

**South Carolina
Coordinating Council for
Economic Development**

**2019 Annual Report of
Enterprise Zone Activity**

May 2020

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OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

The South Carolina Coordinating Council for Economic Development (“Council”) was established by the General Assembly in 1986 (SC Code 13-1-1710) for the purpose of enhancing economic growth and development in the State through strategic planning and coordination. As such, the Council is chaired by the Secretary of Commerce and the ten additional members are drawn from other state agencies involved in economic development.

COUNCIL RESPONSIBILITIES AND MEMBERSHIP

By statute, the full body of the Council is required to meet at least quarterly. Its responsibilities include: establishing guidelines and procedures for all Council programs; implementing the state’s strategy for economic development; reviewing and approving all applications for grants from the Economic Development Set-Aside, Rural Infrastructure, Governor’s Closing and Tourism Infrastructure Funds; and reviewing and approving all applications for Enterprise Zone Job Development Credit and all applications for International Trade Incentives. The Council also certifies economic development projects as representing “significant economic impact” on areas surrounding them for the purposes of qualifying for income tax apportionment and income tax moratoriums.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, five-member subcommittee (“Enterprise Committee”) to handle the substantial volume of new activity and related policy decisions. This committee meets monthly to review and approve applications for Enterprise Zone incentives and International Trade Incentives, and to respond to issues relating to those programs; and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown below.

AGENCY MEMBERS OF THE COORDINATING COUNCIL

SC Department of Commerce	*SC Department of Revenue
Santee Cooper	*SC Department of Agriculture
SC Department of Transportation	*SC Department of Parks, Recreation and Tourism
SC Research Authority	*State Ports Authority
SC Department of Employment and Workforce	*Jobs Economic Development Authority
State Board for Technical & Comprehensive Education	

**Denotes Enterprise Committee member*

2019 ADMINISTRATIVE CHANGES

Robert M. Hitt III was appointed Secretary of Commerce by Governor Nikki Haley in January 2011 and has acted as Chairperson of the Council since then, and throughout 2019. Hartley Powell was appointed Director of the SC Department of Revenue by Governor Haley on November 21, 2016 and was confirmed by the South Carolina Senate on March 8, 2017. Mr. Powell chaired the Enterprise Committee since then, and throughout 2019.

There were several administrative changes in 2019. Council membership as of December 31, 2019, following changes in 2019, was as follows:

Robert M. Hitt III	Secretary, SC Department of Commerce Chairman, Coordinating Council for Economic Development
Hartley Powell	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
Dan Ellzey	Executive Director, SC Department of Employment and Workforce
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Gregory B. Askins	Chairman, State Board for Technical and Comprehensive Education
Don Herriott	Chairman, SC Research Authority
Michael W. Nix	Chairman, Jobs and Economic Development Authority
Vacant	Interim Chairman, Santee Cooper
William H. Stern	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Christie A. Hall	Secretary, SC Department of Transportation

Current Council staff:

Alan D. Young	Executive Director, Coordinating Council
Cynthia S. Turnipseed	Legal Counsel, Coordinating Council
Marcella Forrest	Senior Program Manager, CCED Programs
Beverly Belton	Program Manager, Enterprise Zone Program
Donna Tucker	Data Manager
Feonia Wilson	Grant Administrator
Wanda Wright	Administrative Assistant

ENTERPRISE ZONE PROGRAMS

The South Carolina General Assembly enacted the Enterprise Zone legislation in 1995. Since that time, the incentives contained in this legislation have created a significant competitive advantage for this state. They have also greatly enhanced South Carolina's ability to compete for and win high-quality, high-wage economic development projects. As Enterprise Zone incentives are most valuable to companies locating or expanding in "Tier IV" counties, Enterprise Zone incentives have also helped attract needed jobs and industry to the most rural areas of the state.

JOB DEVELOPMENT CREDIT

The most significant incentive created by the Enterprise Zone legislation is the Job Development Credit ("JDC"). The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible expenditures. However, the JDC can only be claimed *after a company has proven that it has met an agreed level of new capital investment and net new job creation*. Companies must perform, in a manner consistent with their approval for the program, the level of job creation and the new capital investment on which the approval was based, before they can benefit from the program. Companies must complete their investment and job creation within a certain number of years after their application is approved - generally five years. At this point, they are "certified" by the Council to begin receiving JDC reimbursements.

