

**South Carolina
Coordinating Council for
Economic Development**

**2018 Annual Report of
Enterprise Zone Activity**

May 2019

South Carolina Coordinating Council for Economic Development 2018 Annual Report of Enterprise Zone Activity

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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*

2018 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 2018. 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 2018.

There were several administrative changes in 2018. Council membership as of December 31, 2018, following changes in 2018, 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
Jamie Suber	Interim 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
Charlie Condon	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
Dale Culbreth	Senior Program Manager, CCED Grant Programs
Marcella Forrest	Senior Program Manager, Enterprise Zone Program
Donna Tucker	Data Manager
Latitia Worthy	Grant Administrator
Beverly Belton	Compliance Coordinator

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 \$25 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 2018.

Percentage of Taxable Wages Companies May Claim As A Job Development Credit 2018	
Hourly Wage	Maximum % Claimed as JDC
\$9.94 - \$13.24 / hour	2%
\$13.25 - \$16.55 / hour	3%
\$16.56 - \$24.84 / hour	4%
\$24.85 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.

2018 ACCOMPLISHMENTS

During calendar year 2018, 56 companies submitted 69 applications that were approved for the Job Development Credit Program. These companies have made initial commitments to create 10,216 new jobs and to invest \$2.5 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$12.7 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

SUMMARY OF 2018 ENTERPRISE ZONE PROGRAM ACTIVITY

SOUTH CAROLINA ENTERPRISE PROGRAM 2018 APPROVALS

Job Development Credits:	
Number of Approvals	69
Projected Jobs	10,216
Projected Capital Investment	\$2,504,201,095
Net Economic Benefit (over 10 years)	\$12,714,484,041

2018 ENTERPRISE ZONE RECEIPTS & EXPENDITURES JANUARY 1, 2018 – DECEMBER 31, 2018

Revenues:	
Application & Renewal Fees*	\$360,250
<i>* Fees are split between the Coordinating Council and the SC Department of Revenue.</i>	
Expenditures:	
Coordinating Council Personnel & Administration	\$395,182

Summary of 2018 Enterprise Zone Program Activity

2018 JOB DEVELOPMENT CREDIT APPROVALS BY COUNTY CLASSIFICATION			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	25	\$719,268,635	3,860
Tier II	23	\$686,674,512	3,323
Tier III	4	\$162,861,922	537
Tier IV	10	\$115,396,026	628
Tiers I and II but Projects Qualify for 95% JDC*	7	\$820,000,000	1,868
TOTALS	69	\$2,504,201,095	10,216

** 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.*

2018 JOB DEVELOPMENT CREDIT APPROVALS BY PROJECT TYPE			
PROJECT TYPE	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Corporate Headquarters	1	\$40,000,000	104
Distribution	1	\$14,652,473	42
Manufacturing	56	\$2,353,013,725	7,296
Research & Development	2	\$10,533,333	175
Qualifying Service-Related	9	\$86,001,564	2,599
TOTALS	69	\$2,504,201,095	10,216

