

**South Carolina  
Coordinating Council for  
Economic Development**

**2013 Annual Report of  
Enterprise Zone Activity**

**May 2014**

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2013 Annual Report of Enterprise Zone Activity**

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# OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT

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The 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 Retraining incentives 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, 5-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 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 COUNCIL**

SC Department of Commerce  
Santee Cooper  
SC Department of Transportation  
SC Research Authority  
Jobs Economic Development Authority  
SC Department of Employment  
and Workforce

\*SC Department of Revenue  
\*SC Department of Agriculture  
\*SC Department of Parks, Recreation  
and Tourism  
\*State Ports Authority  
\*State Board for Technical &  
Comprehensive Education

*\*Denotes Enterprise Committee member*

## 2013 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 2013. William M. Blume, Jr., was appointed Director of the SC Department of Revenue effective January 1, 2013, and chaired the Enterprise Committee beginning February 2013. The heads of several member agencies changed during 2013.

Council membership after all changes in calendar year 2013 was as follows:

Robert M. Hitt III	Secretary of Commerce Chairman, Coordinating Council for Economic Development
William M. Blume, Jr.	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
Marco L. E. Cavazzoni	Chairman, SC Research Authority
Donald R. Tomlin, Jr.	Chairman, Jobs and Economic Development Authority
W. Leighton Lord III	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	Legal Counsel, Coordinating Council
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Dale Culbreth	Senior Program Manager, CCED Grant 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 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 2013.

<b>PERCENTAGE OF TAXABLE WAGES COMPANIES MAY CLAIM AS A JOB DEVELOPMENT CREDIT 2013</b>	
<b>Hourly Wage</b>	<b>Maximum % Claimed as JDC</b>
\$9.32 - \$12.41 / hour	2%
\$12.42 - \$15.51 / hour	3%
\$15.52 - \$23.28 / hour	4%
\$23.29 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. 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**

<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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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 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.

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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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## **2013 ACCOMPLISHMENTS**

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During calendar year 2013, 52 projects were approved for the Job Development Credit Program, and these projects have made initial commitments to create 8,053 new jobs and to invest \$1.8 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$9.5 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

Also in 2013, companies continued to apply for, and be approved for, 5-year retraining agreements. Having negotiated training plans with the technical college serving their area, 11 retraining plans were approved for the Enterprise Zone retraining credit. Under these 5-year plans, the participating companies indicated that a total of 4,035 employees represent qualified “production employees” eligible for retraining credits.

## SUMMARY OF 2013 ENTERPRISE ZONE PROGRAM ACTIVITY

<b>SOUTH CAROLINA ENTERPRISE PROGRAM 2013 PROJECT APPROVALS</b>	
<b>JOB DEVELOPMENT CREDITS:</b>	
Number of Approved Projects	52
Projected Jobs	8,053
Projected Capital Investment	\$1,825,562,070
Net Economic Benefit (over 10 years)	\$9,540,070,873
<b>RETRAINING CREDITS:</b>	
Number of Retraining Agreements	11
Employees to be Retrained (over 5 years)	4,035

<b>2013 ENTERPRISE ZONE RECEIPTS &amp; EXPENDITURES JANUARY 1, 2013 – DECEMBER 31, 2013</b>	
<b>RECEIPTS:</b>	
Application Fees	\$176,000
Renewal Fees	\$109,250
<b>EXPENDITURES:</b>	
Personnel & Administration	\$281,594

## Summary of 2013 Enterprise Zone Program Activity

<b>2013 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	20	\$882,640,000	3,829
Tier II	15	\$371,820,619	1,651
Tier III	12	\$296,261,451	1,654
Tier IV	5	\$274,840,000	919
<b>TOTALS</b>	<b>52</b>	<b>\$1,825,562,070</b>	<b>8,053</b>

