Overview

State and local incentives may be available to projects that meet the requirements of several discretionary programs as well as statutory programs. Charlotte Chamber economic development staff can provide an obligation free analysis of any project to determine if the project may potentially qualify for one or more programs. Contact any member of our recruitment team for a project specific analysis.

At the state level, North Carolina has both statutory and discretionary incentive programs. The discretionary programs are targeted toward larger projects with significant job creation and capital investment associated with them. These programs include the Job Development Investment Grant program and the One North Carolina Fund program. Statutory programs include North Carolina’s highly regarded customized workforce training program.

The following summary covers incentives available to companies that (a) invest in Charlotte or other locations in Mecklenburg County, (b) meet individual incentive program criteria, and (c) receive formal approval from the government authorities and utility company executives who administer these programs.

The incentives described below relate to nine programs:

1.) **Job Development Investment Grants** from the State of North Carolina, paid as a percentage of state withholding taxes collected on new jobs created by approved projects;

2.) Cash grants from the **One North Carolina Fund**, a discretionary state program for projects that generate significant jobs and investment;

3.) **Research and Development tax credits**

4.) Cash grants available under the **Charlotte-Mecklenburg Business Investment Program** for investment in special zones or, in the case of “large economic impact” projects, anywhere in the City of Charlotte;

5.) Cash grants available from the towns of **Huntersville, Cornelius, Davidson, Matthews and Mint Hill**;

6.) **Electricity and natural gas rate discounts**;

7.) **Free Employee Recruitment and Screening** services from Charlotte Works and the North Carolina Division of Employment Security (DES).

8.) **Training support + reimbursement of training expenses** under North Carolina’s Customized Training Program;
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 percent of state withholding taxes collected from eligible employees, i.e., employees who fill new jobs created by an investment project. The JDIG program is administered by the state’s Economic Investment Committee (EIC), which is comprised of the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management and two citizens appointed by the General Assembly. The EIC has discretion in weighing a variety of factors to award grants and to fix their amount, performance terms and length.

The Economic Investment Committee is authorized to award up to 25 individual project grants in a single year, and the sum of all grant payments made by North Carolina in a given year is capped at $15 million. Given the annual 25-grant limit, the JDIG is a limited resource that is reserved for projects that create at least 250 jobs and pay a minimum average annual wage of $60,000. In Mecklenburg and other wealthy counties, 25 percent of awarded grants must be paid to a state industrial infrastructure fund for low-income counties elsewhere in the state.

The JDIG application process is managed by the North Carolina Department of Commerce. Applications are reviewed and evaluated by the Economic Investment Committee, who make the ultimate approval decision. Assuming a company’s project satisfies statutory and program criteria for a grant and an award is made, payments are made in annual installments and are contingent upon (1) the company’s meeting measurable performance criteria as set out in a Community Economic Development Agreement, and (2) actual withholding taxes collected and paid to the state from new jobs generated by the project. (See North Carolina General Statute 143B – 437.50 et seq.)

In order to explore the potential of the JDIG program for a specific project, it is necessary to review detailed information about the number and type of jobs being created, the salaries of those new positions, other incentives packages being offered, and the overall competitive nature of the project.
ONE NORTH CAROLINA FUND

The One North Carolina Fund was created in 1993 to recruit high value-added, knowledge-driven industries by providing financial assistance to those companies deemed by the Governor to be vital to a healthy and growing State economy. The fund currently consists of nonrecurring appropriations made by the General Assembly. Grants are available to companies that plan new expansion or new operations in the state.

One North Carolina Fund 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.

Companies are eligible for grant consideration only if they meet or exceed the average wage test of $60,000 per year — Mecklenburg County 2016). In addition, a local entity (typically, a city or county) must provide a dollar-for-dollar match of the grant. The State typically uses a $1,000-per-new-job guideline in awarding One North Carolina Fund grants.

