

# NORTH CAROLINA INCENTIVES

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# OVERVIEW

Targeted, performance-based incentive programs complement North Carolina's competitive cost structure. Program eligibility and incentive value depend on factors including the tier ranking of the county in which a project is considering locating, the number of net new jobs proposed, the wages of those jobs and the proposed capital investment.

This incentive brochure is a valuable starting point to understanding the state's incentive programs. The Economic Development Partnership of North Carolina will assist companies in navigating the incentive process.

For more information about North Carolina's incentive programs, contact the **Economic Development Partnership of North Carolina** at **919.447.7744** or **clientservices@edpnc.com**.

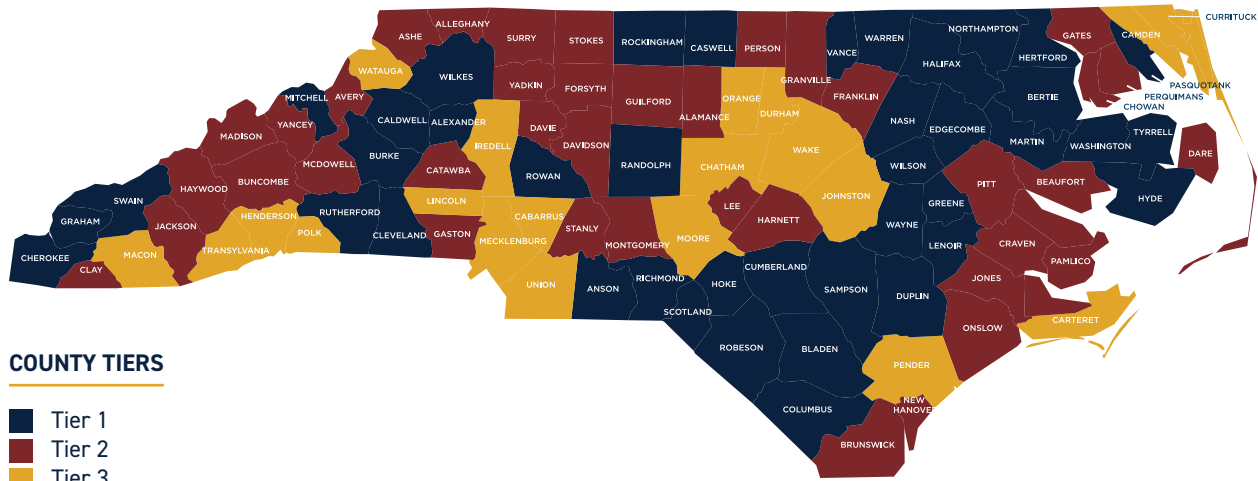
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# COUNTY TIER SYSTEM



# COUNTY TIER MAP

Every year, the North Carolina Department of Commerce assigns each county a tier designation and ranks the state's 100 counties based on economic well-being. The 41 most distressed counties are designated as Tier 1, the next 39 as Tier 2 and the 20 least distressed as Tier 3. The Department of Commerce incorporates the tier system into many of its incentive programs to encourage economic activity in less prosperous areas of the state. For more information about county tier designations, visit the North Carolina Department of Commerce's website.



## TIER 1

- Alexander
- Anson
- Bertie
- Bladen
- Burke
- Caswell
- Cherokee
- Cleveland
- Columbus
- Cumberland
- Duplin
- Edgecombe
- Graham
- Greene
- Halifax
- Hertford
- Hoke
- Hyde
- Lenoir
- Martin
- Mitchell
- Nash
- Northampton
- Pasquotank
- Randolph
- Richmond
- Robeson
- Rockingham
- Rowan
- Rutherford
- Sampson
- Scotland
- Swain
- Tyrrell
- Vance
- Warren
- Washington
- Wayne
- Wilkes

## TIER 2

- Alleghany
- Alamance
- Ashe
- Avery
- Beaufort
- Buncombe
- Brunswick
- Caldwell
- Catawba
- Chowan
- Clay
- Craven
- Dare
- Davidson
- Davie
- Forsyth
- Franklin
- Gaston
- Gates
- Granville
- Guilford
- Harnett
- Jackson
- Jones
- Lee
- Madison
- McDowell
- Montgomery
- New Hanover
- Onslow
- Pamlico
- Perquimans
- Person
- Pitt
- Stanly
- Stokes
- Surry
- Yadkin
- Yancey

## TIER 3

- Cabarrus
- Camden
- Carteret
- Chatham
- Currituck
- Durham
- Henderson
- Iredell
- Johnston
- Lincoln
- Macon
- Mecklenburg
- Moore
- Orange
- Pender
- Polk
- Transylvania
- Union
- Wake
- Watauga

# DISCRETIONARY GRANTS



# JOB DEVELOPMENT INVESTMENT GRANT (JDIG)

## Program Description

The Job Development Investment Grant (JDIG) is a performance-based, discretionary incentive program that provides cash grants directly to new and expanding companies to help offset the cost of locating or expanding a facility in the state. The amount of the grant is based on a percentage of the personal income tax withholdings associated with the new jobs.

The amount of a JDIG award is calculated by weighing a number of factors to determine its potential value, including the location of the project, the county tier designation, the number of net new jobs, the wages of the jobs compared to the county average wage, the level of investment and whether the industry is one of the state's targeted industry sectors. Grant funds are disbursed annually, for up to 12 years, to approved companies following the satisfaction of performance criteria set out in grant agreements.

For projects located in a Tier 3 county, 75% of the annual grant is paid to the company and 25% is transferred into the Utility Account, a state program to fund infrastructure projects in Tier 1 and Tier 2 counties. For projects located in a Tier 2 county, 90% of the annual grant is paid to the company and 10% is transferred to the Utility Account. For projects located in a Tier 1 county, 100% of the annual grant is paid to the company.

JDIG has a High-Yield Project (HYP) provision for any company that creates 1,750 jobs and invests \$500 million, which can provide a grant worth up to 90% of personal income withholdings for up to 20 years.

JDIG also has a Transformative Project provision for any company that creates 3,000 jobs and invests \$1 billion, which can provide a grant worth up to 90% of personal income withholdings for up to 30 years.

## Eligible Uses

There are no restrictions on the use of JDIG funds. The company can use JDIG funds for any purpose.

