



Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt, III
Secretary

**TO: Jonathan Yarborough, Director of External Affairs
South Carolina Department of Commerce**

**FROM: Alan D. Young, Executive Director, Coordinating Council
South Carolina Department of Commerce**

DATE: May 14, 2012

SUBJECT: 2011 Annual Report of Enterprise Zone Activity

On behalf of the Coordinating Council for Economic Development, I am pleased to submit the 2011 Coordinating Council for Economic Development Annual Report of Enterprise Zone Activity. In accordance with Sections 12-10-85(D) and 12-10-100(C) of the Enterprise Zone Act of 1995, this report details activities of the Enterprise Zone Programs managed by the South Carolina Department of Commerce's Grants Administration Division.

Please call me at 803-737-0448 should you have questions or need additional information.

cc: The Honorable Robert M. Hitt, III, Secretary of Commerce
Chairman, Coordinating Council for Economic Development
Jim Etter, Director, SC Department of Revenue
The Honorable Hugh E. Weathers, Commissioner, SC Department of Agriculture
Montez C. Martin, Jr., Chairman, State Board for Technical and Comprehensive Education
Marco L. E. Cavazzoni, Chairman, SC Research Authority
Peter Brown, Chairman, Jobs Economic Development Authority
O. L. Thompson, Chairman, Santee Cooper
Duane N. Parrish, Director, SC Department of Parks, Recreation and Tourism
William H. Stern, Chairman, State Ports Authority
Abraham J. Turner, Director, SC Department of Employment and Workforce
Robert St. Onge, Secretary, SC Department of Transportation

Enclosure

**South Carolina
Coordinating Council for
Economic Development**

**2011 Annual Report of
Enterprise Zone Activity**

May 14, 2012

**SC Coordinating Council for Economic Development
2011 Annual Report of Enterprise Zone Activity**

Table of Contents

Overview of the Coordinating Council for Economic Development 1
 Council Responsibilities and Membership..... 1
 2011 Administrative Changes 2

Enterprise Zone Programs 3
 Job Development Credit..... 3
 Job Retraining Credit 5
 Responsibilities of the Coordinating Council 6
 2011 Accomplishments 6
 Summary of 2011 Enterprise Zone Program Activity & Application Fees 7
 Summary of 2011 Enterprise Zone Program Activity 8
 Enterprise Zone Program Preliminary Revitalization Agreements Calendar Year 2011 Approvals 9
 Enterprise Zone Program Final Revitalization Agreements Calendar Year 2011 Approvals..... 11
 Enterprise Zone Program 5-Year Retraining Agreements Calendar Year 2011 Approvals..... 11

OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

The Coordinating Council for Economic Development 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 Set-Aside, Rural Infrastructure, Closing and Tourism Infrastructure Funds; reviewing and approving all applications for Enterprise Zone Job Development Credit and Retraining incentives; and reviewing and approving 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, review and approve applications for International Trade incentives, respond to issues 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
SC Department of Parks, Recreation and Tourism	*SC Department of Agriculture
SC Department of Employment and Workforce	*Santee Cooper
SC Research Authority	*State Ports Authority
State Board for Technical and Comprehensive Education	*Jobs Economic Development Authority
SC Department of Transportation	

**Denotes Enterprise Committee member*

2011 ADMINISTRATIVE CHANGES

Robert M. Hitt, III, who was appointed Secretary of Commerce by Governor Nikki Haley in January 2011, acted as Chairperson of the Coordinating Council throughout 2011. Jim Etter, Director of the SC Department of Revenue, chaired the Enterprise Committee of the Coordinating Council throughout 2011. The heads of several member agencies changed during 2011.

Council membership after all changes in calendar year 2011 was as follows:

Robert M. Hitt, III	Secretary of Commerce Chairman, Coordinating Council for Economic Development
Jim Etter	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
Abraham J. Turner	Director, SC Department of Employment and Workforce
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Montez C. Martin, Jr.	Chairman, State Board for Technical and Comprehensive Education
Marco L. E. Cavazzoni	Chairman, SC Research Authority
Peter Brown	Chairman, Jobs and Economic Development Authority
O.L. Thompson	Chairman, Santee Cooper
William H. Stern	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Robert St. Onge	Secretary, SC Department of Transportation

Coordinating Council staff:

Alan D. Young	Executive Director, Coordinating Council
Cynthia Turnipseed	Assistant to the Director and Staff Attorney
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Jackie Calvi	Senior Program Manager, CCED Grant Programs

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 can take up to 5 years to complete their investment and job creation. 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 for projects which entered into a preliminary revitalization agreement. (Should all eligible expenditures be recouped before 10 years, the process ends. In no case does the statute allow total JDCs received to exceed eligible expenditures.) Even over 10 years, 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 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 his positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2011.