The following factors determine grant allocation:
- Economic impact of project, including costs and benefits to the state.
- Strategic importance of the project to the state, region or locality.
- Quantity and quality of jobs.
- Quality of industry and project.
- Environmental impact of project.
- Competition with other states for the project in question.

Applications are accepted by the North Carolina Department of Commerce subject to the availability of funds. Companies whose applications are approved must create projected new jobs and meet all criteria set out in the performance agreement before grants are disbursed.

Projects that are awarded a Job Development Investment Grant by the State (previous page) are typically not eligible for a grant from the One North Carolina Fund.
RESEARCH + DEVELOPMENT TAX CREDIT

North Carolina corporate taxpayers with qualified North Carolina research expenses are eligible for a tax credit based on a percentage of applicable expenses. 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 percent of tax liability for the year in which qualified research expenses were incurred. Unused R+D credits may be carried forward fifteen years.

**Taxpayers with R+D expenses incurred at or through North Carolina universities may take a credit that equals 20 percent of such expenses.** Otherwise, the following categories of credits and percentages of expenses for each that may be taken as a credit:

<table>
<thead>
<tr>
<th>Credit Category</th>
<th>Allowable percent of R+D Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business (per SBA rules)</td>
<td>3.25%</td>
</tr>
<tr>
<td>Low-Tier Research</td>
<td>3.25%</td>
</tr>
<tr>
<td>R+D expenses up to $50 Million</td>
<td>1.25%</td>
</tr>
<tr>
<td>R+D expenses $50 to $200 million</td>
<td>2.25%</td>
</tr>
<tr>
<td>R+D expenses over $200 million</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

CASH GRANTS

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 and video production, or industries that create synergies with the Charlotte Research Institute or local colleges and universities.

Grants are awarded at the discretion of the Charlotte City Council and the Mecklenburg County Commission. Formal approval by these bodies is required, but it is possible to pursue grant approvals without disclosing company identity to the public until the final stages of the process. Prior to submitting applications for approval, City of Charlotte staff will determine whether (1) other cities are competing for the project in question, and (2) the company’s proposed
relocation or expansion is realistic in view of its product and market. Company executives must also certify that completion of the project is contingent upon receiving local incentives. Following approval, grant recipients must execute a formal contract that contains “clawback” provisions if the company should leave Charlotte within five years of the last grant payment.

BIP grants are based on new business property taxes and real property taxes derived by the city and county from the qualifying investment project. Grants must be “revenue positive,” i.e., they cannot exceed the value of property taxes generated. In certain cases, grant calculations may consider the value of leasehold interests in existing buildings if it can be reasonably demonstrated that the lease will cause additional investment to replace the leased space, or that the lease results in a higher value for the building. Grant recipients must consummate the qualifying investment and pay all property taxes before grants are paid. Grant payments are suspended if qualifying investment and job levels are not maintained through the term of the grant.

**Investment within the BIP Zone**

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

- Invest $3.0 million or more
- Create a minimum of 20 new jobs that pay 100 percent of the average annual wage rate for the Charlotte Metropolitan Statistical Area (MSA).
- Manufacturing companies that create fewer than 20 but at least 10 jobs may be eligible if their qualifying investment is $6 million or more.

Please see the map of Charlotte’s BIP Zone on the following page. Properties that lie within the following areas are eligible for grant consideration:

- The BIP core area (largest blue area on map)
- The Arrowood-Westinghouse industrial area (blue area in Southwest)
- Transit corridors (existing transit station mixed use areas, or areas within ¼ mile of planned or future transit stations, which are shown as yellow circles)
- Vacant retail “big boxes” anywhere within the City that are converted or adapted by qualifying companies in a manner consistent with adopted land use plans for the area in question

In the Southwest portion of the BIP Zone (Arrowood-Westinghouse), BIP grants are available only to manufacturing or transportation / distribution operations.