After certification, the JDC can be claimed only *quarterly*. The reimbursement process is slow, designed to reimburse companies over a 10-year period, or 15-year period for significant projects, for projects which entered into a revitalization agreement. (Should all eligible expenditures be recouped before 10 years or 15 years, as applicable, the process ends. In no case does the statute allow total JDCs received to exceed eligible expenditures.) Even over 10 years or 15 years, as applicable, many companies will recover only a small percentage of their total eligible expenditures. Generally eligible expenditures represent permanent capital investment that will stay in the state, regardless of what the company may do in the future and regardless of whether the company recoups these expenditures in the form of JDC reimbursement.

It is important to note that the statute does *not* allow reimbursement for moveable personal property, such as machinery and equipment and/or furniture and fixtures, with the exception of pollution control equipment. These items typically represent the majority of an economic development project's total capital costs, and as a result, the state and locality gain much more than simply the eligible capital investment. In order to benefit from any reimbursement in the future, the company must *meet* and maintain a level of total capital investment typically *2 to 8 times greater* than the reimbursable amount. In this way, the Enterprise Zone JDC has proven extremely effective in stimulating a guaranteed increase in capital investment and a related increase in local tax base for counties all across South Carolina.

ANNUALLY ADJUSTED JOB DEVELOPMENT CREDIT FACTORS

The amount a company can claim as a JDC depends on three factors: 1) wage levels for qualified new jobs, 2) development status of the county where the project locates or expands, and 3) maximum eligible expenditures. In no case can a company receive more than the total cost of its eligible expenditures.

1) Wage Levels

The maximum value of the JDC depends on the hourly pay rate for new positions. Because the statute was designed to encourage higher paying jobs, the higher the pay rate, the greater the benefit will be to the company. A company with positions that all pay \$30 per hour will be able to claim a JDC equal to 5% of the taxable wages for those positions. Conversely, a lower paying employer may qualify to claim only 2% or 3% of taxable wages for its positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2019.

Percentage of Taxable Wages Companies May Claim As A Job Development Credit 2019	
Hourly Wage	Maximum % Claimed as JDC
\$10.37 - \$13.82 / hour	2%
\$13.83 - \$17.28 / hour	3%
\$17.29 - \$25.93 / hour	4%
\$25.94 and over	5%

2) County Development Status & Contributions to the Rural Infrastructure Fund

Of the maximum, companies can actually claim 55% to 100%, depending on the status of the county at the time of approval for the program. The greatest benefit goes to companies locating or expanding in a Tier IV county. The difference between the maximum amount and the amount the company can claim goes to the Rural Infrastructure Fund (“RIF”). As the Enterprise Program has matured, the RIF has begun to represent a significant source of assistance to rural counties, both for infrastructure and product development activities related to economic development preparedness, and for roads, water/sewer, site preparation and other activities necessary to secure new business locations or expansions.

For the purposes of determining development status, the classifications correspond to those established for the Jobs Tax Credit corporate income tax credit. The state’s 46 counties are divided into four classifications based on unemployment rates and per capita income levels. The four classifications and the Job Development Credit percentages that can be claimed in each category are shown below.

**County Classifications for the
Job Development Credit**

County Classification	Allowable Credit as % of Total JDC
Tier I	55%
Tier II	70%
Tier III	85%
Tier IV	100%

JOB RETRAINING CREDIT

Effective for tax years beginning after December 31, 2013, the Enterprise Zone Retraining Program is administered by the State Board for Technical and Comprehensive Education (“SBTCE”). The effective date of the amendments to Section 12-10-95 *et. seq.* went into effect when signed by Governor Haley on June 10, 2014, and SBTCE has administered the Retraining Program since the third quarter of 2014.

RESPONSIBILITIES OF THE COUNCIL

The Enterprise Zone Act (“Act”) gives the Council authority to administer Enterprise Zone incentives in a manner consistent with the Act. The Act charges the Council with establishing criteria for approval of qualifying businesses, conducting an adequate cost/benefit analysis with respect to proposed projects and incentives proposed to be granted, and preparing a public document that summarizes each revitalization agreement concluded during the prior calendar year. Per Section 12-10-100(C), this report shall list each revitalization agreement, the results of each cost/benefit analysis and receipts and expenditures of application fees.