PERCENTAGE OF TAXABLE WAGES COMPANIES MAY CLAIM AS A JOB DEVELOPMENT CREDIT 2011	
Hourly Wage	Maximum % Claimed as JDC
\$8.87 - \$11.81 / hour	2%
\$11.82 - \$14.77 / hour	3%
\$14.78 - \$22.16 / hour	4%
\$22.17 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. Greatest benefit goes to companies locating or expanding in a Tier IV county. The difference between the maximum 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. Effective January 1, 2011, the state’s 46 counties were 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

South Carolina's existing industry must remain competitive and profitable in order to avoid a loss of jobs to other states and countries. To assist with this, the Enterprise Act of 1995 also provided a retraining incentive for existing industry. This "retraining credit" allows eligible businesses to claim a credit against withholding tax for the cost of retraining existing production or technology employees, provided the training is necessary for the company to remain competitive or to introduce new technologies.

The Enterprise Zone legislation requires that retraining be approved and performed by the technical college serving the designated site. The technical college may provide the retraining program directly or contract with other training entities to accomplish the training outcomes.

The Coordinating Council defines production employees as employees who are directly engaged in the actual making of tangible personal property or who are directly involved in manufacturing, processing operations or distribution. A technology employee is also defined as an employee at a technology intensive facility who is directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility. Eligible businesses may not claim more than \$500 per calendar year, or \$2,000 over a five-year period, per production or technology employee. Furthermore, a company must match – on a dollar for dollar basis – the employee's withholding share claimed for the training. Finally, companies may not claim ***both*** the Job Development Credit and the Retraining Credit on the same position.

RESPONSIBILITIES OF THE COORDINATING COUNCIL

The Enterprise Zone Act (“Act”) gives the Coordinating Council authority to administer these incentives in a manner consistent with the Act. The Act charges the Coordinating 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.

2011 ACCOMPLISHMENTS

During calendar year 2011, 67 projects were approved for the Job Development Credit Program, and these projects have made initial commitments to create 12,516 new jobs and to invest \$4.3 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$18 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

Also in 2011, companies continued to apply for, and be approved for, 5-year retraining agreements. Having negotiated training plans with the technical college serving their area, 18 retraining plans were approved for the Enterprise Zone retraining credit. Under these 5-year plans, the 17 participating companies indicated that a total of 7,121 employees represent qualified “production employees” eligible for retraining credits.

Additionally, the Coordinating Council approved a transfer from Enterprise Zone funds to the agency budget in accordance with Proviso 89.140 of the Appropriation Act for FY 2011-12. The amount of the transfer was \$100,000.

**SUMMARY OF 2011 ENTERPRISE ZONE PROGRAM ACTIVITY
& APPLICATION FEES**

SOUTH CAROLINA ENTERPRISE PROGRAM 2011 PROJECT APPROVALS	
JOB DEVELOPMENT CREDITS:	
Number of Approved Projects	67
Projected Jobs	12,516
Projected Capital Investment	\$4,336,306,924
Net Economic Benefit (over 10 years)	\$18,096,627,817
RETRAINING CREDITS:	
Number of Retraining Agreements	18
Employees to be Retrained (over 5 years)	7,121

2011 ENTERPRISE ZONE APPLICATION FEES	
APPLICATION FEES RECEIVED:	
January 1 – December 31, 2011	\$369,750
EXPENDITURES:	
Personnel & Administration	\$237,266*
*In accordance with Proviso 89.140 of the Appropriation Act for FY 2011-12, The Coordinating Council approved \$100,000 in Enterprise Zone funds be transferred to the agency budget.	

SUMMARY OF 2011 ENTERPRISE ZONE PROGRAM ACTIVITY

2011 JOB DEVELOPMENT CREDIT PROJECTS - BY COUNTY CLASSIFICATION -			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	32	\$2,311,630,010	5,523
Tier II	19	\$1,342,574,847	3,140
Tier III	9	\$479,438,126	1,783
Tier IV	7	\$202,663,941	2,070
TOTALS	67	\$4,336,306,924	12,516

2011 JOB DEVELOPMENT CREDIT PROJECTS - BY PROJECT TYPE -				
PROJECT TYPE	NUMBER OF PROJECTS	NUMBER OF COMPANIES	PROJECTED INVESTMENT	PROJECTED JOBS
Expansion	41	32	\$3,556,023,752	7,699
New	26	24	\$780,283,172	4,817
TOTALS	67	56	\$4,336,306,924	12,516