## Basic Requirements for Eligibility

In order for a project to be considered for JDIG, the following criteria must be met:

- The project must be competitive with locations outside North Carolina and remain competitive until the grant is formally awarded.
- The project results in a net increase in the company's employment in North Carolina. JDIG cannot be used to incent job retention.
- The project increases opportunities for employment and strengthens the state's economy.
- The project is consistent with the economic development goals of the state and of the area in which it is located.
- The project must meet the county average wage requirement.
- The grant must be necessary for the completion of the project in North Carolina.
- The benefits to the state outweigh the costs, rendering the grant appropriate for the project.
- The company must provide health insurance and pay at least 50% of the premiums for participating employees.
- The company must meet statutory occupational safety and environmental compliance requirements.
- For a project in a Tier 3 county, the local government(s) must provide incentives.

A five-member Economic Investment Committee (EIC) evaluates projects and makes decisions regarding JDIG awards. The North Carolina Department of Commerce administers the program on behalf of the EIC. Grant applicants are required to pay a \$10,000 nonrefundable fee with the submission of a completed application for projects that locate in a Tier 3 area, \$5,000 if the project locates in a Tier 2 area, and \$1,000 if the project locates in a Tier 1 area. Grant recipients are also required to pay an annual fee with the submission of each annual report, when filed with the Department of Commerce. The annual fee amount is the greater of \$2,500 or .03% of the grant amount awarded to the company. The amount of a grant associated with any specific position may not exceed \$16,000 in any year. North Carolina statute requires that the company maintain operations at the project location, or at another approved site in North Carolina, for at least 150% of the term of the grant.

## Contact

For more information about the Job Development Investment Grant or information regarding a new company location or expansion project, contact the **Economic Development Partnership of North Carolina at 919.447.7744 or [clientservices@edpnc.com](mailto:clientservices@edpnc.com)**.

# ONE NORTH CAROLINA FUND (ONENC)

## Program Description

The One North Carolina Fund (OneNC) is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The North Carolina Department of Commerce administers OneNC on behalf of the Governor. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project and the importance of the project to the state and region.

Awards are allocated to local governments as part of a negotiated challenge grant. By statute, OneNC requires that a local government provide an incentive to match the OneNC funding. The required local match depends on the tier designation of the county. In a Tier 1 county, the local government must provide no less than one dollar for every three dollars provided by OneNC. In a Tier 2 county, the local government must provide no less than one dollar for every two dollars provided by OneNC. In a Tier 3 county, the local government must provide no less than one dollar for every dollar provided by OneNC.

## Eligible Uses

Funds awarded to a company must be used for:

- Installation or purchase of equipment
- Structural repairs, improvements or renovations of existing buildings
- Construction of or improvements to water, sewer, gas or electric utility distribution lines or associated equipment for existing buildings
- Construction of or improvements to water, sewer, gas or electric utility distribution lines or associated equipment for new or proposed buildings to be used for manufacturing and industrial operations

## Basic Requirements for Eligibility

In order for a project to be considered for OneNC, the following criteria must be met:

- The project must be competitive with locations outside North Carolina and remain competitive until the grant is formally awarded.
- The project must meet the county average wage requirement.
- The local government must match the grant via cash, fee waivers, in-kind services, infrastructure improvement or donations of land, buildings or other assets.
- The company must provide health insurance and pay at least 50% of the premiums for participating employees.
- The company must meet statutory occupational safety and environmental compliance requirements.

Applications are accepted on an ongoing basis and subject to availability of funds. The North Carolina Department of Commerce reviews applications and makes recommendations for funding to the Governor. OneNC funding is dispersed in 25% increments as the company creates new jobs. For instance, if a company commits to creating 100 jobs over three years, as soon as the company has created the first 25 jobs, it is eligible to receive 25% of the award. North Carolina statute requires that the company maintain at least 90% of the new jobs in operation at the project location, or at another approved site in North Carolina, for a period of up to two years after the grant end date.

## Contact

For more information about the One North Carolina Fund or information regarding a new company location or expansion project, contact the **Economic Development Partnership of North Carolina at 919.447.7744 or [clientservices@edpnc.com](mailto:clientservices@edpnc.com)**.



# BUILDING REUSE



# COMMUNITY DEVELOPMENT BLOCK GRANT, BUILDING REUSE (CDBG BUILDING REUSE)

## Program Description

The Community Development Block Grant, Building Reuse Program (CDBG Building Reuse) is administered by the North Carolina Department of Commerce; it provides funds to renovate and upfit vacant industrial and commercial buildings for economic development purposes. CDBG Building Reuse grants are available to local government applicants that work in conjunction with a company intending to operate in a vacant building. The company's new or expanding operations must result in the creation of permanent, full-time jobs.

Under the authority of Title I of the U.S. Housing and Community Development Act of 1974 (as amended), the CDBG Building Reuse Program in North Carolina is designed to benefit low- and moderate-income persons through job creation. Funding eligibility is contingent upon the creation of permanent, full-time jobs meeting the following qualifying condition: at least 60% must be made available to persons whose household income over the previous 12 months was less than 80% of the median income for the area. For purposes of the CDBG Building Reuse Program, income eligibility is determined from data published annually for the Section 8 housing program of the U.S. Department of Housing and Urban Development (HUD).

A CDBG Building Reuse award can be up to \$750,000 per local government. The local government must provide at least one dollar for every dollar provided by CDBG Building Reuse. Matching funds may come from the building owner or from the project company.

## Eligible Uses

Eligible expenses incurred after a grant has been awarded include: materials and labor to install HVAC, electrical, plumbing, fire alarm/suppression system, roofing, flooring, carpentry, drywall, paint and other renovation or upfitting costs.

Prohibited costs that may not be submitted for reimbursement or to meet the matching funds requirement include: building purchase, architectural costs, engineering costs, permit fees, surveys, legal fees, machinery and equipment, telephone hardware and software, computer hardware and software, furnishings, paving, fencing, kitchen equipment and refrigeration equipment.

## Basic Requirements for Eligibility

CDBG Building Reuse projects must involve specific CDBG Building Reuse-eligible activities that will create or retain private-sector full-time jobs. All counties in North Carolina, except for Wake, Mecklenburg and Cumberland, and all municipalities except for 24 entitlement communities, are eligible to apply for CDBG Building Reuse funding.

Entitlement communities that receive CDBG Building Reuse Program funds directly from HUD are Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Monroe, Morganton, New Bern, Raleigh, Rocky Mount, Salisbury, Wilmington and Winston-Salem. The town of Holly Springs in Wake County and the town of Linden in Cumberland County opted to participate in the statewide CDBG Building Reuse Program rather than that grant's entitlement community program. For this reason, they receive funding through the statewide CDBG Building Reuse Program.