The 2013-14 real property and business personal property tax rate in Charlotte (city and county combined) is $1.2844 per $100 valuation. BIP grant payments are made over three years based on the following percentage of property tax paid:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent of property tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>90</td>
</tr>
<tr>
<td>2</td>
<td>90</td>
</tr>
<tr>
<td>3</td>
<td>90</td>
</tr>
</tbody>
</table>
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 $30 million or more
- Create 150 jobs that pay an average of 125 percent of the average annual wage rate for the Charlotte 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.

In general, these factors are considered for large economic impact grants:

- number and quality of jobs
- number of new jobs to be filled locally
- amount of investment
- quality of company
- net tax benefit to city and county
- primary economic impact
- competition from other cities
- demonstrated need for assistance
- location within the geographic BIP Zone

Guidelines for determining the amount of “large economic impact” grants are as follows:

**INSIDE BIP ZONE**

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Property Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>90</td>
</tr>
<tr>
<td>2</td>
<td>90</td>
</tr>
<tr>
<td>3</td>
<td>90</td>
</tr>
<tr>
<td>4</td>
<td>90</td>
</tr>
<tr>
<td>5</td>
<td>90</td>
</tr>
</tbody>
</table>

**OUTSIDE BIP ZONE**

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Property Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>50</td>
</tr>
</tbody>
</table>
CASH GRANTS: Huntersville, Cornelius & Davidson

The Towns of Huntersville, Cornelius and Davidson in northern Mecklenburg County have an incentive policy that permits cash grants for companies that invest in new or expanded operations within the town limits.

Grants are 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. Each grant application is examined — and approved or denied — on the merits of the proposed project. No standard formula has been established for the amount of the grant. In most cases, however, companies whose projects are approved can expect to receive grants between 50 percent and 75 percent of the local property tax that will be assessed on the new investment. The grant payment period is typically five years. In addition, grants awarded by Huntersville, Cornelius and Davidson are supplemented by a grant from Mecklenburg County based on the latter’s portion of new property tax collected.

The 201-15 property tax rates (per $100 valuation) for the three towns are listed in the following table:

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Local Rate per $100 Valuation</th>
<th>County Rate per $100 Valuation</th>
<th>Combined Rate per $100 Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornelius</td>
<td>$0.2400</td>
<td>$0.8157</td>
<td>$1.0557</td>
</tr>
<tr>
<td>Davidson</td>
<td>$0.3500</td>
<td>$0.8157</td>
<td>$1.1657</td>
</tr>
<tr>
<td>Huntersville (2015-16)</td>
<td>$0.3050</td>
<td>$0.8157</td>
<td>$1.1207</td>
</tr>
</tbody>
</table>

CASH GRANTS: Matthews

The Town of Matthews has an incentive policy that provides cash grants to qualifying companies that invest in new or expanded locations within the town limits.

Grants will be considered on a case-by-case basis and will be negotiated with each company individually. In determining whether a project may receive a grant from the town, the following information will be taken into account: type of facility, effect on the environment, size of the project's capital investment, the number of jobs to be created and their wage levels, the relationship between the jobs development and total investment, potential for future expansion and increased employment, impact of the project on the town’s infrastructure, impact of the project on stimulating other development in nearby areas that the town would deem of significant benefit to the community.

Grant may be made in-kind or in cash. Grants will be made in annual installments. A Basic Grant is for 75 percent of the new real and personal property tax generated over a four-year period. The minimum investment amount required is $1.5 million. A Small Business Grant is for 75 percent of the new real and personal property tax generated over a three-year period. The minimum investment range would be $500,000 to $1.5 million.