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2011 APPROVALS**

Note: Not all projects have been announced

PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10-YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ11352630	Marlboro	\$24,446,441	1,365	\$2,851,211,503	New
EZ11422674	Spartanburg	\$55,490,000	375	\$256,490,780	New
EZ11232618	Greenville	\$55,000,000	700	\$439,395,737	New
EZ11372688	Oconee	\$62,000,000	25	\$63,360,695	Expansion
EZ11272600	Jasper	\$5,300,000	85	\$63,628,957	New
EZ11462599	York	\$15,079,976	60	\$87,020,422	Expansion
EZ11422685B	Spartanburg	\$485,500,000	300	\$704,906,163	Expansion
EZ11422685A	Spartanburg	\$433,100,000	700	\$940,112,989	Expansion
EZ11232658	Greenville	\$80,000,000	160	\$186,765,825	Expansion
EZ11022651A	Aiken	\$390,000,000	235	\$592,736,332	Expansion
EZ11022644	Aiken	\$200,000,000	295	\$519,064,104	Expansion
EZ11022651B	Aiken	\$410,000,000	142	\$476,375,931	Expansion
EZ11232594	Greenville	\$7,465,000	50	\$62,701,740	New
EZ11232614	Greenville	\$22,020,000	350	\$755,403,043	Expansion
EZ11232645	Greenville	\$13,280,000	72	\$89,944,512	Expansion
EZ11042631	Anderson	\$1,750,000	15	\$17,720,556	New
EZ11102629	Charleston	\$24,000,000	31	\$71,693,773	Expansion
EZ11142597	Clarendon	\$1,860,000	50	\$33,185,356	Expansion
EZ11272628	Jasper	\$5,345,271	100	\$84,583,895	New
EZ11422612	Spartanburg	\$22,350,000	150	\$149,257,839	Expansion
EZ11382611	Orangeburg	\$14,700,000	200	\$150,153,688	New
EZ11422633	Spartanburg	\$19,200,000	132	\$98,911,831	Expansion
EZ11302617	Laurens	\$9,200,000	50	\$64,205,053	New
EZ11102592	Charleston	\$1,307,010	100	\$247,220,678	Expansion
EZ11442646	Union	\$50,926,000	100	\$140,883,973	Expansion
EZ11292673	Lancaster	\$3,866,000	94	\$180,157,810	Expansion
EZ11322596	Lexington	\$20,472,000	30	\$45,867,212	New
EZ11392649	Pickens	\$1,730,000	54	\$60,131,074	New
EZ11382661	Allendale	\$100,000,000	225	\$354,547,871	New
EZ11392659	Pickens	\$7,306,000	261	\$171,949,852	Expansion
EZ11442647	Pickens	\$10,750,000	40	\$42,315,191	New
EZ11402680	Richland	\$107,635,000	250	\$308,803,931	Expansion
EZ11322604	Lexington	\$130,000,000	80	\$184,368,099	Expansion
EZ11322605	Lexington	\$70,000,000	50	\$85,377,535	Expansion
EZ11232624	Greenville	\$10,000,000	20	\$22,461,745	Expansion
EZ11322660	Lexington	\$250,000,000	90	\$237,974,527	Expansion
EZ11422634	Spartanburg	\$3,400,000	50	\$50,520,028	New
EZ11322672B	Lexington	\$100,000,000	300	\$627,758,503	New

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2011 APPROVALS
(CONTINUED)**

Note: Not all projects have been announced

PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10-YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ11322672A	Lexington	\$100,000,000	300	\$627,758,503	New
EZ11082650B	Berkeley	\$43,000,000	80	\$94,345,567	New
EZ11082650A	Berkeley	\$72,750,000	125	\$153,819,100	New
EZ11212638	Florence	\$40,000,000	360	\$452,976,924	Expansion
EZ11102637	Charleston	\$5,500,000	125	\$186,364,297	Expansion
EZ11042671	Anderson	\$40,000,000	125	\$138,905,821	Expansion
EZ11462627	York	\$142,000,000	550	\$529,218,755	Expansion
EZ11222663	Georgetown	\$9,388,600	58	\$57,206,756	Expansion
EZ11292598	Lancaster	\$5,995,000	190	\$193,889,289	New
EZ11132626	Chesterfield	\$10,936,500	100	\$81,049,008	Expansion
EZ11232625	Greenville	\$13,550,000	70	\$97,114,184	New
EZ11402655B	Richland	\$7,236,000	100	\$141,380,784	New
EZ11402655A	Richland	\$21,890,000	100	\$164,752,742	Expansion
EZ11422621	Spartanburg	\$20,000,000	40	\$60,339,139	Expansion
EZ11402662	Richland	\$10,000,000	28	\$36,205,402	Expansion
EZ11082676	Dorchester	\$2,525,000	30	\$23,553,416	New
EZ11382607	Orangeburg	\$4,883,460	38	\$42,354,725	New
EZ11322635	Lexington	\$2,500,000	214	\$274,849,305	Expansion
EZ11232603	Greenville	\$17,000,000	841	\$1,286,001,908	Expansion
EZ11442601	Union	\$19,394,000	101	\$95,086,658	Expansion
EZ11102616	Charleston	\$24,500,000	70	\$82,671,570	Expansion
EZ11022693	Aiken	\$35,000,000	20	\$73,791,054	Expansion
EZ11082622	Berkeley	\$25,000,000	105	\$110,061,755	New
EZ11302642	Laurens	\$81,795,000	100	\$142,737,908	New
EZ11292615	Lancaster	\$8,500,000	40	\$69,544,282	New
EZ11392623	Pickens	\$2,885,000	20	\$15,032,846	Expansion
EZ11302677C	Laurens	\$126,133,333	456	\$446,911,401	Expansion
EZ11302677B	Laurens	\$143,033,000	463	\$523,605,917	Expansion
EZ11302677A	Laurens	\$76,433,333	281	\$375,930,048	Expansion