To be eligible, documentation must be provided showing the building has been vacant 30 consecutive days or more prior to the date of the pre-application conference.

# RURAL DIVISION, BUILDING REUSE PROGRAM

## Program Description

The Building Reuse Program is administered by the Rural Division of the North Carolina Department of Commerce; it provides grants to local governments for two purposes: the renovation of vacant buildings and the renovation or expansion of a building occupied by an existing North Carolina company wishing to expand in its current location.

## Vacant Building

Grants are available to support vacant building renovation. A speculative building that has never been occupied is not eligible unless it is at least five years old. Eligible buildings must have been vacant for at least three months prior to the application deadline.

## Existing Building

Grants are available to support the renovation or expansion of buildings occupied by a company operating in North Carolina for at least 12 months.

## Eligible Uses

Eligible expenses incurred after a grant has been awarded include: materials and labor to install HVAC, electrical, plumbing, fire alarm/suppression system, roofing, flooring, carpentry, drywall, paint and other renovation or upfitting costs.

Prohibited costs that may not be submitted for reimbursement or to meet the matching funds requirement include: building purchase, architectural costs, engineering costs, permit fees, surveys, legal fees, machinery and equipment, telephone hardware and software, computer hardware and software, furnishings, paving, fencing, kitchen equipment and refrigeration equipment.

## Basic Requirements for Eligibility

Eligible applicants are local governments located in a Tier 1 or Tier 2 county. In Tier 1 or Tier 2 counties, priority will be given to towns or communities with populations of fewer than 5,000.

The local government must contribute at least 5% of the total eligible expenditures. The cash match must come from local government resources and may not be derived from other state or federal grant funds.

# PUBLIC INFRASTRUCTURE



# COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, ECONOMIC DEVELOPMENT (CDBG ED)

## Program Description

The Community Development Block Grant, Economic Development Program (CDBG ED) is administered by the North Carolina Department of Commerce; it provides grants to local governments for public infrastructure development. Funds are administered based on an annual federal allocation to North Carolina from the U.S. Department of Housing and Urban Development (HUD) and are made available to most local governments for economic development projects. Companies cannot apply directly for this funding, but instead work collaboratively with a local government applicant.

Under the authority of Title I of the U.S. Housing and Community Development Act of 1974 (as amended), the CDBG ED Program in North Carolina is designed to benefit low- and moderate-income persons through job creation. Funding eligibility is contingent upon the creation of permanent, full-time jobs meeting the following qualifying condition: at least 60% must be made available to persons whose household income over the previous 12 months was less than 80% of the median income for the area. For purposes of the CDBG ED Program, income eligibility is determined from data published annually for HUD's Section 8 housing program.

## Eligible Uses

CDBG ED provides funding for the construction of public infrastructure to a site, in order to enable a company to locate or expand. Eligible uses include:

- Upgrade or repair of public drinking water or wastewater treatment plants
- Upgrade, extension or repair of public water or sewer lines
- Extension of publicly owned natural gas lines (with an executed pipeline construction, operating and resale agreement)
- Installation or extension of public broadband infrastructure
- Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation
- Construction of public rail spur improvements

## Basic Requirements for Eligibility

All counties in North Carolina, except for Wake, Mecklenburg and Cumberland, and all municipalities, except for 24 entitlement communities, are eligible to apply for CDBG ED funding.

Entitlement communities that receive CDBG ED Program funds directly from HUD are Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Monroe, Morganton, New Bern, Raleigh, Rocky Mount, Salisbury, Wilmington and Winston-Salem. The town of Holly Springs in Wake County and the town of Linden in Cumberland County opted to participate in the statewide CDBG ED Program rather than that grant's entitlement community program. For this reason, they receive funding through the statewide CDBG ED Program.

CDBG ED funding will **NOT** be made available to projects that:

- Assist companies that transfer jobs within the state or from another state, unless the company is expanding into the new area by adding a branch, affiliate or subsidiary while maintaining employment levels an existing facility. Jobs that are transferred from other facilities may not be counted toward the job-creation commitment;
- Assist not-for-profit companies or organizations;
- Propose to assist companies that are in bankruptcy, or
- Assist sports teams, including motorsports.

In addition, any one of the following situations would render a company ineligible for CDBG ED funding, if it occurred prior to the grant award:

- Execution of construction contracts;
- Placement of equipment purchase orders for the project site;
- Execution of a binding option for the purchase of an existing facility with a deposit that is so large that the option constitutes a sales contract;
- Execution of sales contracts without a condition contingency for CDBG ED funding, or the
- Public announcement of a project that includes no expression of the need for CDBG ED participation, unless previously approved by CDBG ED staff.

# UTILITY ACCOUNT

## Program Description

North Carolina's Utility Account provides infrastructure grants to local governments in Tier 1 and Tier 2 counties. The North Carolina Department of Commerce administers the Utility Account. All applications are reviewed and approved by the Secretary of Commerce.

Grant amounts depend on funding availability and each project's relative merits. Grants are awarded to local governments for infrastructure improvements that are publicly owned and maintained. The applicant must demonstrate that the project is expected to lead to job creation in the near future.

Utility Account grants require a local match of at least one dollar for every three dollars awarded by the Utility Account. However, no local match is required in the state's 25 most-distressed counties. Federal or state grant funds may not be used for the local match.

## Eligible Uses

The Utility Account provides funding for the construction of public infrastructure to a site in order to enable a company to locate or expand. Eligible uses include:

- Upgrade or repair of public drinking water or wastewater treatment plants
- Upgrade, extension or repair of public water or sewer lines
- Extension of publicly owned natural gas lines (with an executed pipeline construction, operating and resale agreement)
- Installation or extension of public broadband infrastructure
- Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation
- Construction of public rail spur improvements

## Basic Requirements for Eligibility

In order to be eligible for funding from the Utility Account, the Secretary of Commerce must determine that:

The project is in a Tier 1 or Tier 2 county;

- Jobs created (in no more than three years) will have a measurable, favorable impact on the project's immediate location and will be commensurate with the size of the grant. The application must show the number and types of jobs to be created;
- Applicant has demonstrated capability to operate the facility;
- Funding will not result in abandonment of an existing facility, except for obsolescence, lack of labor or site limitations, and
- The proposed project will not have a significant adverse effect on the environment.