2019 ACCOMPLISHMENTS

During calendar year 2019, 46 companies submitted 48 applications that were approved for the Job Development Credit Program. These companies have made initial commitments to create 5,649 new jobs and to invest \$2.5 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$10.9 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

SUMMARY OF 2019 ENTERPRISE ZONE PROGRAM ACTIVITY

SOUTH CAROLINA ENTERPRISE PROGRAM 2019 APPROVALS	
Job Development Credits:	
Number of Approvals	48
Projected Jobs	5,649
Projected Capital Investment	\$ 1,462,523,260
Net Economic Benefit (over 10 years)	\$ 10,930,243,038

2019 ENTERPRISE ZONE RECEIPTS & EXPENDITURES JANUARY 1, 2019 – DECEMBER 31, 2019	
Revenues:	
Application & Renewal Fees*	\$274,000
<i>* Fees are split between the Coordinating Council and the SC Department of Revenue.</i>	
Expenditures:	
Coordinating Council Personnel & Administration	\$397,724

Summary of 2019 Enterprise Zone Program Activity

2019 JOB DEVELOPMENT CREDIT APPROVALS BY COUNTY CLASSIFICATION			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	27	\$ 998,386,817	4,059
Tier II	11	\$ 259,850,224	728
Tier III	5	\$ 50,401,219	443
Tier IV	5	\$ 153,885,000	419
TOTALS	48	\$1,462,523,260	5,649

** NOTE: Pursuant to Section 12-10-80(D)(2) of the SC Code, when the Council determines that a project is a significant project, the Council may waive a portion of the tier ranking limits and allow a qualifying business to retain up to 95% of the job development credits it collects.*

2019 JOB DEVELOPMENT CREDIT APPROVALS BY PROJECT TYPE			
PROJECT TYPE	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Corporate Headquarters	2	\$ 58,718,250	250
Distribution	5	\$ 166,940,000	1,193
Manufacturing	36	\$ 1,068,680,630	3,556
Professional Sports Team	1	\$150,000,000	150
Research & Development	1	\$8,749,000	28
Qualifying Service-Related	3	\$ 9,435,380	472
TOTALS	48	\$1,462,523,260	5,649

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2019**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1808 3291	Berkeley	42,500,000	35	93,856,318	Manufacturing
EZ1834 3294	Marion	6,400,000	64	66,580,207	Manufacturing
EZ1834 3296	Marion	1,785,000	21	17,062,881	Distribution
EZ1902 3321	Aiken	120,000,000	115	236,746,362	Manufacturing
EZ1904 3329	Anderson	39,050,000	171	217,141,755	Manufacturing
EZ1908 3353	Berkeley	300,000,000	50	294,006,983	Manufacturing
EZ1909 3337	Calhoun	3,004,000	60	56,244,355	Manufacturing
EZ1910 3308	Charleston	6,300,000	35	130,631,905	Service Related
EZ1910 3345	Charleston	20,000,000	180	226,297,410	Manufacturing
EZ1910 3346	Charleston	17,136,134	30	55,547,987	Manufacturing
EZ1911 3328	Cherokee	13,912,219	141	117,004,862	Manufacturing
EZ1917 3298	Dillon	22,700,000	154	140,357,807	Manufacturing
EZ1917 3325	Dillon	93,500,000	90	201,743,875	Manufacturing
EZ1918 3304	Dorchester	96,695,000	450	439,287,612	Distribution
EZ1918 3336	Dorchester	3,779,973	35	36,731,075	Manufacturing
EZ1919 3312	Edgefield	460,000	22	20,929,509	Distribution
EZ1920 3334	Fairfield	3,000,000	120	106,970,048	Manufacturing
EZ1922 3340	Georgetown	8,000,000	70	69,691,508	Manufacturing
EZ1923 3309	Greenville	8,749,000	28	48,984,426	Research & Development
EZ1923 3313A	Greenville	39,145,500	125	494,704,305	Corporate HQ
EZ1923 3313B	Greenville	19,572,750	125	<i>Included in A above*</i>	Corporate HQ
EZ1923 3317	Greenville	5,945,610	44	56,554,382	Manufacturing
EZ1923 3322	Greenville	355,000	33	62,155,316	Manufacturing
EZ1923 3333	Greenville	35,280,000	59	94,950,425	Manufacturing
EZ1923 3342	Greenville	610,380	150	160,637,509	Service Related
EZ1923 3347	Greenville	27,000,000	95	176,847,459	Manufacturing
EZ1923 3350	Greenville	2,525,000	287	414,201,685	Service Related
EZ1925 3341	Hampton	30,025,000	100	105,791,884	Manufacturing
EZ1928 3351	Kershaw	5,443,527	40	47,714,385	Manufacturing
EZ1930 3302	Laurens	12,100,000	25	50,490,218	Manufacturing
EZ1930 3343	Laurens	20,556,697	79	85,958,231	Manufacturing
EZ1932 3307	Lexington	22,000,000	771	775,726,063	Manufacturing
EZ1932 3332	Lexington	17,850,000	40	61,675,905	Manufacturing
EZ1934 3352	Marion	29,500,000	90	113,090,492	Manufacturing
EZ1936 3310	Newberry	11,500,000	57	77,977,507	Manufacturing
EZ1936 3331	Newberry	13,750,000	50	61,107,520	Manufacturing
EZ1937 3300	Oconee	20,000,000	100	123,290,521	Manufacturing
EZ1939 3301	Pickens	17,500,000	114	91,584,836	Manufacturing
EZ1939 3303	Pickens	17,000,000	36	56,357,713	Manufacturing
EZ1939 3326	Pickens	14,000,000	42	55,492,921	Manufacturing
EZ1940 3338	Richland	11,566,000	74	99,675,751	Manufacturing
EZ1942 3286	Spartanburg	20,830,000	85	105,166,303	Manufacturing

