



Union County Economic Development Incentive Grant Program

Monroe-Union County Economic Development represents the Union County Board of Commissioners in negotiations of economic development incentive grants. The following is the Union County Incentive Grant Program (the Grant Program) which provides a set of guidelines for the administration of County resources in the inducement of industry investment and job creation via retention and recruitment. The program created by the Union County Board of Commissioners is authorized pursuant to Chapter 158 of the North Carolina General Statutes. The intention of the Grant Program is to maintain flexibility to change with the particular needs and issues that arise on a project-to-project basis; therefore, the Union County Board of Commissioners may apply variances to the Grant Program, as deemed necessary by the Board. Nothing in this Grant Program is intended to be a pledge of the full faith and credit of the taxing power of Union County or any of the municipalities that lie within the County borders.

To be considered for an incentive grant, the expansion of an existing industry or location of a new industry must be induced by, and result from, the provision of an incentive grant pursuant to this Grant Program. In order to ensure that the incentive grant serves as inducement for the expansion of an existing industry or location of an eligible new industry in Union County, a project will not be considered for an incentive grant if the prospective grantee has manifested its intent to expand or locate in Union County prior to award of the grant by the Union County Board of Commissioners. Satisfaction of the criteria stated in this policy does not establish an entitlement to any economic incentive grant. The Board of Commissioners, in its sole discretion, will make the final decision on offering an incentive grant, and any terms or conditions associated with such a grant, following a public hearing.

Qualification for Grant Consideration

1. To qualify for consideration of a grant under the Grant Program, an applicant must create a minimum capital investment in new taxable buildings, building improvements, equipment, machinery, or land improvements. The thresholds are established based on the applicant's status as an "Existing Industry" or "New Industry."
 - (a) The minimum capital investment threshold to qualify for consideration for an incentive grant shall be no less than Two-Million Dollars (\$2,000,000) for industries currently in the boundary of Union County. These industries are referred to as "Existing Industries."
 - (b) The minimum capital investment threshold to qualify for consideration for an incentive grant shall be no less than Three-Million Dollars (\$3,000,000) for industries intending to locate within the boundary of Union County. These industries are referred to as "New Industries."

2. To qualify for consideration for an incentive grant, an applicant must be the principal employer of persons associated with the considered capital investment. *Developers of property, speculative builders, or other applicants that do not employ persons directly associated with the capital investment are not eligible for assistance under the Grant Program.*
3. To qualify for consideration for an incentive grant, an applicant must have existing or relocating operations involved in one or more of the following activities; manufacturing, processing, research & development, warehousing, distribution, data processing, office, or tourism. *Retail operations are not eligible for assistance under the Grant Program.*
4. To qualify for consideration for an incentive grant, a “New Industry” applicant must commit to hire a minimum of ten (10) full-time employees (FTE) associated with the capital investment. The applicant must maintain these FTE’s for the life of the grant period. *Existing industries are exempt from this provision.*
5. To qualify for consideration for an incentive grant, a “New Industry” applicant must pay the full-time employees under the project a minimum of 110% of Union County’s weekly average industrial wage, as reported by the North Carolina Employment Security Commission (ESC). *Existing industries are exempt from this provision.*
6. If a company does not achieve the capital investment threshold required by the STEP for which they were awarded an incentive grant and as long as they have satisfied the minimum threshold to qualify for the Grant Program, the terms of the grant agreement will automatically revert to the STEP in which they do qualify. The change in STEP can only result in a lower tiered STEP. Capital investment above the committed amount will not result in any change of the awarded STEP or an increase in the awarded grant amount. As long as a company’s capital investment and job creation meet or exceed the Grant Program minimums and provided that all other requirements of the Grant Program are satisfied, the company will be in compliance with the Grant Program.