# RURAL DIVISION, ECONOMIC INFRASTRUCTURE PROGRAM

## Program Description

The Economic Infrastructure Program is administered by the Rural Division of the North Carolina Department of Commerce; it provides grants to local governments to assist with public infrastructure projects that will lead to the creation of new, full-time jobs.

Funding levels are based on the criteria below, as long as a sufficient number of jobs is committed to support the requested amount.

## Eligible Uses

The Economic Infrastructure Program provides funding for the construction of public infrastructure to a site, in order to enable a company to locate or expand. Eligible uses include:

- Upgrade or repair of public drinking water or wastewater treatment plants
- Upgrade, extension or repair of public water or sewer lines
- Extension of publicly owned natural gas lines (with an executed pipeline construction, operating and resale agreement)
- Installation or extension of public broadband infrastructure
- Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation
- Construction of public rail spur improvements

## Basic Requirements for Eligibility

Eligible applicants are local governments in North Carolina. Priority is given to projects in a Tier 1 or Tier 2 county, or a rural census tract in a Tier 3 county.

# BUILDING DEMOLITION





# COMMUNITY DEVELOPMENT BLOCK GRANT, BUILDING DEMOLITION (CDBG BUILDING DEMOLITION)

## Program Description

The Community Development Block Grant, Building Demolition Program (CDBG Building Demolition) is administered by the North Carolina Department of Commerce; it is designed to fund the demolition of vacant and dilapidated industrial buildings and properties.

CDBG Building Demolition Program is designed to assist local governments in demolition projects that result in viable industrial or commercial sites. The demolition activity is expected to create a site at which it can reasonably be expected that new jobs will be created and private sector capital will be invested.

Although specific job creation is not required, the following conditions apply:

- When the demolition project involves a company's plan to construct a new building on a to-be-raised site, the CDBG Building Demolition Program will require an estimate of the number of employees it anticipates hiring.
- When the project involves demolition of a building only for future economic development—and when a business has not yet been identified to construct a new building and hire employees—the CDBG Building Demolition Program requires that the building targeted for demolition be located in a low and moderate income (LMI) census tract.

The local government must provide at least one dollar for every three dollars provided by CDBG Building Demolition.

## Eligible Uses

CDBG Building Demolition projects must involve demolition activities that aid in the prevention or elimination of slums or blight and lead to the creation of industrial sites. The demolition activity will be considered to address prevention of slums or blight in an area if: (1) The area, delineated by the unit of government, meets a definition of slum, blighted, deteriorated or deteriorating area under NC General Statute 160A-500 or (2) At least 25% of properties throughout the delineated area experience one or more of the following conditions: physical deterioration of buildings or improvements, abandonment of properties, chronic high vacancy rate in industrial buildings, abnormally low property values relative to other areas in the community, public improvements in the area are in a general state of deterioration, and known environmental contamination.

# COMMUNITY DEVELOPMENT BLOCK GRANT, BUILDING DEMOLITION (CDBG BUILDING DEMOLITION) CONT.

## Basic Requirements for Eligibility

All counties in North Carolina, except for Wake, Mecklenburg and Cumberland, and all municipalities except for 24 entitlement communities, are eligible to apply for CDBG Building Demolition Program funding.

Entitlement communities that receive CDBG Building Demolition Program funds directly from HUD are Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Monroe, Morganton, New Bern, Raleigh, Rocky Mount, Salisbury, Wilmington and Winston-Salem. The town of Holly Springs in Wake County and the town of Linden in Cumberland County opted to participate in the statewide CDBG Building Demolition Program rather than that grant's entitlement community program. For this reason, they receive funding through the statewide CDBG Building Demolition Program.

For CDBG Building Demolition projects, the local government must have control of the building proposed for demolition. The post-demolition use of the property cannot be used for parking, recreation, residential housing (single or multi-unit) or retail.

CDBG Building Demolition funding will NOT be made available to projects under the following circumstances:

- Projects that assist companies transferring jobs within the state or from another state, unless the company is expanding into the new area by adding a branch, affiliate or subsidiary while maintaining employment levels an existing facility. Jobs that are transferred from other facilities may not be counted toward the job-creation commitment;
- Projects assisting not-for-profit companies or organizations;
- Projects assisting companies that are in bankruptcy; or
- Projects assisting sports teams, including motorsports.
- Installation or extension of public broadband infrastructure
- Construction of publicly owned access roads not owned or funded by the North Carolina Department of Transportation
- Construction of public rail spur improvements

In addition, any one of the following situations would render a company ineligible for CDBG Building Demolition funding, if it occurred prior to the grant award:

- Execution of construction contracts;
- Placement of equipment purchase orders for the project site;
- Execution of a binding option for the purchase of an existing facility with a deposit that is so large that the option constitutes a sales contract;
- Execution of sales contracts without a condition contingency for CDBG Building Demolition funding; or
- Public announcement of a project that includes no expression of the need for CDBG Building Demolition participation, unless previously approved by CDBG Building Demolition staff.

# RURAL DIVISION, RURAL BUILDING DEMOLITION

## Program Description

Demolition Program is administered by the Rural Division of the North Carolina Department of Commerce; it provides grants to local governments to support the demolition of vacant buildings to encourage site rehabilitation and site availability for economic development purposes.

## Eligible Uses

The only eligible expense is building demolition and removal. Pre-development costs are not eligible for payment from the grant. Upon completion of the project, the property must be site ready for development. The site shall not be used for locating government/public, parking, recreation or housing facilities.

## Basic Requirements for Eligibility

Eligible applicants are local governments located in a Tier 1 or Tier 2 county, or a rural census tract in a Tier 3 county. In Tier 1 or Tier 2 counties, priority will be given to towns or communities with populations of fewer than 5,000. A rural census tract is an area having a population density of fewer than 500 people per square mile, according to the most recent decennial federal census. Rural census tract designations can be found on the AccessNC website.

The local government (“applicant”) must pass a resolution approving the demolition.

- If multiple political jurisdictions tax the property or building, all of the jurisdictions must pass a resolution approving the demolition.
- The applicant’s resolution should also include the commitment that the local government will not allow the property to be used for ineligible uses that include government/public, parking, recreation and housing for at least three years after the award date.

The building must have been vacant for three years prior to the proposed demolition.

The local government must have control of the property at the time of grant award, either through a contractual arrangement or ownership. The contractual arrangement should include a development agreement with the private property owner that disallows the property from being used for ineligible uses including government/public, parking, recreation and housing for three years from the grant award date.