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1942 3315	Spartanburg	12,000,000	41	78,773,243	Manufacturing
EZ1942 3323	Spartanburg	5,246,470	116	192,879,494	Manufacturing
EZ1946 3320	York	150,000,000	150	3,921,630,179	Professional Sports Team
EZ1946 3335	York	26,250,000	150	187,301,633	Manufacturing
EZ1946 3344A	York	40,000,000	300	277,082,530	Distribution
EZ1946 3344B	York	28,000,000	400	325,607,743	Distribution

* *NOTE – Certain very large economic development projects are approved to submit multiple applications for Enterprise Zone benefits. Each requires a separate Revitalization Agreement but Net Economic Benefit reflects the entire project.*

**ENTERPRISE ZONE PROGRAM
FINAL REVITALIZATION AGREEMENTS
CALENDAR YEAR 2019**

Company Name	County	Projected 10-Year Net Economic Benefit
AFL Telecommunications LLC	Spartanburg	33,291,375
AFL Telecommunications LLC	Spartanburg	103,294,750
AmbioPharm, Inc.	Aiken	126,300,485
Antolin Spartanburg Assembly	Spartanburg	89,914,393
Arthrex Manufacturing, Inc. (RVA 1 of 3)	Anderson	1,031,777,634
Arthrex Manufacturing, Inc. (RVA 2 of 3)	Anderson	<i>Included in A above</i>
Arthrex Manufacturing, Inc. (RVA 3 of 3)	Anderson	<i>Included in A above</i>
AWL Automation, LLC	Spartanburg	86,657,422
Benteler Automotive Corporation	Spartanburg	77,932,991
Black & Decker (U.S.), Inc.	York	439,671,484
Booz Allen Hamilton, Inc.	Berkeley	149,114,979
Capgemini America, Inc.	Richland	196,429,676
Capgemini America, Inc.	Richland	337,733,478
China Jushi USA Corporation (RVA 1 of 2)	Richland	536,374,428
China Jushi USA Corporation (RVA 2 of 2)	Richland	432,585,880
Curtiss-Wright Electro Mechanical Corporation	Berkeley	149,866,307
Cytec Carbon Fibers, LLC	Greenville	88,179,964
Domino's Pizza LLC	Lexington	102,784,389
Elkem Silicones USA Corp.	York	82,652,394
Evanesce, Inc.	Colleton	289,362,637
Fiber Industries, LLC	Darlington	138,673,486
Freeman Boatworks, LLC	Berkeley	163,141,672
Fresenius Kabi LLC	Spartanburg	69,657,689
Gaffney Manufacturing LLC	Cherokee	50,900,733
Green Cloud Technologies, LLC	Greenville	88,971,508
Harsco Rail	Lexington	110,608,267
Horton, Inc.	Oconee	123,290,521
Huvis Indorama Advanced Materials	Spartanburg	88,704,298
IFA Rotorion North America, LLC	Berkeley	192,342,092
Ingevity Corporation	Charleston	248,481,360
Keurig Green Mountain, Inc. (RVA 1 of 2)	Spartanburg	771,505,135
Keurig Green Mountain, Inc. (RVA 2 of 2)	Spartanburg	<i>Included in A above</i>
Koops, Inc.	Greenville	29,671,201
Med-Ally LLC	Berkeley	181,550,762
Nexans High Voltage USA Inc.	Berkeley	109,903,209