CASH GRANTS: Mint Hill

Although the Town of Mint Hill has not formally adopted an incentives policy, the Town is willing to discuss, on a case-by-case basis, investment grants similar to those offered by the City of Charlotte and the Towns of Huntersville, Cornelius and Davidson. Mint Hill grants would also be backed by Mecklenburg County, which has adopted an official policy of supporting all municipalities in the county that create investment grant programs like that of the City of Charlotte. Please contact Jeff Edge at the Charlotte Chamber with questions. He can be reached at 704.378.1307 or jedge@charlottechamber.com
**UTILITY RATE DISCOUNTS**

**Duke Energy**

Duke Energy, one of the nation’s most efficient electrical utilities, offers two rate reduction programs for qualifying economic development projects:

**Rider EC — Economic Development**

Rider EC (NC) provides billing credits that can significantly reduce a company’s power costs over the first four years of operation. The credits begin, at the customer’s discretion, up to 18 months after the initial delivery of electric service, at which point they are applied as follows:

- Year 1 — 20 percent discount
- Year 2 — 15 percent discount
- Year 3 — 10 percent discount
- Year 4 — 5 percent discount
- Year 5 and beyond — 0 percent discount

Rider EC is available to new or expanding establishments that are billed under Duke Energy’s G, GA, I or OPT rate schedule and add a minimum of 1,000 Kilowatts (kw) of new load at one delivery point.

Initiate either:

1. A capital business investment of $400,000 per 1,000 kw of load added, plus a net increase in full-time equivalent (FTE) employees, or
2. An increase of at least 75 full-time employees per 1,000 kw of new load in Duke Energy’s service area.
   - Agree to a minimum contract term with Duke Energy for 10 years.
   - Maintain a monthly average of 250 hours use of electric demand.
   - Are not classified as Retail Trade or Public Administration by the Standard Industrial Classification (SIC) manual published by the U.S. Government

Application to take advantage of Rider EC may be requested by executing a letter of request with Duke Energy. In the letter of request, the customer must affirm that the “availability of the Rider is a factor in the customer’s decision to locate the load on the Duke system.” It is thus imperative that the letter be executed prior to any public announcement, property purchase, lease signing or any other action that may suggest a location decision was made before the request for Rider EC is submitted.

**Rider ER — Economic Redevelopment**

Rider ER provides a 50 percent discount on the purchase of electricity over the first 12 months of operation. This program is geared toward companies that choose to locate in an existing building already served by Duke Energy that has been vacant for at least six months. Projects that qualify for Rider ER must add a minimum of 500kW new demand on Duke’s system and maintain a monthly average of 300 hours use of demand. They also must either create 35 new full-time jobs or make a minimum capital investment of $200,000 and a net gain of full-time jobs. Companies desiring to receive Rider ER must make a request in writing and receive approval before a location decision and public announcement.

For both of the above mentioned Duke Energy programs, customers must file an application, receive approval from Duke before announcing their projects, and affirm that availability of the Rider was a factor in their decision to place the new load on the Duke System. For more information please contact Ms. Tammy Whaley 704.995.4084.

**Other Discount Programs**

Electricities, EnergyUnited and Piedmont Natural Gas offer discount programs and other potential assistance on a case-by-case basis depending on the size of the project and the amount of utility usage. NC State law does not allow for discounted water rates for any customer type.
Data center Infrastructure

Data centers not engaged in internet publishing that meet the minimum qualifications of the program will be exempt from sales tax on sales of electricity and data center support equipment. Data center support equipment is defined as property that is capitalized for tax purposes. Qualifying data centers must have a minimum capital investment of $75 million over five years. Co-location data centers may combine the investment of an operator with the investment of tenants.

MOTORSPORTS INCENTIVES

The lease of an engine to a professional motorsports racing team (or a related member of the team) for use in a competition in a sanctioned race series is now exempt from sales tax if the engine is furnished with an operator.

Two sales tax refund provisions for motorsports entitle professional motorsports racing teams to claim refunds for half the sales tax paid to North Carolina on tangible property (other than tires or accessories) that comprise any part of a professional motorsports vehicle. The second entitles a professional motorsports racing team or sanctioning body (or a related member of either) to claim a refund of sales tax paid on aviation fuel used to travel to or from certain motorsports events.