The local government must contribute at least 25% of the total project cost as a cash match. The cash match must come from local government resources and may not be derived from other state or federal grant funds. If funds are awarded to the local government for a demolition project, certain pre-development expenditures made up to one year prior to the award date may be counted towards the local match requirement.

There must be a reasonable expectation of private sector investment and job creation at the rehabilitated site. Properties zoned for residential use are not eligible for this grant.

# TRANSPORTATION



# N.C. DEPARTMENT OF TRANSPORTATION, RAIL INDUSTRIAL ACCESS PROGRAM

## Program Description

The North Carolina Department of Transportation's (NCDOT) Rail Industrial Access Program uses state funds to help construct or refurbish railroad spur tracks required by a new or expanding company. Program funding is intended to modernize railroad tracks to ensure effective and efficient freight deliveries.

Project funding is contingent upon a company's receiving application approval prior to making a decision to locate or expand its facility in North Carolina. In addition, an award can be made only after confirmation of the availability of matching funds from private and/or local sources.

Local governments, community development agencies, railroads and companies themselves are eligible for funds to improve rail access. Approval depends on a variety of factors, including the number of potential new jobs that will be created, the amount of capital investment, rail use and local economic conditions.

Grant recipients may receive a maximum of 50% of total project costs, subject to a \$200,000 limit per project. Program funding is an incentive to encourage companies to locate or expand in North Carolina versus another state. Projects considering in-state locations only or those not anticipated to yield a significant economic impact do not qualify for funding.

## Eligible Uses

- Eligible project costs include:
- Engineering and design
- Site preparation, including grading and drainage
- Track construction
- Switches
- Grade crossings and signals

## Ineligible project costs include:

- Relocation of utilities
- Acquisition of right-of-way
- Unloading facilities

## Basic Requirements for Eligibility

The NCDOT's Rail Division evaluates each application and makes recommendations for funding to the N.C. Board of Transportation. The Board determines the amount of funds that will be awarded. While project applications are accepted on a rolling basis, the NCDOT must receive a completed application by the first of the month, in order for a project to be considered for Board approval the following month. For a complete list of policies and procedures, please visit the NCDOT's Rail Industrial Access Program website.

# NORTH CAROLINA RAILROAD COMPANY, NCRR INVESTS

## Program Description

The North Carolina Railroad Company (NCRR) NCRR Invests program provides assistance to companies that take advantage of the state's freight rail opportunities and create jobs by locating or expanding their company in North Carolina. The goal of any NCRR investment is to drive job creation and economic growth that would not necessarily take place otherwise.

## Investment Considerations

North Carolina Railroad Company will evaluate requests for investments in the engineering, design, construction or other costs associated with the rail infrastructure needs of a company's potential location or expansion. Eligible rail-related needs include, but are not limited to:

- Rights-of-way
- Design/Engineering
- Site grading & drainage for tracks
- Lead, siding & other railroad track construction
- Railroad signals
- Rail loading facilities

## Information Required for Project Submission

The following information is required for projects to be considered for NCRR Invests:

- Project Summary (e.g. job creation & investment schedules, wages, company overview, anticipated rail volume, etc.)
- Aerial of proposed rail layout on site(s) under consideration
- Cost estimate of rail infrastructure needs from rail operator or engineering firm

## About NCRR

The North Carolina Railroad Company ("NCRR") is a private corporation that owns and manages the 317-mile rail corridor stretching from Charlotte to the Port Terminal at Morehead City. The Company's stock shares are owned solely by the State of North Carolina and its mission is to develop the unique NCRR assets for the good of the people of North Carolina.

## Contact

For more information about the North Carolina Railroad Company's NCRR Invests Program, contact Anna Lea Moore at the North Carolina Railroad Company at **919.954.7601** or **annamoore@ncrr.com**.

# N.C. DEPARTMENTS OF COMMERCE AND TRANSPORTATION, JOINT ECONOMIC DEVELOPMENT PROGRAM

## Program Description

The North Carolina Department of Transportation (NCDOT) works closely with the North Carolina Department of Commerce to provide transportation improvements and infrastructure that will expedite industrial/commercial growth and provide new jobs or retain existing ones. Projects must be approved by both the Secretary of Transportation and the Secretary of Commerce.

Funds may be awarded up to \$2,500 per new job, with a \$400,000 limit per project. To be eligible for funding, the project must have met the following criteria:

- Right-of-way must be provided at no cost to the NCDOT;
- Utility relocations must be accomplished at no cost to the NCDOT;
- New access roads will be along an NCDOT-approved alignment serving multiple property owners or government-owned property. These new roads will become a part of the state highway system or serve as a public road maintained by a governmental agency, and
- New industrial access roads will terminate at the property line of the facility.

## Eligible Uses

- Funds may be used for:
- Highway projects
- Aviation projects at publicly owned airports
- Rail or marine public access projects

## Basic Requirements for Eligibility

Projects should contribute to economic growth and development by attracting new and expanding companies that will increase employment opportunities for North Carolina citizens.

# WORKFORCE DEVELOPMENT





# OVERVIEW

Among the most significant questions a company new to North Carolina or expanding in the state must address is how to attract and retain a qualified workforce. No state has greater long-term experience with successful workforce solutions than North Carolina. Its world-class educational system of colleges and universities ensures a robust pipeline of candidates in fields ranging from finance to nanotechnology. Its award-winning community college system provides state-of-the-art training customized to meet an employer's specific needs. North Carolina's workforce development system—one of the most comprehensive in the nation—brings employer and employees together by managing recruiting, screening and other necessary pre-employment assessments.

Talent acquisition and development in North Carolina is coordinated by a network of nationally recognized economic, education and workforce development organizations, including the state's Department of Commerce, public community college and university systems and a large cadre of private colleges and universities. On behalf of a company new to the state or expanding its existing footprint, this team can manage a customized plan for initial recruitment, personalized screening, pre-employment training and, ultimately, client-specific training.

Coordinating closely with the state's world-class research institutions and its 58 community colleges, North Carolina's workforce development program is well positioned to keep pace with new and advancing technologies. Its educational institutions produce a pipeline of graduates with a strong work ethic, high technical skills and knowledges and motivation guaranteed to ensure a company's success and ability to compete in a global economy.

# RECRUITING

At no charge, NCWorks Career Centers provide companies with an extensive network of recruiters and recruiting tools. These experienced specialists leverage resources to more efficiently and effectively identify qualified applicants.