**ENTERPRISE ZONE PROGRAM
FINAL REVITALIZATION AGREEMENTS
CALENDAR YEAR 2011 APPROVALS**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
Bericap Inc.	Cherokee	\$53,704,634
Blue Ridge Log Cabins, LLC	Spartanburg	\$46,523,324
C.M. Steel, Inc.	York	\$74,967,498
Capsugel	Greenwood	\$95,563,269
CareCore National, LLC	Beaufort	\$128,619,900
Carolina Ingredients	York	\$34,791,690
DISH DBS Corporation	Spartanburg	\$176,929,809
Frigoglass North America Ltd Company	Spartanburg	\$56,578,196
Gildan Charleston 2010, LLC	Berkeley	\$67,762,539
GTE - Gas Turbine Efficiency	Spartanburg	\$79,205,721
Harsco Corporation	Lexington	\$34,530,505
ILJIN America Corporation	Spartanburg	\$92,945,874
ILJIN America Corporation	Spartanburg	\$67,187,471
Independent Pipe Products	Abbeville	\$28,672,328
Kaydon Corporation - Bearings Division	Sumter	\$39,754,304
Komatsu America Corporation	Newberry	\$120,472,150
Lear Operations Corporation	Spartanburg	\$102,406,867
Magna Exteriors and Interiors USA, Inc.	Spartanburg	\$89,845,732
Mankiewicz Coatings, LLC	Berkeley	\$35,921,857
MCA Media, LLC(MCA Sign Co)	Aiken	\$78,660,784
Mediterranean Shipping Co. (USA) Inc.	Charleston	\$90,836,119
Otis Spunkmeyer, LLC	Lexington	\$65,768,433
Pegasus Steel, LLC	Berkeley	\$68,016,287
Radix Group International, Inc.	Lexington	\$233,046,098
RBUS, Inc.	Lancaster	\$181,234,117
Scientific Research Corporation	Charleston	\$513,686,167
Snak-Time Foods of NC, LLC	Cherokee	\$23,366,902
Sunbelt Rentals, Inc.	York	\$228,933,171
United Tool & Mold, Inc.	Spartanburg	\$22,604,902
UPS Telecommunications	Greenville	\$137,420,785

**ENTERPRISE ZONE PROGRAM
5-YEAR RETRAINING AGREEMENTS
CALENDAR YEAR 2011 APPROVALS**

COMPANY NAME	COUNTY	EMPLOYEES ELIGIBLE TO BE RETRAINED DURING 5-YEAR AGREEMENT
AbitibiBowater, Inc., Coated Paper Division	York	657
Alumax of SC, Inc. (Alcoa Mt. Holly)	Berkeley	450
ArcelorMittal Georgetown Inc.	Georgetown	234
Ascend Performance Materials, LLC	Greenwood	200
Imperial Die Casting	Pickens	120
Johnson Controls	Oconee	287
Lift Technologies, Inc.	Oconee	125
Michelin North America, Inc.	Spartanburg	900
Michelin North America, Inc.	Lexington	1,130
Owens Corning	Anderson	188
Palmetto Plating	Pickens	29
Robert Bosch LLC	Dorchester	1,000
Sargent Metal Fabricators, Inc.	Anderson	25
Schaeffler Group USA	York	448
Shaw Industries, Inc.	Pickens	265
Sonoco Products Company	Darlington	619
The Timken Company	Anderson	277
U.S. Engine Valve Company	Oconee	167