Finally, if a motorsports racing team is entitled to a sales tax refund with respect to an item of property, a service contract on that property is exempt from sales tax. This exemption has been expanded retroactive to 2014 specifically to cover transmissions, engines and rear-end gears and to cover service contracts on qualifying items purchased by related members of the racing team.

EMPLOYEE RECRUITMENT & SCREENING

Charlotte Works (charlotteworks.com) and the Charlotte offices of NCWorks provide free of charge a wide range of services geared to help employers recruit and screen job candidates. Their services are especially valuable because they reduce the time and manpower an expanding company’s HR department spends in narrowing large groups of applicants down to a workable group of qualified candidates. The value of this service varies from project to project but can be conservatively estimated at $500 per new hire.

New companies provide Charlotte Works a list of job openings and requirements for each position. With assistance from NCWorks and other organizations, Charlotte Works matches applicants (both those on file in the NCWorks Online database and those who respond to company-placed ads or project-specific websites) with job positions and refers selected individuals to the company by setting up interviews, sending resumes or implementing other referral procedures determined by the company and Charlotte Works. Job positions can also be posted on NCWorks Online.

Charlotte Works also administers certain on-the-job (OJT) and incumbent workforce training grants and can help companies assess their eligibility for such programs.

Under North Carolina law, companies that terminate any newly hired employees for poor performance within 100 days of employment can request non-charging of unemployment insurance. This applies to all new hires, not just DES referrals. North Carolina is the only state that offers this probationary period for unemployment insurance purposes. For more information, please contact the Charlotte Chamber or Charlotte Works:

Natasha Warren, Director of Business Services
1401 W. Morehead St., Ste. 100, Charlotte, NC 28208
704.206.1349
CUSTOMIZED TRAINING

This North Carolina Community College System program provides company-tailored free training support, including expense reimbursement, to support new, full-time production and service positions created in the State. Eligible companies are either (1) units of a central administrative office or (2) operations engaged in manufacturing, intensive technology, customer service or data processing, warehousing or distribution, and air courier service. Eligible trainees include (a) newly hired, full-time employees engaged in the direct production of goods and services, and (b) their first-level supervisors.

The Customized Training Program is also available to companies that purchase new equipment and need to train existing employees in order to enhance their productivity.

In Charlotte and Mecklenburg County, the Customized Training Program is administered by Central Piedmont Community College (CPCC), the largest community college in North Carolina and one of the most highly recognized schools of its type in the United States. CPCC works closely with new and expanding companies to develop training curricula specific to their individual needs. The program makes instructors available at no expense and draws on a statewide network of skilled professionals with industry-based experience in a wide range of technologies and disciplines.

The Customized Training Program also recognizes that, in some cases, the most effective training is available from the company’s own trainers who use an in-house curriculum. In this instance, the program can offset the costs of instructor wages, “train the trainer” expenses, a percentage of training materials costs, and trainer travel expenses.

Expense reimbursement under the program is available according to the terms of the customized training plan that qualifying companies negotiate with the North Carolina Community College System. This process, which requires that CPCC be contracted for at least some portion of the company’s training needs, is governed by pre-established rates for the cost of instructors’ time, travel and training. The per-employee value of the New and Expanding Industry Training Program varies from project to project but can be as high as $1,000 to $2,000, depending on the complexity of company technology and type of training required.

For further information, please contact the Charlotte Chamber or Ms. Allison Bowers:
Director, Economic Recruitment, Corporate & Continuing Education, Central Piedmont Community College
PO Box 35009, Charlotte, NC 28235
704.330.4662
Charlotte is one of the fastest-growing cities in the nation. With our great location, world-acclaimed international hub airport, professional sports, low energy costs, diverse and talented labor, and a nationally ranked education system, it’s easy to see why more businesses are flocking here every year.

Visit charlotte.global to learn more.