## **Job awareness and outreach strategy**

Representatives work with a company to develop a coordinated communications and outreach strategy, crafting job opportunity public announcements and press releases and identifying target media outlets.

## **Online job postings**

Company job openings can be posted online, making them available at over 100 NCWorks Career Centers across the state. These vacancy announcements are also automatically sent to community college and university career centers, ensuring the broadest possible qualified labor pool.

## **Recruitment training video**

The North Carolina Community College System's Learning Solutions Center can produce an orientation and process overview video to be used during various recruitment activities. The video can also be uploaded to a company's website. The NCWorks website, which draws nearly 3 million visitors a month, can also feature the video.

## **Job fairs and on-campus recruiting**

Special events, including job fairs and on-campus recruiting, provide excellent access to targeted talent pools and offer the opportunity to preview the quality of that potential workforce.

## **Additional services**

Other talent acquisition services available include basic community orientation for those moving to the state and diversity and campus recruitment proposals.

# NCWORKS CAREER CENTERS

## NCWorks Career Centers

Primarily at no charge, NCWorks Career Centers offer a variety of employment services that help companies find employees with the required skills.

### Services available at NCWorks Career Centers:



Computer Access



Job opening postings



Job applicant screening



Qualified candidate referrals



Space for applicant interviews



Job fair arrangement



Reference library for use by companies



Information on local labor market, prevailing wages, etc.



Employer workshops on a variety of topics

## SCREENING

Available screening services can trim considerable time from the staffing process. Screening services provided at no charge include:

### Application screening

NCWorks Career Centers can manage applicant flow through web-based screening, using candidate questionnaires or telephone/face-to-face interviews with candidates.

### Employment consultants

Using job requirements developed by the company, professional employment consultants can screen applicants to ensure that the company talks only to those individuals who meet the company's qualifications.

### Facilities and equipment

Community college and university career centers, as well as NCWorks Career Centers, can provide facilities and office equipment to conduct job fairs, applicant interviews, group orientation and training.

### Testing

Experienced staff can make a variety of recommendations regarding test selection and implementation, including: employment testing issues, test locators, medical exams, achievement tests, aptitude tests, personality tests, selection of non-biased and reliable tests, drug tests, polygraph testing and criminal background checks.

# CUSTOMIZED TRAINING

## Assessments

Working with a company's human resources team, certified job profilers use nationally recognized work classification programs to create task lists, perform skills analysis and develop customized position descriptions.

## Pre-employment Training

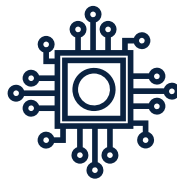
The overall focus of preemployment training is to provide both the candidate and the company an opportunity to assess each other and determine if there is a good match for a long-term relationship. Participating with the knowledge that there is neither a guarantee of a job offer nor an obligation to accept a job offer, candidates are afforded a realistic job preview. For a company, this program provides the opportunity to articulate its philosophy to potential candidates and observe them during structured working scenarios.

## North Carolina Community College Customized Training Program

North Carolina pioneered free and customized job training for companies new to the state and those already established here that are experiencing job growth. Sponsored by the state's 58 community colleges, the Customized Training Program can support any full-time production, technology support or direct customer service positions created in North Carolina. Services provided include training assessment, coursework design, training delivery and related instructional costs. The Customized Training Program is designed to support three key aspects of a company's well-being:



Job Growth



Technology Investment



Productivity Enhancement

## CUSTOMIZED TRAINING CONT.

Companies eligible for this program include manufacturers, technology-intensive operations, i.e., information technology, life sciences, etc., regional or national warehousing and distribution centers, customer support centers, air courier services or national headquarters with operations outside North Carolina. Civil service employees providing technical support to U.S. military installations in the state are also eligible to receive customized training assistance.

To receive assistance, eligible companies must meet two or more of the following conditions:

- The company is creating jobs, expanding an existing workforce, or enhancing the productivity and profitability of its operations within the state;
- The company is making an appreciable capital investment;
- The company is deploying new technology, or
- The assistance will enhance the skills of workers

The Customized Training Program serves any full-time probationary employees of a qualifying company who will be paid for hours in a training status. Program advantages include the following features:

- Development of a training plan in collaboration with the company;
- Instructors from the North Carolina Community College System or the statewide network of technical training experts, and
- Company trainers can be reimbursed for participating in training activities that are consistent with the training plan and delivery schedules. Subject to a designated instructional period, the community college responsible for providing customized training may reimburse a company for the actual hourly wages of a defined number of trainers for up to \$30 per hour.

### **On-the-Job Training (OJT)**

On-the-job training enables state workforce development professionals to provide the resources for training and retraining of local workers in partnership with the private sector. Training resources combined with employment opportunities provide a more highly skilled, competitive workforce, while responding to the human resource needs of new, expanding and existing companies. Via local workforce development boards, companies are compensated on a cost-reimbursement basis for up to 50 percent of an eligible new employee's wages paid during on-the-job training for a set period of time.

### **ApprenticeshipNC Program**

The ApprenticeshipNC Program is uniquely advantageous for participating companies. Using a time-honored model for industrial training, employers mentor entry-level employees in company-specific skills. Through apprenticeship, a company more effectively controls its human resource pipeline and reduces turnover.

Working on an employer-determined schedule, apprentices will be trained both in the classroom and on the job.

To establish an apprenticeship program, a company works with the North Carolina Community College System to develop an approved written agreement. This document specifies the length of the training, the related technical instruction, an outline of the skills to be learned and the wages that an apprentice will earn.

# CUSTOMIZED TRAINING CONT.

## **NCWorks Incumbent Worker Training Grants**

In addition to customized training, North Carolina resources support on-the-job training. The Incumbent Worker Training Grant reimburses companies for the cost of training their workers, helping to improve the skills of employees and the company's competitiveness. Employers can receive up to \$10,000 per grant and up to a total of \$60,000 from this program over the course of the company's lifetime.

Incumbent Worker Training Grants cover the costs of the following training-related expenses:

- Instructional costs for training courses
- Classes for certification exams
- Online training
- Skills assessments related to requested training
- Textbooks and manuals
- Computer software for training purposes
- Instructor travel (if the training location is not within a reasonable distance of the company)

## **Continuing Education Program**

The North Carolina Community College System Continuing Education Program is among the best in the world, enrolling and training more than 546,000 people each year. More than 1,400 affordable, short-term occupational skill training courses are offered across the state to train, retrain and upgrade workers for current or future job skill requirements or certifications. Continuing education opportunities are offered at the request of employers as well as individuals.

