

**South Carolina  
Coordinating Council for  
Economic Development**

**2016 Annual Report of  
Enterprise Zone Activity**

**May 2017**

# South Carolina Coordinating Council for Economic Development 2016 Annual Report of Enterprise Zone Activity

## Table of Contents

<b>Overview of the Coordinating Council for Economic Development .....</b>	<b>1</b>
Council Responsibilities and Membership.....	1
2016 Administrative Changes .....	2
<b>Enterprise Zone Programs.....</b>	<b>3</b>
Job Development Credit.....	3
Job Retraining Credit .....	5
Responsibilities of the Council .....	5
2016 Accomplishments.....	5
Summary of 2016 Enterprise Zone Program Activity .....	6
South Carolina Enterprise Program 2016 Project Approvals.....	6
2016 Enterprise Zone .....	6
Receipts & Expenditures.....	6
January 1, 2016 – December 31, 2016.....	6
2016 Job Development Credit Projects By County Classification.....	7
2016 Job Development Credit Projects By Project Type.....	7
Enterprise Zone Program Preliminary Revitalization Agreements Calendar Year 2016 Approvals ....	8
Enterprise Zone Program Final Revitalization Agreements Calendar Year 2016 .....	10

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# OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

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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 Port Volume Increase Tax Credits. In addition, prior to statutory amendment that went into effect upon the Governor’s signature on June 10, 2014, the Council reviewed and approved all applications for Enterprise Zone Retraining 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, review and approve applications for Port Volume Increase Tax Credits, 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
Jobs Economic Development Authority	*State Board for Technical & Comprehensive Education
SC Department of Employment and Workforce	

*\*Denotes Enterprise Committee member*

## **2016 ADMINISTRATIVE CHANGES**

Robert M. Hitt III, who was appointed Secretary of Commerce by Governor Haley in January 2011, acted as Chairperson of the Council throughout 2016. Rick Reames III was appointed Director of the SC Department of Revenue by Governor Haley in July 2014 and chaired the Enterprise Committee for the remainder of 2014 and through 2016.

Council membership in calendar year 2016 was as follows:

Robert M. Hitt III	Secretary, SC Department of Commerce Chairman, Coordinating Council for Economic Development
Rick Reames III	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
Cheryl M. Stanton	Director, SC Department of Employment and Workforce
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Ralph A. Odom, Jr.	Chairman, State Board for Technical and Comprehensive Education
William M. Blume, Jr	Chairman, SC Research Authority
Michael W. Nix	Chairman, Jobs and Economic Development Authority
W. Leighton Lord III	Chairman, Santee Cooper
Patrick W. McKinney	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Christie A. Hall	Secretary, SC Department of Transportation

### **Coordinating Council staff:**

Alan D. Young	Executive Director, Coordinating Council
Cynthia Turnipseed	Legal Counsel, Coordinating Council
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Dale Culbreth	Senior Program Manager, CCED Grant Programs
Donna Tucker	Data Coordinator, CCED Programs

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## ENTERPRISE ZONE PROGRAMS

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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.

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### JOB DEVELOPMENT CREDIT

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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 preliminary 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 2016.

<b>Percentage of Taxable Wages Companies May Claim As A Job Development Credit 2016</b>	
<b>Hourly Wage</b>	<b>Maximum % Claimed as JDC</b>
\$9.67 - \$12.87 / hour	2%
\$12.88 - \$16.10 / hour	3%
\$16.11 - \$24.16 / hour	4%
\$24.17 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**

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

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## **JOB RETRAINING CREDIT**

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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.

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## **RESPONSIBILITIES OF THE COUNCIL**

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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.

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## **2016 ACCOMPLISHMENTS**

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During calendar year 2016, 57 companies were approved for the Job Development Credit Program for 69 total projects, and these companies have made initial commitments to create 10,129 new jobs and to invest \$2.6 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$13.9 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

## SUMMARY OF 2016 ENTERPRISE ZONE PROGRAM ACTIVITY

<b>SOUTH CAROLINA ENTERPRISE PROGRAM 2016 PROJECT APPROVALS</b>	
<b>JOB DEVELOPMENT CREDITS:</b>	
Number of Approved Projects	69
Projected Jobs	10,129
Projected Capital Investment	\$2,552,751,138
Net Economic Benefit (over 10 years)	\$13,874,409,446

<b>2016 ENTERPRISE ZONE RECEIPTS &amp; EXPENDITURES JANUARY 1, 2016 – DECEMBER 31, 2016</b>	
<b>RECEIPTS:</b>	
Application & Renewal Fees*	\$460,950
<i>* Fees are split between the Coordinating Council and the SC Department of Revenue. Total Coordinating Council share was \$460,950.</i>	
<b>EXPENDITURES:</b>	
Coordinating Council Personnel & Administration	\$347,039



## Summary of 2016 Enterprise Zone Program Activity

<b>2016 JOB DEVELOPMENT CREDIT PROJECTS BY COUNTY CLASSIFICATION</b>			
<b>COUNTY CLASSIFICATION</b>	<b>NUMBER OF PROJECTS</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Tier I	31	\$1,184,440,870	3,923
Tier II	23	\$856,690,268	3,207
Tier III	9	\$173,210,000	2,646
Tier IV	6	\$338,410,000	353
<b>TOTALS</b>	<b>69</b>	<b>\$2,552,751,138</b>	<b>10,129</b>

