



**LINCOLN**  
NORTH CAROLINA  
ECONOMIC DEVELOPMENT ASSOCIATION

***FACT BOOK 2007***



# Incentives

LINCOLN

NORTH CAROLINA

ECONOMIC DEVELOPMENT ASSOCIATION



## **Grants**

### **LINCOLN AND LINCOLN COUNTY INDUSTRIAL DEVELOPMENT INCENTIVE GRANT PROGRAM FOR NEW AND EXISTING INDUSTRIES**

#### **I. OVERVIEW**

Lincoln County has adopted the following Industrial Development Incentive Grant Program for purposes of recruitment of industry and increasing economic growth. The objectives of the grant program are to expand the tax base, to provide quality jobs for Lincoln County's residents, to promote economic development, and to secure the economic well-being of all citizens. The importance of sustaining and assisting with the growth of existing industries is well-documented. The diversification that comes with the addition of new industries to a county is needed to provide a broader economic base. The following paragraphs formalize the Incentive Grant Program.

#### **II. PROGRAM PARAMETERS**

The Industrial Development Incentive Grant involves a contractual agreement between Lincoln County and new or existing industries for a financial incentive grant based upon the actual value of qualifying new capital investment (as determined below) made by such new or expanding industries within the corporate boundaries of Lincoln County. Incentive grants made under this program will be identified by the particular project for which they are made and will be secured by a contract between the grant recipient and Lincoln County. Such contract must identify the start date and completion date of the proposed project, which project shall not exceed two years in duration. The time period for a contract shall not be required to coincide with the County's fiscal year. Should conditions change such that the amount of the qualifying new capital investment is greater or less than the contracted amount, the financial incentive grants to be made hereunder will be adjusted accordingly on a pro-rata basis. Changes or additions to a project after a contract's completion date will require a separate contract.

The maximum amount of the financial incentive grant will be determined in accordance with the provisions set out in Section IV and will be specified in the contract. In the event that a recipient actually makes a smaller investment than contracted for hereunder, the grant to be paid will be reduced accordingly.



For purposes of the incentive grant, the new capital investment will be assessed by the Lincoln County Tax Department on January 1, following the first full year of completion. The financial incentive grant will be paid in five equal annual installments. The first of the annual installments will be paid 30 days after their tax payment for the then-current year has been received by Lincoln County; and after the company notifies Lincoln Economic Development Association their taxes have been paid, provided, however, that any annual grant installment may be delayed or withheld if the grant recipient is delinquent in the payment to Lincoln County of any taxes, utility bills, or other fees owed the County.

The value of the qualifying new capital investment will be determined by the appraisers of the Lincoln County Tax Department on the basis of enhancements to Lincoln County's tax base. The Tax Department appraisers will consider only new investment in land, buildings, machinery, equipment, and personal property, subject to the following guidelines:

- (a) For new construction or expansion of existing construction, the amount that qualifies for consideration in calculating incentive grants will reflect only the amount by which the new construction or expansion enhances the value of the property beyond its value prior to the project, except in regard to Shell Buildings outlined in section (d).
- (b) The value of new investment in machinery, equipment, or other personal property eligible for consideration in calculating incentive grants will be limited to 70 percent of the amount of new investment in such property.
- (c) For expansions of existing industries, the value of any machinery or equipment being phased out, replaced, or retrofitted as part of the project will be deducted from the value of replacement equipment in determining the amount that qualifies for consideration in calculating incentive grants.
- (d) For Shell Buildings, the value of the property will qualify for consideration in calculating grants for the first buyer or tenant leasing for more than one year. Shell Buildings must be registered and approved by the Lincoln Economic Development Association to qualify for incentives.

If a grant recipient shall close, terminate, or reduce its operation by fifty percent (50%) or more during the five-year period of the grant, all further grant payments will cease, and the Industrial Development Incentive Grant for the recipient will be null and void.