Nucor Building Systems South Carolina	Lexington	97,342,541
Precision Jig and Fixture South, LLC	Spartanburg	43,622,305
Pure Power Technologies, Inc.	Richland	143,469,539
Roseburg South Engineered Wood, LLC	Chester	279,128,835
RoundPoint Mortgage Servicing Corporation (RVA 1 of 2)	York	928,176,632
RoundPoint Mortgage Servicing Corporation (RVA 2 of 2)	York	<i>Included in A above</i>
Ruiz Food Products, Inc. (RVA 1 of 2)	Florence	450,103,204
Ruiz Food Products, Inc. (RVA 2 of 2)	Florence	155,347,362
Samsung Electronics Home Appliances America, LLC (RVA 1 of 4)	Newberry	1,009,905,515
Samsung Electronics Home Appliances America, LLC (RVA 2 of 4)	Newberry	<i>Included in A above</i>
Samsung Electronics Home Appliances America, LLC (RVA 3 of 4)	Newberry	<i>Included in A above</i>
Samsung Electronics Home Appliances America, LLC (RVA 4 of 4)	Newberry	<i>Included in A above</i>
Sharonview Federal Credit Union	Lancaster	179,813,077
ShayoNano USA Inc.	Chester	55,130,581
Skyline Steel, LLC	York	168,559,712
Sportsman Boats Manufacturing, Inc.	Dorchester	160,041,275
Sportsman Boats Manufacturing, Inc.	Dorchester	109,568,520
stoba USA Corporation	Berkeley	49,813,243
Sumter Easy Home LLC	Sumter	112,735,231
Sundaram Holding USA, Inc.	Dorchester	164,542,221
Tidewater Boats, LLC	Lexington	85,661,764
Tie & Timber Technologies LLC	Marion	45,215,187
Trane U.S. Inc.	Richland	761,216,590
UFP NAC, LLC	Orangeburg	117,304,932
Valagro USA Manufacturing Inc.	Orangeburg	48,454,942
Volvo Car US Operations Inc. (RVA 4 of 10)	Berkeley	<i>Included in A previously reported</i>
Wyman-Gordon Forgings, Inc.	Dillon	269,665,604
Zeus Industrial Products, Inc. (RVA 1 of 2)	Calhoun	449,679,522
Zeus Industrial Products, Inc. (RVA 1 of 2)	Calhoun	<i>Included in A above</i>
Zeus Industrial Products, Inc.	Orangeburg	53,593,870
Zeus Industrial Products, Inc.	Aiken	79,855,542

Note that certain very large economic development projects are approved to submit multiple applications for Enterprise Zone benefits. Each requires a separate Revitalization Agreement. RVAs are executed independently and included in these Annual Reports of Enterprise Zone Activity based on the calendar year in which they were executed.

Prior to 2017, each component application was presented separately to the Coordinating Council for approval, including a cost/benefit analysis based only on the jobs, investment, incentives and other costs and benefits represented by the component application. Net economic value is shown separately for each RVA executed for these projects.

Beginning in April 2017, the Council is presented with the overall net economic benefit to the state of the overall project, including all applications submitted for approval. This makes it easier for the Coordinating Council to evaluate the overall

economic impact to the State. In this report, for projects approved April 2017 and later, net economic benefit is reported only once, for the calendar year in which the first RVA is executed.

To avoid overstating economic impact, additional RVAs executed in the same calendar year will indicate that the net economic benefit is included in another RVA shown on the report. Additional RVAs executed in subsequent calendar years will not indicate the overall net economic benefit again, but this information will be contained in the Notes to this table.

Notes to RVAs Executed in Calendar Year 2019

- 1) In 2019, Volvo Car US Operations Inc. and the Coordinating Council executed the fourth of 10 Revitalization Agreements for a significant Berkeley County project. Overall net economic benefit for this project is \$4,327,816,670.