

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: September 4, 2018
SUBJECT: Updated Economic Development Assistance Guidelines
PRESENTER: Charles Russell Burrell
ATTACHMENT(S): Proposed Updated Guidelines

SUMMARY OF REQUEST:

Periodically the Board reviews its Economic Development Assistance Guidelines. Before you are proposed revisions and updates. The primary update includes a scoring matrix which includes not only the number of jobs to be created by projects for which incentives are proposed, but also the wages to be paid by such jobs.

County staff and the Henderson County Partnership for Economic Development will present further information on this matter.

BOARD ACTION REQUESTED:

Approval of the revised guidelines.

If the Board is so inclined, the following motion is suggested:

I move that the Board adopt the updated Economic Development Assistance Guidelines.



Economic Development Assistance Guidelines

The following guidelines are adopted to promote diversified economic development, encourage growth in the property tax base, improve recruitment of business and industry, enhance job creation, and to continue Henderson County's ability to function as a local center of commerce and industry. All economic development assistance is offered at the discretion of the Henderson County Board of Commissioners ("the Board").

Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment, and upon growth (or in rare cases, maintenance) of employment numbers of high quality jobs. No grant will be given to a company that would reduce their tax payment or employment total to an amount lower than the previous tax year.

1) General Information and Requirements

- a) Companies that seek economic development assistance must submit a project summary application. The application must be complete, with firm numbers for investment, job creation and wages.
- b) The Board will hold a public hearing prior to agreeing to provide any incentive grants. The public hearing will be the subject of a notice, which will be published at least ten (10) days prior to the hearing. The application numbers for the project (investment type and amount, jobs and wages) will be published in the notice of the public hearing. If it so desires due to competitive pressures, the company can remain anonymous at this stage. The possible incentive grants listed in the notice of public hearing will serve as the maximum for such grants in any agreement entered by the company and the County (see below).
- c) Projects must neither have started construction nor been publicly announced prior to consideration of the application.
- d) Economic development incentive grants must comply with the N.C. Gen. Stat. §158-7.1 and other applicable general statutes.
- e) In order to receive development incentives, the company must enter into a binding economic development and incentives agreement with the County ("the agreement"), which will include requirements for the timely performance by the company of the agreement's requirements (as noted in the notice of the public hearing), and penalties for non-performance.
- f) The recipient must demonstrate compliance with all agreement criteria prior to receiving assistance, and must certify that in the absence of grants, the location of the proposed project within Henderson County would be at a competitive disadvantage.
- g) Leased real properties may qualify if the applicant will enter into a binding lease that exceeds the length of the period for which grant payments will be made under the agreement.
- h) Economic development assistance under these guidelines is limited to new businesses and existing businesses undertaking expansions.

- i) Assistance under these guidelines will not be awarded to existing businesses contemplating shifting locations within the County.
 - ii) An exception may be provided to this provision for business retention activities as described in paragraph 4), below.
 - i) There is no right or entitlement to economic development assistance. All such grants are made at the discretion of the Board.
 - j) All statements herein are guidelines and are not intended to limit the discretion of the Board under N.C. Gen. Stat. §158-7.1 and other applicable laws.
- 2) Project Requirements:
- a) The County may consider providing economic development grants for industrial projects that meet the following criteria:
 - i) Net minimum capital investment of \$1,500,000 or more measured by an increase in the property tax assessment;
 - ii) The project must create full-time jobs that pay wages at or above the median industrial wage for Henderson County as listed annually by the North Carolina Department of Commerce Finance Center, and provide health insurance and other benefits at a level commensurate with the averages of Henderson County manufacturing industry.
 - iii) Economic development grants for industries may be made in annual payments for up to five (5) years for projects where expenditures increasing the value of real property within the County do not make up at least one-fourth ($\frac{1}{4}$) of the total expenditures agreed to by the company, and up to seven (7) years for projects where expenditures increasing the value of real property within the County do make up at least one-fourth ($\frac{1}{4}$) of the total expenditures agreed to by the company. The maximum size of the annual grant will be determined as stated below.
 - iv) "Industrial projects" include corporate headquarters and research and development facilities that qualify under the requirements of Article 3J of Chapter 105 of the North Carolina General Statutes.
 - b) The County may consider providing economic development grants to non-industrial projects that meet the following criteria:
 - i) The project must create new full-time jobs that pay wages at or above the median industrial wage for Henderson County as listed annually by the North Carolina Department of Commerce Finance Center, and provide health insurance and other benefits at a level commensurate with Henderson County manufacturing industry.
 - ii) The projects must increase the assessed value of real property by no less than \$1,500,000.
 - iii) Non-industrial economic development grants may be made in annual payments for up to five (5) years to projects that meet these criteria. The maximum size of the annual grant will be determined as stated below.
 - iv) Non-industrial projects include professional offices, health care services, back office operations, but exclude residential projects. The following uses are not eligible for grants under this policy: cemeteries, golf courses, public utility uses, resource recovery facilities, adult uses, private clubs, agricultural uses, abattoirs, mining, landfills,