Each project will be considered in accordance with the aforesaid guidelines. The Lincoln County Board of Commissioners will review these guidelines annually and make any necessary or appropriate changes. The grant program may be changed or rescinded at any time but with the understanding that contracts outstanding at the time of such termination or change will be honored in accordance with the terms of such contracts.



### **III. PROJECT QUALIFICATIONS**

To be considered eligible for an Industrial Development Incentive Grant, a project must meet certain basic criteria. These criteria are to be used as guidelines in project evaluations. Additional criteria may be applied to specific projects based upon the terms of the contract between the grant recipient and Lincoln County.

Factors to be considered shall include but not be limited to the following:

- The size of the project based upon investment in site development, plant facilities, and infrastructure;
- The number and type of jobs created and the anticipated hourly wages to be paid;
- Potential for future expansion and increased employment;
- Site specific initiatives that may be pursued to stimulate other development in areas that Lincoln County may deem of significant benefit to the community.

### **IV. APPLICATION OF THE GRANT PROGRAM**

1. Level I Grant -- for qualifying new capital investment by new or expanding industries in an amount from \$1,000,000 to \$4,999,999.
  - The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.003965.
2. Level II Grant -- for qualifying new capital investment by new or expanding industries in an amount from \$5,000,000 to \$19,999,999.
  - The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.004575.
3. Level III Grant -- for qualifying new capital investment by new or expanding industries in an amount of \$20,000,000 or more.
  - The annual grant to be paid will be computed by multiplying the dollar amount of the investment (as determined by the appraisers of the Lincoln County Tax Department) by a factor of 0.005185.



## **V. PUBLIC HEARING**

Upon receipt of a grant application, and prior to approval of such application, the Lincoln County Board of Commissioners shall hold a public hearing after due advertisement in accordance with the provisions of N. C. G. S. 158-7.1.

Approved and adopted at the regular monthly meeting of the Lincoln County Board of Commissioners on the 1st day of February, 1999, amended by the Board on August 5, 2002, and most recently amended by the Board on June 7, 2004.

### **State of North Carolina William S. Lee Quality Jobs and Expansion Act**

All tax credits can be taken against the income or franchise taxes with the total value of credits not exceeding 50% of annual tax liability.

#### **Credit for Creating Jobs**

- \$500 per job (\$1,000 within State Development Zone plus Tier designation)
- Company must be eligible for Jobs Tax Credit or Investment Tax Credit
- Minimum 5 or more workers that will receive training
- On the job training wages not eligible
- Must meet wage requirements

#### **Credit for Worker Training**

Eligible taxpayers that meet a minimum threshold of new full-time jobs created during the taxable year may claim a credit for each new job created. The credit is taken in equal installments over four years following the year the jobs are created. The job threshold and the credit amount per job are determined by the tier designation of the county in which the jobs are created.

*Lincoln County is a Tier 3 county with a credit of \$750 per job.*



### **Credit for Investing in Business Property**

Eligible taxpayers may claim a credit based on a percentage of the cost of capitalized tangible personal property that is placed in the service during the taxable year, in excess of an applicable threshold. This credit is taken in equal installments over four years, beginning the year after the property is first placed in service. The credit percentage and threshold are based on the tier designation of the county where the property is placed in service.

*Lincoln County is a Tier 3 county with a 3.5% credit and a threshold of \$2,000,000.*

### **Credit for Research and Development**

A firm that claims a federal income tax credit under section 41(a) of the Code for increasing research activities is allowed a credit equal to 5% of the State's apportioned share of the firm's expenditures for increasing research activities. Or a firm that claims the alternative incremental credit under section 41(c)(4) of the Code for increasing research activities is allowed a credit equal to 25% of the State's apportioned share of the federal credit claimed.

### **Credit for Central Administrative Office**

For purchased property, the credit equals 7% of the property cost. For leased property the credit equals 7% of the taxpayer's lease payments over a 7-year period, plus expenditures made by the company to improve the property if the expenditures are not reimbursed or credited by the lessor. The maximum credit allowed is \$500,000. The credit is taken in seven equal installments beginning the year after the company qualifies for the credit.