate in any economic 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.

Notwithstanding other guidelines and requirements set forth below, assistance shall be limited to property developed within the boundaries of Buncombe County and to new and existing businesses and industries locating to or expanding within Buncombe County.

## **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 below.

**Capital Investment Projects**

Capital investment projects require the creation of jobs and an investment in buildings and equipment within the initial investment categories below which result in an increase to Buncombe County’s tax base. These investments are intended to support the expansion of current industry as well as any new industry in Buncombe County. 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; 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 <sup>1</sup>		Maximum Economic Dev. Incentive % <sup>2</sup>	Eligible # Yrs. <sup>3</sup>	Building and Equipment Incentive Portion <sup>4</sup>	Job Incentive Portion <sup>5,6</sup>
\$ 1,500,000	\$3,999,999	75%	3	50%	Based on Wage Value
\$ 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%	

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> The Annual Incentive is multiplied by the Eligible Number of Years to compute the total Maximum Economic Development Incentive.
- <sup>4</sup> A total of 50 percent of the Maximum Economic Development Incentive will be awarded based on the building and equipment investment (adjusted if applicable).
- <sup>5</sup> All jobs created shall pay at or above 100% of Buncombe County’s average wage rate determined by the U.S. Department of Labor, Bureau of Labor Statistics. The incentive will be increased as wage sufficiency increases. Jobs created that do not initially pay at or above 100% of the average wage rate but which reach the average wage rate within four (4) years of the date of the incentive agreement will be eligible for a reduced incentive of \$250/job. As of December 2016, the average rate was \$837/week (\$43,524/year). The average wage rate will be updated each January starting in 2018.
- <sup>6</sup> Jobs created must be retained and filled for a minimum period of three (3) years past the term of the incentive agreement at the average wage rate following the effective date that the job was incentivized.

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

<b>Hourly Wage Rate Between</b>		<b>Value of Incentive per Job</b>
Jobs created that do not initially pay at or above 100% of the average wage rate but which reach the average wage rate within four (4) years of the date of the incentive contract.		\$250
\$20.93	\$26.92	\$500
\$26.93	\$32.92	\$750
\$32.93	\$38.92	\$1,000
\$38.93	\$44.92	\$1,250
\$44.93	\$50.92	\$1,500
\$50.93	\$56.92	\$1,750
\$56.93	\$62.92	\$2,000
\$62.93	\$68.92	\$2,250
\$68.93	\$74.92	\$2,500
\$74.93	Or More	\$2,750

Headquarters, regional offices, and regional headquarters that create administrative, professional level jobs will be eligible for a bonus of \$500 per employee. Companies that pay at least 50% of the cost of an employee’s child care costs will be eligible for a bonus of \$1,000 per employee. These bonuses shall be in addition to the job incentive computed above.

Jobs created that pay between the range of Buncombe County’s current living wage standard of \$11.50/hour with benefits and 80% of the average wage rate and which are filled by an employee under one of the programs or initiatives below will qualify for a job incentive value of \$500 per employee:

- Employees hired and registered under the NCWorks Apprenticeship Program;
- Recipients receiving benefits under the Buncombe County STEP Program; and/or
- Employees hired who were low-level, non-violent offenders.

Except in documented situations of termination for cause, employees filling jobs created under this section shall be retained for a minimum of three (3) years past the term of the incentive agreement. A copy of the company’s policy regarding termination for cause must be attached to the incentive agreement.

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.

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.

Projects producing over \$100 Million in new or expanded investment or the creation of more than 1,000 jobs meeting the above Wage Values may be given special consideration for additional investment participation by Buncombe County.

### **Alternative Payment for Infrastructure**

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 company's proposed hourly wage rates.
4. The company must provide a schedule that specifies the timeline for investment and job creation for the project.
5. 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.
6. To qualify for the job incentive portion of the incentive, the company must, consistent with state and federal law, have a written policy on workplace diversity that ensures a commitment to anti-discriminatory practices and fosters equal opportunity in accessing the company's resources and/or opportunities. A copy of the policy must be attached to the incentive agreement.
7. To qualify for the job incentive portion of the incentive, the company must have a written policy on sustainable business practices and principles outlining the company's environmentally friendly or green activities that help ensure that all processes, products, and manufacturing activities adequately address environmental concerns. A copy of the policy must be attached to the incentive agreement.
8. A public hearing must be held in accordance with NCGS 158-7. Approval by a majority vote of the Buncombe County Board of Commissioners is required for any economic incentive grant.
9. County participation cannot violate the laws of the State of North Carolina.
10. Projects must be deemed not harmful to the environment according to all federal, state and local regulations.

## **Compliance**

All Economic Development Incentive Grants will be formalized in a written Economic Development Incentive Agreement which specifies requirements for the grant and fulfillment of the company's stated investment, net job creation, wage rates, and reporting requirements. 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. The incentive agreement shall specify that if the performance criteria is not met or is altered significantly, Buncombe County may require any incentives paid or infrastructure expenses to be repaid in full or in part.

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

- Completed and occupied any building;
- Be current on all taxes payable to Buncombe County;
- Be current on performance criteria specified in the incentive agreement; and
- Provide the company's U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) report.

## **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 Investments 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 a written amendment to the incentive agreement and approved by the Buncombe County Board of Commissioners.