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2018**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1708 3191	Berkeley	56,000,000	66	109,903,209	Manufacturing
EZ1708 3199	Berkeley	3,850,000	125	163,141,672	Manufacturing
EZ1708 3221A	Berkeley	13,333,333	75	441,669,145	Manufacturing
EZ1708 3221B	Berkeley	7,333,333	75	<i>Included in "A" above</i>	Manufacturing
EZ1708 3221C	Berkeley	7,333,333	100	<i>Included in "A" above</i>	Manufacturing
EZ1714 3218	Clarendon	5,275,000	31	26,651,779	Manufacturing
EZ1724 3222	Greenwood	46,954,000	30	78,179,116	Manufacturing
EZ1725 3203	Hampton	4,200,000	22	27,740,235	Manufacturing
EZ1734 3189	Marion	7,000,000	95	105,565,979	Manufacturing
EZ1738 3215	Orangeburg	17,500,000	20	53,593,870	Manufacturing
EZ1738 3228	Orangeburg	7,276,026	124	117,304,932	Manufacturing
EZ1738 3229	Orangeburg	14,250,000	47	48,454,942	Manufacturing
EZ1740 3220	Richland	5,181,496	200	337,733,478	Service Related
EZ1743 3212	Sumter	90,000,000	100	170,791,370	Manufacturing
EZ1746 3224	York	7,691,600	84	90,876,013	Manufacturing
EZ1746 3227A	York	17,220,000	697	928,176,632	Service Related
EZ1746 3227B	York	12,500,000	406	<i>Included in "A" above</i>	Service Related
EZ1802 3231	Aiken	18,548,912	59	79,855,542	Manufacturing
EZ1808 3240	Berkeley	242,000,000	50	284,555,307	Manufacturing
EZ1808 3265	Berkeley	52,000,000	65	149,866,307	Manufacturing
EZ1808 3272	Berkeley	5,000,000	27	36,811,500	Manufacturing
EZ1808 3273A	Berkeley	6,250,000	200	1,130,873,165	Manufacturing
EZ1808 3273B	Berkeley	7,000,000	200	<i>Included in "A" above</i>	Manufacturing
EZ1808 3273C	Berkeley	7,000,000	200	<i>Included in "A" above</i>	Manufacturing
EZ1808 3273D	Berkeley	14,950,000	400	<i>Included in "A" above</i>	Manufacturing
EZ1810 3295	Charleston	10,300,000	109	200,962,644	Manufacturing
EZ1811 3261	Cherokee	75,000,000	200	181,397,316	Manufacturing
EZ1812 3250	Chester	40,300,000	40	55,130,581	Manufacturing
EZ1813 3233	Chesterfield	21,950,000	50	79,144,787	Manufacturing
EZ1815 3274	Colleton	53,250,002	260	289,362,637	Manufacturing
EZ1818 3271	Dorchester	40,000,000	100	139,619,632	Manufacturing
EZ1821 3235	Florence	8,476,400	42	46,336,531	Manufacturing
EZ1823 3116	Greenville	7,000,000	50	88,971,508	Service Related
EZ1823 3226	Greenville	4,537,000	20	29,671,201	Manufacturing
EZ1823 3285	Greenville	13,314,881	109	138,865,189	Service Related
EZ1823 3287	Greenville	46,500,000	120	308,381,142	Manufacturing
EZ1823 3292	Greenville	2,143,987	85	140,079,553	Service Related
EZ1824 3249	Greenwood	13,650,000	81	88,935,719	Manufacturing
EZ1829 3246	Lancaster	40,000,000	104	179,813,077	Corporate HQ
EZ1829 3259	Lancaster	2,995,200	102	83,966,564	Manufacturing

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2018**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1829 3269A	Lancaster	12,000,000	450	1,407,216,914	Service Related
EZ1829 3269B	Lancaster	12,000,000	547	<i>Included in "A" above*</i>	Service Related
EZ1829 3277A	Lancaster	3,200,000	75	112,003,671	Research & Development
EZ1829 3277B	Lancaster	16,800,000	150	134,935,159	Manufacturing
EZ1829 3278	Lancaster	18,000,000	150	165,350,114	Manufacturing
EZ1830 3267	Laurens	12,661,920	27	50,024,133	Manufacturing
EZ1832 3258	Lexington	7,100,000	60	97,342,541	Manufacturing
EZ1832 3262	Lexington	7,523,205	78	110,608,267	Manufacturing
EZ1832 3280	Lexington	20,000,000	75	102,784,389	Manufacturing
EZ1834 3254	Marion	5,945,000	51	45,215,187	Manufacturing
EZ1835 3282	Marlboro	8,000,000	120	84,958,578	Manufacturing
EZ1838 3283	Orangeburg	5,650,000	78	81,886,338	Manufacturing
EZ1842 3234	Spartanburg	15,700,000	60	103,294,750	Manufacturing
EZ1842 3236A	Spartanburg	187,000,000	250	771,505,135	Manufacturing
EZ1842 3236B	Spartanburg	163,000,000	250	<i>Included in "A" above*</i>	Manufacturing
EZ1842 3238	Spartanburg	48,007,000	45	88,704,298	Manufacturing
EZ1842 3256A	Spartanburg	100,000,000	700	1,150,162,023	Manufacturing
EZ1842 3256B	Spartanburg	500,000,000	200	<i>Included in "A" above*</i>	Manufacturing
EZ1842 3257	Spartanburg	15,000,000	463	383,579,916	Manufacturing
EZ1842 3260	Spartanburg	14,652,473	42	69,657,689	Distribution
EZ1842 3263	Spartanburg	30,000,000	78	133,592,442	Manufacturing
EZ1843 2744E	Sumter	27,000,000	93	146,179,875	Manufacturing
EZ1843 2744F	Sumter	16,000,000	75	<i>Included in "E" above*</i>	Manufacturing
EZ1846 3232A	York	106,000,000	450	485,582,948	Manufacturing
EZ1846 3232B	York	53,000,000	200	<i>Included in "A" above*</i>	Manufacturing
EZ1846 3244	York	9,059,489	160	151,129,852	Manufacturing
EZ1846 3268	York	17,296,304	64	108,929,661	Manufacturing
EZ1846 3276	York	13,900,000	200	185,518,627	Manufacturing
EZ1846 3290	York	4,641,200	55	111,939,260	Service Related