residential uses and telecommunications towers. Mixed-use projects are eligible, but any residential element must have its portion of the investment subtracted from the calculations of tax value. The residential portion of the project may be eligible for other grants for the creation of opportunities for home ownership.

- 3) Grants: Project grants are generally made in annual payments in an amount and for a period as determined in this policy. No payment may be made until the applicant demonstrates compliance with all terms of the agreement. Should any applicant fail to comply with conditions agreed to in the incentives agreement, the applicant shall refund all incentive payments to the County.
- a) Average grant length, up to the maximum lengths stated in paragraphs 2)a)iii) and 2)b)iii), shall be four (4) years for industrial projects, and three (3) years for non-industrial projects.
 - b) Grant amounts for each project are determined in the discretion of the Board. However, it is anticipated that maximum grant amounts for projects will vary directly with the number of jobs created or retained directly as a result of the project, on the following schedule:

Number of Jobs Created	Points
5-25	20
26-49	30
50-75	40
76-149	50
150+	60

Wages	Points
100% of Median (\$37,470)	20
105% of Median (\$39,343)	30
110% of Median (\$41,217)	40
120% of Median (\$44,969)	50
150% of Median (\$56,205)	60

Total Points = Percentage of each year's property taxes generated as a result of the project for which the incentives are granted (for each year for which incentives are granted by the Board).

- 4) Business Retention Incentives. The County may consider in rare cases providing incentives to retain business and industry under certain conditions. The intent of these incentives is to provide a tool for the County to retain significant tax base and employment in the event of a critical and potentially catastrophic business or industrial closing. Grants cannot be used to subsidize or artificially sustain businesses and industries when job losses or closings appear inevitable. Grants or loan funds under this program are intended to benefit the County, its employees and citizens by increasing worker education, worker and company productivity and long-term industry competitiveness on a global basis. These incentives may not be used to protect companies from local business competition.
- a) Retention incentives may be used for the following purposes:
 - i) Employee training.
 - ii) Improving public infrastructure.
 - iii) Modernization of plant or equipment.
 - b) Funding may be provided in the form of a loan or annual grants.
 - c) Conditions of approval include commitment to maintain or increase levels of employment and tax base throughout the period agreed to in the incentives agreement.
 - d) Asset purchases of existing companies already paying taxes in Henderson County do not qualify.

- e) The recipient must agree to participate in public information programs about all modernization and employee training efforts in order to share information concerning successes in making local industries more competitive in the global economy.

Adopted this _____ day of _____, 2018.

HENDERSON COUNTY BOARD OF COMMISSIONERS

By: _____
J. Michael Edney, Chairman

Attest:

Secretary to the Board

Economic Development Assistance Project Summary Application

Project Name	Enter Code Name	Company Name	Enter Name
Date	Enter Date		

Project Information

Company Description	Enter type of company, product, etc.
Project Scope	Enter Project Details (new equipment, new construction, etc.)
Project Location	Enter Henderson County location(s) in consideration
Existing or New Company	Enter Existing or New
Number of Total Jobs	All jobs within count
Number of New Jobs	Number of new jobs created
Average Annual Wage	For new positions
Total Real Property Investment	Vertical Construction Investment
Total Business Personal Property Investment	Machinery and Equipment
Other areas in consideration	List competition locations

I certify that that without County assistance, Henderson County would be at a relative competitive disadvantage in obtaining the project.

Signature

Title

Printed Name

Date