

**South Carolina
Coordinating Council for
Economic Development**

**2015 Annual Report of
Enterprise Zone Activity**

May 2016

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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. 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 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 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*

2015 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 2015. Rick Reames, III, was appointed Director of the SC Department of Revenue by Governor Haley in July 2014, and chaired the Enterprise Committee throughout 2015. The Secretary of Transportation for the SC Department of Transportation, the Chairman of the Board of Directors of the Jobs Economic Development Authority, and the Chairman of the Board of Directors of the State Ports Authority each changed in 2015.

Council membership after all changes in calendar year 2015 was as follows:

Robert M. Hitt III	Secretary 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 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
Jill Longshore	Data Coordinator, CCED Grant Program

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 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 his positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2015.

PERCENTAGE OF TAXABLE WAGES COMPANIES MAY CLAIM AS A JOB DEVELOPMENT CREDIT 2015	
Hourly Wage	Maximum % Claimed as JDC
\$9.63 - \$12.82 / hour	2%
\$12.83 - \$16.03 / hour	3%
\$16.04 - \$24.06 / hour	4%
\$24.07 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.

2015 ACCOMPLISHMENTS

During calendar year 2015, 60 companies were approved for the Job Development Credit Program for 79 total projects, and these companies have made initial commitments to create 13,244 new jobs and to invest \$3.3 billion in capital land, building or equipment. The projected

10-year net economic benefit is \$15.3 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

SUMMARY OF 2015 ENTERPRISE ZONE PROGRAM ACTIVITY

SOUTH CAROLINA ENTERPRISE PROGRAM 2015 PROJECT APPROVALS	
JOB DEVELOPMENT CREDITS:	
Number of Approved Projects	79
Projected Jobs	13,244
Projected Capital Investment	\$3,289,738,736
Net Economic Benefit (over 10 years)	\$15,318,144,197

2015 ENTERPRISE ZONE RECEIPTS & EXPENDITURES JANUARY 1, 2015 – DECEMBER 31, 2015	
RECEIPTS:	
Application & Renewal Fees*	\$610,450
<i>* Fees are split between the Coordinating Council and the SC Department of Revenue. Total Coordinating Council share was \$460,950.</i>	
EXPENDITURES:	
Coordinating Council Personnel & Administration	\$ 557,813

Summary of 2015 Enterprise Zone Program Activity

2015 JOB DEVELOPMENT CREDIT PROJECTS BY COUNTY CLASSIFICATION			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	36	\$1,908,171,208	7,991
Tier II	16	\$417,709,996	1,911
Tier III	18	\$675,411,032	2,841
Tier IV	9	\$288,446,500	501
TOTALS	79	\$3,289,738,736	13,244

2015 JOB DEVELOPMENT CREDIT PROJECTS BY PROJECT TYPE			
PROJECT TYPE	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Corporate HQ/Office	8	\$279,405,684	1,029
Distribution	4	\$252,008,732	380
Manufacturing	54	\$2,597,955,076	9,213
Processing	1	\$1,500,000	40
Research & Development	2	\$67,920,000	141
Qualifying Service-Related	10	\$90,949,244	2,441
TOTALS	79	\$3,289,738,736	13,244