<b>2013 JOB DEVELOPMENT CREDIT PROJECTS BY PROJECT TYPE</b>				
<b>PROJECT TYPE</b>	<b>NUMBER OF PROJECTS</b>	<b>NUMBER OF COMPANIES</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Expansion	24	24	\$ 925,179,503	3,907
New	28	28	\$ 900,382,567	4,146
<b>TOTALS</b>	<b>52</b>	<b>52</b>	<b>\$1,825,562,070</b>	<b>8,053</b>

**ENTERPRISE ZONE PROGRAM  
PRELIMINARY REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2013 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>
EZ12432744C	Sumter	\$95,000,000	400	\$400,202,650	New
EZ13042786	Anderson	\$22,250,000	230	\$204,126,568	New
EZ13042795	Anderson	\$5,800,000	146	\$120,311,951	New
EZ13042803	Anderson	\$11,500,000	45	\$44,284,251	Expansion
EZ13042842	Anderson	\$19,200,000	30	\$38,688,109	New
EZ13042862	Anderson	\$8,006,000	45	\$63,423,794	Expansion
EZ13072807	Beaufort	\$13,680,000	307	\$495,868,260	New
EZ13082828A	Berkeley	\$17,990,000	400	\$631,620,452	Expansion
EZ13082828B	Berkeley	\$13,860,000	300	\$517,126,660	Expansion
EZ13082828C	Berkeley	\$13,360,000	300	\$559,303,094	Expansion
EZ13082828D	Berkeley	\$9,240,000	200	\$413,787,198	Expansion
EZ13102798	Charleston	\$4,697,000	60	\$65,425,211	Expansion
EZ13102802A	Charleston	\$150,000,000	400	\$447,457,329	Expansion
EZ13102802B	Charleston	\$150,000,000	400	\$447,457,329	Expansion
EZ13102802C	Charleston	\$150,000,000	400	\$447,457,329	Expansion
EZ13102802D	Charleston	\$150,000,000	400	\$447,457,329	Expansion
EZ13102823	Charleston	\$9,375,000	24	\$47,534,772	Expansion
EZ13102856	Charleston	\$21,003,000	135	\$122,995,215	Expansion
EZ13112852	Cherokee	\$5,345,590	89	\$79,583,361	Expansion
EZ13122806A	Chester	\$25,883,585	178	\$135,253,522	New
EZ13122806B	Chester	\$21,222,453	141	\$101,660,493	New
EZ13132821	Chesterfield	\$40,510,000	43	\$68,240,180	New
EZ13142864	Clarendon	\$4,300,000	175	\$106,287,231	New
EZ13162830	Darlington	\$8,000,000	50	\$52,096,527	Expansion
EZ13182829	Dorchester	\$2,730,000	92	\$95,505,744	New
EZ13182863	Dorchester	\$1,550,000	85	\$70,266,305	Expansion
EZ13202818	Fairfield	\$5,500,000	246	\$136,473,109	New
EZ13202860	Fairfield	\$15,500,000	103	\$144,565,059	New
EZ13232809	Greenville	\$45,000,000	45	\$75,098,719	New
EZ13232814	Greenville	\$4,100,000	23	\$30,056,332	New
EZ13232816	Greenville	\$8,000,000	37	\$51,341,020	Expansion
EZ13232832	Greenville	\$15,795,000	29	\$42,166,573	Expansion
EZ13242734	Greenwood	\$89,509,823	70	\$111,020,874	New
EZ13242813	Greenwood	\$196,000,000	298	\$464,277,587	New
EZ13252846	Hampton	\$8,500,000	26	\$24,423,499	New
EZ13262805	Horry	\$7,000,000	111	\$104,721,552	New
EZ13262831	Horry	\$11,650,000	175	\$109,523,209	New