<b>2016 JOB DEVELOPMENT CREDIT PROJECTS BY PROJECT TYPE</b>			
<b>PROJECT TYPE</b>	<b>NUMBER OF PROJECTS</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Distribution	2	\$78,095,000	359
Manufacturing	47	\$2,250,127,839	4,615
Research & Development	1	\$10,025,000	80
Qualifying Service-Related	19	\$214,503,299	5,075
<b>TOTALS</b>	<b>69</b>	<b>\$2,552,751,138</b>	<b>10,129</b>

**ENTERPRISE ZONE PROGRAM  
PRELIMINARY REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2016 APPROVALS**

*Note: Not all projects have been announced*

<b>PROJECT NUMBER</b>	<b>COUNTY</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>	<b>PROJECTED 10-YEAR NET ECONOMIC BENEFIT</b>	<b>PROJECT TYPE</b>
EZ1642 3076	Spartanburg	27,208,605	50	86,623,252	Manufacturing
EZ1642 3122	Spartanburg	4,308,279	29	33,291,375	Manufacturing
EZ1610 3055	Charleston	5,923,000	25	38,048,885	Manufacturing
EZ1624 3136	Greenwood	3,880,000	20	21,761,318	Manufacturing
EZ1637 3051	Oconee	19,500,000	89	86,191,628	Manufacturing
EZ1608 3049A	Berkeley	44,000,000	200	703,296,529	Service Related
EZ1608 3049B	Berkeley	27,750,000	100	<i>Included in "A" above</i>	Service Related
EZ1608 3080	Berkeley	4,708,281	74	149,114,979	Service Related
EZ1642 3082	Spartanburg	10,226,000	50	56,021,498	Manufacturing
EZ1613 3083	Chesterfield	45,000,000	40	71,163,842	Manufacturing
EZ1623 3069	Greenville	5,335,000	55	118,064,318	Service Related
EZ1640 3102A	Richland	275,000,000	352	536,374,428	Manufacturing
EZ1640 3102B	Richland	125,000,000	352	432,585,880	Manufacturing
EZ1546 3046A	York	22,500,100	500	1,769,574,246	Service Related
EZ1546 3046B	York	14,000,000	500	<i>Included in "A" above</i>	Service Related
EZ1546 3046C	York	14,565,918	500	<i>Included in "A" above</i>	Service Related
EZ1629 3112A	Lancaster	16,610,000	500	2,129,710,976	Service Related
EZ1629 3112B	Lancaster	14,971,000	550	<i>Included in "A" above</i>	Service Related
EZ1629 3112C	Lancaster	12,249,000	450	<i>Included in "A" above</i>	Service Related
EZ1623 3099	Greenville	78,421,177	30	79,985,881	Manufacturing
EZ1623 3066	Greenville	1,100,000	84	88,179,964	Manufacturing
EZ1604 3050	Anderson	5,200,000	38	48,923,812	Manufacturing
EZ1639 3074	Pickens	3,360,000	45	56,796,280	Manufacturing
EZ1608 3075	Berkeley	125,000,000	31	216,935,387	Manufacturing
EZ1644 3104	Union	278,200,000	130	286,056,113	Manufacturing
EZ1645 3092	Williamsburg	13,600,000	25	25,491,695	Manufacturing
EZ1610 3030	Charleston	2,875,000	152	205,121,715	Service Related
EZ1615 3063	Colleton	8,550,000	65	50,449,291	Manufacturing
EZ1639 3059	Pickens	4,100,000	56	74,419,271	Manufacturing
EZ1623 3114	Greenville	11,300,000	19	34,827,994	Manufacturing
EZ1638 3109	Orangeburg	3,170,000	23	20,421,884	Manufacturing
EZ1645 3137	Williamsburg	2,900,000	75	65,124,331	Manufacturing
EZ1618 3060	Dorchester	2,500,000	33	28,386,274	Manufacturing
EZ1615 3081	Colleton	1,750,000	40	39,542,415	Service Related
EZ1642 3097	Spartanburg	29,001,000	500	491,055,867	Manufacturing