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2015 APPROVALS**

Note: Not all projects have been announced

PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10-YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ1501 3027	Abbeville	\$2,300,000	40	\$31,615,897	Manufacturing
EZ1502 2976	Aiken	\$18,800,000	100	\$161,242,637	Manufacturing
EZ1502 2992	Aiken	\$28,950,000	70	\$77,841,479	Manufacturing
EZ1504 2965	Anderson	\$86,339,732	216	\$259,627,757	Distribution
EZ1505 2960	Bamberg	\$23,250,000	28	\$41,906,431	Manufacturing
EZ1506 2973	Barnwell	\$199,000,000	87	\$246,185,120	Manufacturing
EZ1508 2967	Berkeley	\$25,000,000	27	\$26,142,570	Distribution
EZ1508 2979A	Berkeley	\$100,000,000	450	\$4,327,816,670	Manufacturing
EZ1508 2979B	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979C	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979D	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979E	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979F	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979G	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979H	Berkeley	\$100,000,000	450	<i>Included in "A" above</i>	Manufacturing
EZ1508 2979I	Berkeley	\$114,000,000	200	<i>Included in "A" above</i>	Corporate HQ
EZ1508 2979J	Berkeley	\$64,500,000	150	<i>Included in "A" above</i>	Corporate HQ
EZ1508 3001	Berkeley	\$9,722,000	50	\$54,768,425	Manufacturing
EZ1510 2962A	Charleston	\$184,000,000	600	\$730,102,642	Manufacturing
EZ1510 2962B	Charleston	\$124,000,000	400	\$378,084,065	Manufacturing
EZ1510 2962C	Charleston	\$92,000,000	300	\$277,458,669	Manufacturing
EZ1510 2985	Charleston	\$65,000,000	98	\$239,668,476	Research & Development
EZ1510 3003	Charleston	\$12,000,000	138	\$248,481,360	Corporate HQ
EZ1510 3022A	Charleston	\$37,864,000	400	\$331,959,668	Service Related
EZ1510 3022B	Charleston	\$37,864,000	164	<i>Included in "A" above</i>	Service Related
EZ1511 2981	Cherokee	\$129,800,000	75	\$230,658,022	Distribution
EZ1512 2995A	Chester	\$56,599,000	113	\$356,021,198	Manufacturing
EZ1512 2995B	Chester	\$56,597,000	187	<i>Included in "A" above</i>	Manufacturing
EZ1513 2966	Chesterfield	\$2,608,000	50	\$42,039,998	Manufacturing
EZ1513 3024	Chesterfield	\$7,300,000	92	\$67,621,649	Manufacturing
EZ1513 3039	Chesterfield	\$10,869,000	62	\$62,955,957	Distribution
EZ1520 2949	Fairfield	\$110,000,000	54	\$133,568,274	Manufacturing
EZ1521 3011	Florence	\$30,000,000	250	\$201,027,997	Manufacturing
EZ1522 3025	Georgetown	\$10,961,001	102	\$147,076,081	Manufacturing
EZ1523 2933	Greenville	\$18,700,000	150	\$244,622,674	Service Related
EZ1523 2957	Greenville	\$7,481,244	150	\$202,756,058	Service Related
EZ1523 2968	Greenville	\$10,400,000	45	\$63,422,169	Manufacturing
EZ1523 2972	Greenville	\$11,000,000	50	\$74,468,607	Service Related

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PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10-YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ1523 2974	Greenville	\$51,446,919	153	\$176,557,963	Manufacturing
EZ1523 2977	Greenville	\$26,200,000	119	\$135,938,936	Manufacturing
EZ1523 2988	Greenville	\$1,750,000	27	\$66,801,358	Service Related
EZ1523 2999	Greenville	\$44,020,000	78	\$123,013,228	Manufacturing
EZ1523 3012	Greenville	\$4,550,000	28	\$35,203,460	Manufacturing
EZ1523 3013	Greenville	\$5,740,142	102	\$133,058,241	Corporate Office
EZ1523 3020	Greenville	\$15,450,000	80	\$783,209	Manufacturing
EZ1523 3028A	Greenville	\$9,432,701	75	\$289,185,104	Corporate Office
EZ1523 3028B	Greenville	\$9,432,701	75	<i>Included in "A" above</i>	Corporate Office
EZ1525 3016	Hampton	\$4,910,000	37	\$45,874,980	Manufacturing
EZ1528 2993	Kershaw	\$72,134,500	410	\$367,610,305	Manufacturing
EZ1429 2926A	Lancaster	\$2,920,000	43	\$65,536,699	Research & Development
EZ1429 2926B	Lancaster	\$12,080,000	82	\$64,774,525	Manufacturing
EZ1529 3010A	Lancaster	\$55,000,000	1500	\$1,536,590,027	Service Related
EZ1529 3010B	Lancaster	\$7,500,000	250	<i>Included in "A" above</i>	Service Related
EZ1529 3010C	Lancaster	\$15,000,000	500	<i>Included in "A" above</i>	Service Related
EZ1529 3010D	Lancaster	\$25,000,000	500	<i>Included in "A" above</i>	Service Related
EZ1529 3026	Lancaster	\$4,194,032	25	\$28,532,733	Manufacturing
EZ1529 3041	Lancaster	\$5,903,000	150	\$175,544,097	Corporate HQ
EZ1430 2953	Laurens	\$4,400,000	35	\$35,267,651	Manufacturing
EZ1534 2896	Marion	\$1,500,000	40	\$32,881,724	Processing
EZ1436 2947	Newberry	\$3,463,000	168	\$136,464,122	Manufacturing
EZ1538 2929	Orangeburg	\$10,800,000	50	\$45,563,222	Manufacturing
EZ1538 2948	Orangeburg	\$37,500,000	75	\$101,375,330	Manufacturing
EZ1538 3018	Orangeburg	\$19,500,000	12	\$33,590,884	Manufacturing
EZ1539 3033	Pickens	\$30,000,000	130	\$109,023,830	Manufacturing
EZ1539 3034	Pickens	\$15,000,000	80	\$134,397,301	Manufacturing
EZ1542 2978	Spartanburg	\$66,000,000	150	\$245,335,340	Manufacturing
EZ1542 2983	Spartanburg	\$10,000,000	100	\$97,032,927	Manufacturing
EZ1542 2994	Spartanburg	\$11,547,634	20	\$30,884,361	Manufacturing
EZ1542 3002	Spartanburg	\$42,400,000	50	\$73,036,224	Manufacturing
EZ1542 3029	Spartanburg	\$5,740,000	30	\$41,064,809	Manufacturing
EZ1542 3032A	Spartanburg	\$49,113,500	120	\$166,532,333	Manufacturing
EZ1542 3032B	Spartanburg	\$7,686,500	242	\$369,989,590	Manufacturing
EZ1543 2744D	Sumter	\$190,000,000	400	\$516,827,552	Manufacturing
EZ1544 2959	Union	\$18,509,500	40	\$66,569,938	Manufacturing
EZ1545 2958	Williamsburg	\$20,500,000	65	\$62,430,774	Manufacturing
EZ1546 2998	York	\$1,500,000	30	\$87,585,020	Manufacturing