# TAX EXEMPTIONS



# MANUFACTURING

## **Machinery and Equipment, Sales and Use Tax Exemption**

Mill (generally manufacturing) machinery, including parts or accessories as well as specialized equipment for loading or processing, is exempt from sales and use tax. For a list of items that are classified as mill machinery, please see section 58 of the North Carolina Department of Revenue's Sales and Use Tax Technical Bulletin.

North Carolina does not levy a sales and use tax on repairs to industrial machinery or service contracts for mill machinery.

## **Electricity, Fuel and Natural Gas, Sales and Use Tax Exemption**

Retail sales, as well as the use, storage or consumption of electricity, fuel and piped natural gas sold to a manufacturer are exempt from sales and use tax for use in a manufacturing operation. This exemption does not apply to Fuel or piped natural gas that is used solely for comfort heating at a manufacturing facility where there is no use of fuel or piped natural gas in a manufacturing process. This exemption does not apply to electricity used at a facility at which the primary activity is not manufacturing. For purposes of the exemption, a "facility" is (1) a single building or (2) a group of buildings that are located on a single parcel of land or on contiguous parcels of land under common ownership. "Facility" also refers to any other related real property contained on the parcel(s) where manufacturing activity occurs.

## **Raw Materials, Sales and Use Tax Exemption**

Purchases of ingredients or component parts of a manufactured product that become an ingredient or component part of tangible personal property are exempt from sales and use tax. In addition, packaging items that constitute a part of the sale (retail or wholesale) and are delivered with the product to the customer are exempt from sales and use tax.

## **Inventory, Property Tax Exclusion**

North Carolina and its local governments do not levy a property tax on inventories.

Inventories owned by contractors, manufacturers and merchants (retail and wholesale) are excluded from property tax. Inventories are defined as goods held for sale in the regular course of business by manufacturers, retail and wholesale merchants and construction contractors. For manufacturers, the term inventory includes raw materials, goods in process and finished goods, as well as other materials or supplies that are consumed in manufacturing or processing. Inventory also refers to any commodity or part thereof that accompanies and becomes part of the property being sold.

## LARGE FULFILLMENT FACILITY, SALES AND USE TAX EXEMPTION

Sales of equipment, or an accessory, an attachment, or a repair part for equipment that is sold to a large fulfillment facility is exempt from sales and use tax. It must also be used at the facility in the distribution process, which includes receiving, inventorying, sorting, repackaging, or distributing finished retail products. Electricity is not eligible for the sales tax exemption.

A large fulfillment facility is used primarily for receiving, inventorying, sorting, repackaging, and distributing finished retail products for the purpose of fulfilling customer orders. The Secretary of Commerce must also certify that an investment of \$100 million dollars (real and tangible personal property) for the facility within 5 years after the date on which the first property investment is made and that the facility will achieve an employment level of at least 400 within 5 years.

## R&D AND SOFTWARE PUBLISHING, SALES AND USE TAX EXEMPTION

### **Research and Development Activities for Physical, Engineering and Life Science Companies**

Sales of equipment, or an attachment or repair part for equipment for companies primarily engaging in research and development activities in the physical, engineering, and life sciences, including in the industry group, 54171 NAICS code is exempt from sales and use tax.

### **Software Publishing Activities for Software Publishers**

Sales of equipment, or an attachment or repair part for equipment for companies primarily engaging in software publishing activities for software publishers, including in the industry group, 5112 NAICS code is exempt from sales and use tax.



## HISTORIC REHABILITATION TAX CREDITS

Owners or lessees of a “certified historic structure,” as designated by the State Historic Preservation Office or U.S. Department of the Interior’s National Park Service, are eligible for historic preservation tax credits. Credits are available for the rehabilitation of income-producing historic properties and owner-occupied historic residences.

A 15% state tax credit for rehabilitation of income-producing certified historic structures is awarded to rehabilitations that qualify for the federal tax credit and spend up to \$10 million. A 10% state tax credit for rehabilitation of income-producing certified historic structures is awarded to rehabilitations that qualify for the federal tax credit and are for expenses from \$10 million to \$20 million. There is also a 5% bonus if the development is within a Tier 1 or Tier 2 county or is located in an eligible targeted investment site. This bonus may be applied for expenses up to \$20 million.

## POLLUTION CONTROL AND ABATEMENT EQUIPMENT

### Sales and Use Tax Exemption

Pollution control and abatement equipment for manufacturing is exempt from sales and use tax. In addition, chemicals purchased by manufacturers to be used in air or stream pollution abatement equipment or processes are exempt from sales and use tax.

Pollution abatement equipment means any equipment, including parts and accessories, used to eliminate, prevent or reduce air and water pollutants emitted resulting from the manufacturing process. This category also includes equipment used for the purpose of treating, pretreating or modifying any potential solid, liquid or gaseous pollutants that might be harmful, detrimental or offensive to human, animal or plant life or to property. Neither buildings housing such control and abatement equipment, nor equipment used within a building’s interior primarily for health, comfort or safety purposes is eligible for this exemption.

### Property Tax Exclusion

North Carolina does not levy property tax on real and personal property that is used exclusively for air cleaning, waste disposal or to abate, reduce or prevent air and/or water pollution. To claim an exclusion on property tax liability, a taxpayer must apply to the county for exclusion during the annual listing period and apply to the North Carolina Department of Environmental Quality for exclusion certification.

## RECYCLING

The North Carolina Recycling Property Tax Exemption excludes equipment and facilities used exclusively for recycling and resource recovery from property tax liability. For more details and application information, please visit the Solid Waste Section of the Department of Environmental Quality website.

# DATA CENTERS

North Carolina provides three sales and use tax exemptions for purchase of the following items related to data centers and their operations:

1. Electricity and support equipment purchased for a "Qualifying Data Center"
2. Electricity and certain business property purchased for an "Eligible Internet Data Center"
3. Computer software at a "Data Center"

"Data Center" is defined as: A facility that provides infrastructure for hosting or data-processing services and is concurrently maintainable. The power and cooling systems serving the computer equipment must include redundant capacity components and multiple distribution paths. Although the facility must have multiple distribution paths serving the computer equipment, a single distribution path may serve the computer equipment at any one time.