**ENTERPRISE ZONE PROGRAM  
PRELIMINARY REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2016 APPROVALS**

*Note: Not all projects have been announced*

<b>PROJECT NUMBER</b>	<b>COUNTY</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>	<b>PROJECTED 10-YEAR NET ECONOMIC BENEFIT</b>	<b>PROJECT TYPE</b>
EZ1611 3111	Cherokee	54,000,000	301	312,215,000	Distribution
EZ1622 3053	Georgetown	4,850,000	152	213,326,888	Service Related
EZ1623 3057	Greenville	35,000,000	65	88,168,875	Manufacturing
EZ1642 3058	Spartanburg	23,100,000	103	170,908,499	Manufacturing
EZ1636 3133	Newberry	12,620,000	56	71,597,528	Manufacturing
EZ1623 3086	Greenville	5,180,000	276	172,802,693	Service Related
EZ1629 3120A	Lancaster	13,190,000	350	421,170,199	Service Related
EZ1629 3120B	Lancaster	6,890,000	350	416,212,550	Service Related
EZ1623 3095	Greenville	5,500,000	27	38,755,294	Manufacturing
EZ1610 3130	Charleston	10,025,000	80	165,811,864	Research & Development
EZ1646 3070	York	279,000	175	185,993,192	Service Related
EZ1604 3103	Anderson	22,380,366	31	50,875,246	Manufacturing
EZ1604 3079	Anderson	20,000,000	51	80,055,990	Manufacturing
EZ1623 3096A	Greenville	12,258,412	200	208,083,564	Manufacturing
EZ1623 3096B	Greenville	9,500,000	225	207,423,068	Manufacturing
EZ1642 3108	Spartanburg	4,900,000	53	51,292,611	Manufacturing
EZ1614 3000	Clarendon	34,500,000	65	82,224,215	Manufacturing
EZ1640 3064	Richland	16,500,000	79	143,469,539	Manufacturing
EZ1608 3042	Berkeley	50,000,000	75	114,947,030	Manufacturing
EZ1618 3087	Dorchester	175,000,000	150	222,827,544	Manufacturing
EZ1610 3062	Berkeley	7,750,000	45	49,813,243	Manufacturing
EZ1608 3071	Berkeley	50,500,000	130	166,602,909	Manufacturing
EZ1640 3067	Richland	1,300,000	100	196,429,676	Service Related
EZ1624 2905A	Greenwood	140,000,000	80	639,623,031	Manufacturing
EZ1624 2905B	Greenwood	230,000,000	90	<i>Included in "A" above</i>	Manufacturing
EZ1624 2905C	Greenwood	230,000,000	50	<i>Included in "A" above</i>	Manufacturing
EZ1546 2984	Berkeley	35,000,000	330	491,521,777	Manufacturing
EZ1608 3068	Berkeley	8,000,000	150	193,317,906	Manufacturing
EZ1603 3085	Allendale	6,040,000	35	39,624,783	Manufacturing
EZ1622 3128	Georgetown	5,250,000	102	102,299,191	Manufacturing
EZ1642 3100	Spartanburg	5,740,000	62	82,898,503	Manufacturing
EZ1646 3084	York	24,095,000	58	101,511,127	Distribution
EZ1623 3101	Greenville	1,500,000	51	81,057,018	Service Related
EZ1608 3072	Berkeley	28,141,000	200	268,007,565	Manufacturing

**ENTERPRISE ZONE PROGRAM  
FINAL REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2016**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
Accent USA Manufacturing Limited Partnership	Horry	69,985,600
AmbioPharm, Inc.	Aiken	161,242,637
BCN Holdings Inc.	Florence	181,415,625
Benore Logistic Systems, Inc.	Spartanburg	220,931,306
Carolina Poly, Inc. (1 of 2 RVAs executed)	Chester	147,633,183*
Colombo Energy Inc.	Greenwood	111,020,874
Construction Equipment North America LLC	York	87,585,020
Dollar Tree Distribution, Inc.	Cherokee	230,658,022
Ish Moore, Inc.	York	212,511,415
Kent International, Inc.	Clarendon	106,287,231
KeyMark, Inc.	Pickens	59,418,577
Kiswire, Inc.	Newberry	94,044,081
KP Components Inc.	Pickens	42,315,191
Michelin North America, Inc.	Greenville	112,992,299
Michelin North America, Inc.	Greenville	52,351,597
Movement Mortgage LLC (2 of 2 RVAs executed)	Lancaster	898,925,833*
Nutramax Laboratories, Inc.	Lancaster	65,536,699
Nutramax Manufacturing, Inc.	Lancaster	64,774,525
One World Technologies, Inc.	Anderson	259,627,757
Orian Rugs, Inc.	Anderson	63,423,794
Polydeck Screen Corporation	Spartanburg	49,065,525
PTR Industries, Inc.	Horry	104,721,552
RBUS, Inc. (4 of 4 RVAs executed)	Lancaster	1,536,590,027*
Robert Bosch LLC	Anderson	138,905,821
ScanSource, Inc.	Greenville	133,058,241
Schaeffler Group USA, Inc.	Chesterfield	296,395,362
Schaeffler Group USA, Inc.	York	138,405,089
Senior Operations LLC	Charleston	63,345,053
The Lash Group, Inc. (3 of 3 RVAs executed)	York	2,530,309,702*
Toray Carbon Fibers America, Inc. (2 of 2 RVAs executed)	Spartanburg	1,196,040,926*
TorqTek Design and Manufacturing, LLC	Charleston	51,038,279
Tower Automotive Operations USA I, LLC	Greenville	123,013,228
Trelleborg Wheel Systems Americas, Inc.	Spartanburg	204,180,108
Utility Partners of America LLC	Greenville	147,792,174
Volvo Car Corporation (1 of 10 RVAs executed)	Berkeley	4,327,816,670*

\* 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.