Capital Investment STEPS

<u>STEPS</u>	<u>Investment Thresholds</u>
Step 1-existing	\$ 2,000,000 – \$ 4,999,999
Step 1-new	\$ 3,000,000 – \$ 4,999,999
Step 2	\$ 5,000,000 – \$14,999,999
Step 3	\$15,000,000 – \$29,999,999
Step 4	\$30,000,000 and greater

Capital investment STEPS 1-existing, and 1-new, must be reached within the first 18 months. Capital investment STEPS 2, 3 and 4 must be reached prior to the end of year 3 of the grant period. If the committed investment is not achieved, the company will be paid at the STEP in which it qualifies. If the company has not met the required investment for any STEP, the applicant shall be in violation of the conditions of the Grant Program and will not receive any grant monies.

Notwithstanding any other provision of this Grant Program to the contrary, at no time during administration of a grant agreement will the grant payment exceed the ad valorem tax revenue actually received by Union County for the current year.

Calculation of the Grant Funding

The maximum grant amount is calculated by Monroe-Union County Economic Development and County staff prior to approval by the Union County Board of Commissioners and appropriation of grant monies. The amount awarded is the maximum amount of assistance that can be received by the applicant for that specific grant. The grant period lasts five (5) years, beginning upon the year identified in the grant agreement. The recipient company must submit a request for funds on company letterhead and confirmation of all qualifying criteria for each year in the grant period no later than May 1 of each fiscal year. The maximum grant amount will be calculated and appropriated in equal amounts by Union County, but the actual payments may be different depending on several factors, including depreciation and assessments of the taxable assets. The Grant Factor is part of the calculation in determining the Grant Amount (see example below). The Grant Factor will vary annually depending on the Capital Investment STEP percentage. The STEP percentages are adopted annually by the Union County Board of Commissioners. The current year's Grant Factor Table (*see Appendix A*) should be attached to each year's written request for funds and will be used to determine that year's correct grant payment.

- A **STEP 1-existing** is reserved for qualifying Existing Industry *only* and the Grant Period lasts five (5) years.
- A **STEP 1-new** is reserved for qualifying New Industry *only* and the Grant Period lasts five (5) years.
- A **STEP 2, 3 and 4** is for all qualifying industries and the Grant Period lasts five (5) years.

$$\begin{aligned} & (\text{Assessed Value of Capital Investment}) \times (\text{Grant Factor}) = (\text{Maximum Grant Amount}) \\ & (\text{Maximum Grant Amount}) / (\text{Term of Grant}) = (\text{Maximum Annual Payment}) \end{aligned}$$

Example:

$$\begin{aligned} \$15,000,000 \times 2.75\% &= \underline{\$412,500} \text{ Maximum Grant Amount} \\ \$412,500 / 5 \text{ years} &= \underline{\$82,500} \text{ Maximum Annual Grant Payment} \end{aligned}$$

Qualification for Grant Payment

1. To qualify for consideration for an incentive grant payment, an applicant must supply an itemized list of machinery and equipment for each project considered at the time of payment request. The company must identify items associated with the considered capital investment, or *may* not be considered in compliance under the Grant Program.
2. Only one (1) grant will be awarded and funded per project, including all associated building and land improvements, machinery and equipment purchased or relocated, and jobs created or relocated.
3. To receive any grant monies, a recipient company must be in good standing with Union County in regards to all taxes, fees, utilities, ordinances, etc.

- Grant payments will *only* be made when the minimum investment of new buildings, equipment or improvements have been completed and the recipient company has agreed to the assessed value of the qualifying capital investment.

APPENDIX A:

Union County Economic Development Incentive – Grant Factors

The Monroe-Union County Economic Development Board of Advisors and the Union County Board of Commissioners have adopted the following Grant Factor Table for FY 2017-2018.

Grant Factor Table for FY 2017-2018

Investment STEPS	Grant Factor
STEP 1-existing	2.00%
STEP 1-new	2.00%
STEP 2	2.35%
STEP 3	2.75%
STEP 4	2.95%