**ENTERPRISE ZONE PROGRAM  
PRELIMINARY REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2013 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>
EZ13262857	Horry	\$3,150,000	65	\$69,985,600	New
EZ13292789A	Lancaster	\$12,030,000	200	\$101,118,580	New
EZ13292801A	Lancaster	\$74,000,000	180	\$213,826,027	New
EZ13292801B	Lancaster	\$144,000,000	321	\$371,828,708	New
EZ13302851	Laurens	\$9,100,000	45	\$54,748,632	Expansion
EZ13302861	Laurens	\$13,165,000	40	\$51,411,723	Expansion
EZ13372827	Oconee	\$24,682,913	105	\$96,906,673	Expansion
EZ13372854	Oconee	\$29,527,000	125	\$133,311,049	Expansion
EZ13402767	Richland	\$12,260,000	132	\$136,625,871	New
EZ13402850	Richland	\$90,000,000	60	\$140,210,281	Expansion
EZ13422784	Spartanburg	\$3,600,000	80	\$65,652,493	New
EZ13422799	Spartanburg	\$2,750,000	36	\$48,928,351	New
EZ13462817	York	\$12,075,000	153	\$140,445,784	New
EZ13462840	York	\$3,181,706	140	\$275,458,191	New

**ENTERPRISE ZONE PROGRAM  
FINAL REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2013**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
3D Systems, Inc.	York	\$122,524,513
Amazon.com.dedc LLC	Lexington	\$1,071,628,797
American Credit Acceptance, LLC	Spartanburg	\$384,528,129
BMW Manufacturing Co., LLC	Spartanburg	\$940,112,989
BMW Manufacturing Co., LLC	Spartanburg	\$704,906,163
BorgWarner Inc.	Oconee	\$45,194,159
Bridgestone Americas Tire Operations, LLC	Aiken	\$519,064,104
Bridgestone Americas Tire Operations, LLC	Aiken	\$592,736,332
Bridgestone Americas Tire Operations, LLC	Aiken	\$476,375,931
Confluence Holding Corporation	Greenville	\$89,944,512
Continental American Insurance Company	Richland	\$442,980,326
Continental Tire the Americas, LLC	Sumter	\$151,875,222
Cummins, Inc.	Charleston	\$71,693,773
Flame Spray North America, Inc.	Laurens	\$64,205,053
Greenfield Industries, Inc.	Oconee	\$90,804,070
Harbor Freight Tools Texas, LP	Dillon	\$119,099,124
Highland Baking Company	Spartanburg	\$69,006,231
Kongsberg Actuation Systems II, Inc.	Pickens	\$171,949,852
MTU America Inc.	Aiken	\$73,791,054
Naturally Advanced Technologies, Inc.	Florence	\$24,931,840
Nephron Pharmaceuticals Corporation	Lexington	\$627,758,503
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Nutramax Laboratories, Inc.	Lancaster	\$37,985,438
Nutramax Laboratories, Inc.	Lancaster	\$59,511,407
Nutramax Manufacturing, Inc.	Lancaster	\$47,918,026
Nutramax Manufacturing, Inc.	Lancaster	\$47,271,506
Physicians Choice Laboratory Services, LLC	York	\$402,413,948
RBUS, Inc.	Lancaster	\$563,043,373
RBUS, Inc.	Lancaster	\$133,192,764
Spirax Sarco, Inc.	Richland	\$36,205,402
Sportsman Boats Manufacturing, Inc.	Dorchester	\$23,553,416
TD Bank, N.A.	Greenville	\$1,286,001,908
Uniscite Inc.	Laurens	\$142,737,908
Watson Engineering, Inc.	Anderson	\$65,537,907

**ENTERPRISE ZONE PROGRAM  
5-YEAR RETRAINING AGREEMENTS  
CALENDAR YEAR 2013 APPROVALS**

COMPANY NAME	COUNTY	EMPLOYEES ELIGIBLE TO BE RETRAINED DURING 5-YEAR AGREEMENT
Argos Cement LLC	Dorchester	75
BorgWarner Inc.	Oconee	296
CompX National	Greenville	168
Domtar Paper Company	Marlboro	256
Giant Cement Holding, Inc.	Dorchester	92
Intertape Polymer Group	Richland	162
KapStone Charleston Kraft, LLC	Charleston	741
Kraft Foods Group (Louis Rich)	Newberry	2,000
MeadWestvaco	Charleston	135
Scout Boats, Inc.	Dorchester	110