

# ALEXANDER COUNTY ECONOMIC DEVELOPMENT INCENTIVE GRANT

## **I. OVERVIEW**

In order to expand economic development options for Alexander County that will diversify the tax base, offer improved employment opportunities for its citizens and promote the economic growth and welfare of the business and industrial community, the Alexander County Commissioners desire to establish inducement guidelines to encourage new business location decisions within Alexander County and to assist existing business and industry expansions. This Economic Development Incentive Grant (EDIG) program formalizes guidelines that establish the parameters for local government economic incentives to be used to encourage existing business expansions and to help promote Alexander County as an excellent site choice for new facility locations. This EDIG grant program replaces any previously enacted policy guidelines.

## **II. PROGRAM PARAMETERS**

The EDIG grant involves a contractual agreement between Alexander County and a new or existing business within the county, which would allow for a financial incentive grant based upon the actual value, schedule and payment of local property taxes. The County will require the business to "pay in full" annually total property taxes due. If the business has met specific criteria for investment, job creation, and wages paid, as outlined in a formal agreement, a portion of the property taxes paid by that business to Alexander County would be returned to the business in the form of a local Economic Development Incentive Grant. The first annual installment would be paid on or about the 15th day of January of the year following the first full year of the completion of the new capital investment. The appraisers of the Alexander County Tax Department will determine the value of new capital investment.

EDIG grants will be based on the increase in tax value of real property, machinery, and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year. No company may transfer grant agreements or contracts without the explicit approval by the Alexander County Board of Commissioners.

Each project will be considered on an individual basis using guidelines established under the direction of the Alexander County Commissioners. The guidelines for the program shall be subject to periodic review. Changing economic conditions may cause the County to modify, amend, or even terminate the program subject to compliance with any EDIG grants in effect at that time. If a need arises to change, modify, or terminate the EDIG program, outstanding contracts at the time of such termination or change will be honored in accordance with the terms of such contracts.

An annual grant installment may be delayed or withheld if the grant recipient is delinquent in the payment to Alexander County of any taxes, utility bills, or other fees owed to the County.

To further promote economic development activities in Alexander County, five percent of grant payments each year will be retained by the Alexander County Economic Development Corporation and shall be used for purposes related to retention and expansion of existing businesses or for recruitment of new business and industry facilities.

If a grant recipient shall close, terminate, or reduce its operation by fifty percent or more during the period of the grant, all further grant payments will cease, and the Economic Development Incentive Grant for the recipient will be null and void.

### **III. PROJECT CRITERIA**

To be considered eligible for an EDIG grant, a project must meet certain criteria. These criteria are to be used as guidelines in project evaluations. Additional criteria may be applied to a specific project based upon the terms of the contract between the industry and Alexander County.

The primary factors to be considered in evaluating a project for an EDIG grant are (1) New investment by the business which increases property tax valuation (2) Number of new jobs to be created (3) Wages compared to the county average as determined by the NC Department of Commerce. Each project will be scored based on the above criteria using the scoring guidelines established with this policy.

**FOR ECONOMIC DEVELOPMENT OFFICE USE**

Company \_\_\_\_\_ Date \_\_\_\_\_

EDC Authorized Signature \_\_\_\_\_

**EDIG Grant Scoring System**

(Add score totals of columns A,B,C)

| A - Tax Value             |            |                 | B - Job Creation |            |            | C - Wages Paid      |            |             |
|---------------------------|------------|-----------------|------------------|------------|------------|---------------------|------------|-------------|
| * Increase in Tax Value   | Max Points | Tax Value Score | Jobs Created     | Max Points | Jobs Score | **Wages Paid        | Max Points | Wages Score |
| Under \$500,000           | 1          |                 | 1-10             | 1          |            | Less 100% Co. Ave.  | 0          |             |
| \$500,000 – \$4,999,999   | 2          |                 | 11-20            | 2          |            | 100% Co. Ave. \$514 | 2          |             |
| \$5,000,000-\$9,999,999   | 3          |                 | 21-30            | 3          |            | 110% Co. Ave. \$565 | 3          |             |
| \$10,000,000-\$19,999,999 | 4          |                 | 31-40            | 4          |            | 120% Co. Ave. \$616 | 4          |             |
| \$20,000,000 And Above    | 5          |                 | 41 +             | 5          |            | 130% Co. Ave. \$668 | 5          |             |

TAX VALUE SCORE \_\_\_\_\_ JOB CREATION SCORE \_\_\_\_\_ WAGES PAID SCORE \_\_\_\_\_

**TOTAL SCORE ALL CATEGORIES: \_\_\_\_\_**

\*Includes real property, equipment, and machinery values which are higher than the base year tax value.

\*\* Averages based on 2011 Article 3J wage scale published by NC Department of Commerce.

## **GRANT AWARD LEVELS**

**Five percent of each annual grant payment in all levels is retained by the EDC to promote Economic Development Activities.**

### **EDIG LEVEL 1 GRANT**

Minimum Score – 5

- Year 1-80% property tax grant
- Year 2-70% property tax grant
- Year 3-60% property tax grant
- Year 4-50% property tax grant
- Year 5-40% property tax grant

### **EDIG LEVEL 2 GRANT**

Minimum Score – 7

- Year 1-90% property tax grant
- Year 2-80% property tax grant
- Year 3-70% property tax grant
- Year 4-60% property tax grant
- Year 5-50% property tax grant

### **EDIG LEVEL 3 GRANT**

Minimum Score – 9

- Year 1-100% property tax grant
- Year 2-100% property tax grant
- Year 3-100% property tax grant
- Year 4-100% property tax grant
- Year 5-100% property tax grant

### **EDIG LEVEL 4 GRANT**

Minimum Score – 11

- Year 1-100% property tax grant
- Year 2-100% property tax grant
- Year 3-100% property tax grant
- Year 4-100% property tax grant
- Year 5-100% property tax grant
- Year 6-100% property tax grant

Additional year added for each for \$10 million over \$20 million up to 8 years.