* *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 2018**

Company Name	County	Projected 10-Year Net Economic Benefit
Advanced Ceramic Coatings, LLC	Spartanburg	86,623,252
AHT Cooling Systems USA, Inc.	Charleston	38,048,885
American Tactical, Inc.	Dorchester	95,505,744
Ascend Performance Materials, LLC	Greenwood	21,761,318
Blackbaud, Inc. (RVA 1 of 2)	Berkeley	703,296,529
Blackbaud, Inc. (RVA 2 of 2)	Berkeley	Included above
BorgWarner, Inc.	Oconee	42,516,775
Charter NEX Films, Inc.	Richland	180,667,149
Decostar Industries, Inc.	Greenville	176,557,963
Don Construction Products, LLC	Lancaster	29,460,335
F3 Engineering, LLC	Spartanburg	70,064,189
Flame Spray North America, Inc.	Laurens	54,748,632
Giti Tire Manufacturing (USA) Ltd. (RVA 1 of 8)	Chester	1,992,199,853
Harbor Freight Tools Texas, L.P. (RVA 1 of 2)	Dillon	208,547,921
Harbor Freight Tools Texas, L.P. (RVA 2 of 2)	Dillon	101,593,090
James Hardie Building Products, Inc.	Dorchester	115,549,329
JM Steel Corporation	Berkeley	36,811,500
JR Automation Technologies, LLC	Pickens	74,419,271
Lighthouse for the Blind, Inc.	Dorchester	28,386,274
Magna Seating of America, Inc.	Spartanburg	491,055,867
Mercedes-Benz Vans, LLC (RVA 1 of 3)	Charleston	730,102,642
Mercedes-Benz Vans, LLC (RVA 2 of 3)	Charleston	378,084,065
Mercedes-Benz Vans, LLC (RVA 3 of 3)	Charleston	277,458,669
Mid-States Packaging, Inc.	Charleston	41,054,824
Movement Mortgage LLC (RVA 1 of 2)	Lancaster	421,170,199
Movement Mortgage LLC (RVA 2 of 2)	Lancaster	416,212,550
MP Husky, LLC	Greenville	38,755,294
NCGS, Inc.	Charleston	165,811,864
NSLC Darlington, Inc.	Darlington	52,096,527
P&L Development LLC (RVA 1 of 2)	Greenville	208,083,564
P&L Development LLC (RVA 2 of 2)	Greenville	207,423,068
Robert Bosch LLC	Dorchester	222,827,544
Robert Bosch LLC	Anderson	222,568,021
Schneider Electric USA, Inc.	Oconee	33,211,023
Scout Boats, Inc.	Dorchester	345,785,715
St. Jude Medical Cardiology Division, Inc.	Pickens	134,397,301
Sunbelt Rentals, Inc.	York	206,657,585
The Ritedose Corporation	Richland	140,210,281
US Foods, Inc.	York	101,511,127
Volvo Car US Operations Inc. (RVA 3 of 10)	Berkeley	See Note 1

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 2018

- 1) Volvo Car US Operations Inc. and the Coordinating Council executed the third of 10 Revitalization Agreements for a significant Berkeley County project in 2018. Overall net economic benefit for this project is \$4,327,816,670.