**ENTERPRISE ZONE PROGRAM
PRELIMINARY REVITALIZATION AGREEMENTS
CALENDAR YEAR 2015 APPROVALS**

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PROJECT NUMBER	COUNTY	PROJECTED INVESTMENT	PROJECTED JOBS	PROJECTED 10-YEAR NET ECONOMIC BENEFIT	PROJECT TYPE
EZ1546 3031	York	\$8,897,140	139	\$206,657,585	Corporate Office
EZ1546 3037	York	\$36,522,490	105	\$122,564,691	Manufacturing
EZ1546 3045	York	\$13,500,000	81	\$98,924,348	Manufacturing

**ENTERPRISE ZONE PROGRAM
FINAL REVITALIZATION AGREEMENTS
CALENDAR YEAR 2015**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
A. L. Industries, Inc.	Spartanburg	\$65,652,493
Agru America, Inc.	Williamsburg	\$64,975,809
Benefitfocus.com, Inc.	Berkeley	\$631,620,452
BOMAG Americas, Inc.	Fairfield	\$144,565,059
Bosch Rexroth Corporation	Greenville	\$186,765,825
CeramTec North America Corporation	Laurens	\$51,411,723
E & I Engineering USA Corporation	Anderson	\$127,842,795
Edgewater Automation, LLC	Spartanburg	\$48,928,351
Esurance Insurance Services, Inc.	Greenville	\$289,094,999
GE Gas Turbines (Greenville) LLC	Greenville	\$176,332,643
LPL Financial LLC	York	\$842,936,046
LPL Financial LLC	York	\$1,047,302,650
LPL Financial LLC	York	\$3,782,887,246
Michelin North America, Inc.	Anderson	\$134,153,401
Nestle Waters North America, Inc.	Chesterfield	\$68,240,180
New South Lumber Companies, Inc.	Horry	\$68,195,323
Plastic Products Company, Inc.	Oconee	\$54,050,262
RBUS, Inc.	Lancaster	\$220,309,255
RBUS, Inc.	Lancaster	\$226,030,451
RBUS, Inc.	Lancaster	\$260,687,731
RBUS, Inc.	Lancaster	\$260,687,731
Ruhlmat America, Inc.	Greenville	\$53,597,280
Scout Boats, Inc.	Dorchester	\$70,266,305
UC Synergetic, LLC	York	\$266,491,854
Westinghouse Electric Company, LLC	York	\$84,689,227