**1. Qualifying Data Center:** Purchases of electricity for use at a qualifying data center and the purchase of data center support equipment to be located and used at such a facility is exempt from sales tax.

A "qualifying data center" must meet the following two conditions:

- The Secretary of Commerce must have made a written determination that at least \$75 million in private funds has been or will be invested by one or more owners, users or tenants of the data center. Such funds must have been invested within five years of the first real or tangible property investment in the facility. Real and tangible investments in the data center that were made prior to Jan. 1, 2012 may not be included in the investment required.
- The data center must meet county wage standard and health insurance requirements.

"Data center support equipment" is property that is capitalized for tax purposes and used for one of the following purposes:

- Providing service or function included in the business of an owner, user or tenant of the data center;
- The generation, transformation, transmission, distribution or management of electricity, including exterior substations, generators, transformers, unit substations, uninterruptible power supply systems, batteries, power distribution units, remote power panels and other capital equipment for these purposes;
- HVAC and mechanical systems, including chillers, cooling towers, air handlers, pumps and other capital equipment used for these purposes;
- Hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment and peripheral components and equipment, or
- Providing related computer engineering or computer science research.

**2. Eligible Internet Data Center:** Purchases of electricity for use at an eligible internet data center and eligible business property to be located and used at such a facility is exempt from sales tax.

An "eligible internet data center" is defined as a data center that satisfies each of the following conditions:

- The Secretary of Commerce must have made a written determination that at least \$250 million in private funds has been or will be invested in real property and/or eligible business property at the facility. The investment must take place within five years of the commencement of construction of the facility.
- The facility is used primarily by a business engaged in software publishing included in industry 511210 of the North American Industry Classification System (NAICS) or an internet activity included in NAICS industry 519130.
- The facility is located in a Tier 1 or Tier 2 county.
- The facility comprises a structure or series of structures located or to be located on (1) a single parcel of land or (2) contiguous parcels of land that are commonly owned or owned by affiliation with the operator of that facility.

**3. Computer Software:** Computer software that is sold to a person who operates a data center and that is used within the data center is exempt from sales tax. Computer software is defined as a set of coded instructions designed to cause a computer or automatic data-processing equipment to perform a task.

# OTHER PROGRAMS



# FOREIGN TRADE ZONES

Foreign trade zones (FTZ), sometimes known as free trade zones, are geographically designated and secured areas that for legal purposes are considered outside of U.S. Customs territory. FTZs offer several economic advantages for companies involved in international trade. North Carolina has four general-purpose FTZs and eighteen active subzones approved for use by individual companies. In addition, three of the zones have successfully transitioned to the Alternative Site Framework (ASF), which greatly simplifies service to users. An ASF has a large, preapproved service area in which the organization in charge of the FTZ, the grantee, can propose new sites. Within this broad service area, which incorporates several counties, the grantee can work with interested companies to establish sites intended for either an individual company's use or the use of several companies.

Foreign or domestic merchandise may enter an FTZ without a formal customs entry document or payment of customs duties or government excise taxes. If the final product is exported from the United States, no customs duty is levied. If the final product is imported into the U.S., duty and excise taxes are due at the time of transfer from the FTZ and formal entry is made into the United States. Duty is paid on the product itself or its imported parts, whichever is lower.

Generally, merchandise is exempt from payment of duty even if it is:

- Manipulated;
- Used in a manufacturing process;
- Inspected;
- Combined with other domestic or foreign materials;
- Displayed for sale, or
- Re-exported.

Spoiled or damaged goods or waste materials may be destroyed, discarded or re-exported duty-free.

State and local governments generally do not impose sales and use taxes on items in an FTZ. For this reason, a company operating in such a zone can realize savings on such taxes as well as on interest, labor and shipping costs.

New capital investment by companies that might otherwise have located in foreign countries is another important advantage. This new investment activity spurs development of support industries.

The four foreign trade zones in North Carolina are:

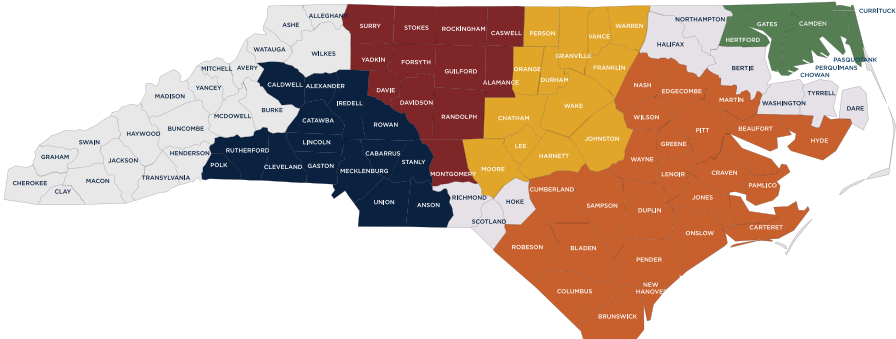
- **Zone #214** – This zone includes the Port of Wilmington, Port of Morehead City and the NC Global TransPark. Zone #214 is administered by the North Carolina Department of Transportation.
- **Zone #93** – The Greater Research Triangle Zone is based in Durham. Zone #93 is administered by the Triangle J Council of Governments.
- **Zone #230** – The Piedmont Triad Zone is based in Greensboro. Zone #230 is administered by the Piedmont Triad Partnership.
- **Zone #57** – The Greater Charlotte Zone is based in Charlotte. Zone # 57 is administered by the Charlotte Regional Business Alliance.
- **Zone #20** – The Northeast NC Zone is based in Norfolk, Virginia. Zone # 20 is administered by the Virginia Port Authority.

### Contact

For more information about foreign trade zones, contact Liz Isley, International Trade Manager for the Economic Development Partnership of North Carolina at **919.447.7751** or [liz.isley@edpnc.com](mailto:liz.isley@edpnc.com).

### COUNTY TIERS

- Zone #57
- Zone #230
- Zone #93
- Zone #214
- Zone #20



# NORTH CAROLINA BIOTECHNOLOGY CENTER

## **Economic Development Award**

The North Carolina Biotechnology Center (NCBiotech) collaborates with North Carolina communities to attract life science economic development projects. Its Life Science Economic Development team provides industry-specific expertise and resources. NCBiotech also supports community efforts through its Economic Development Award (EDA) program.

The EDA program provides performance-based grants to local units of government in support of life science company projects. Grants are linked to job creation and retention milestones for specific company projects in the locality of interest. The local government administers the grant and allocates funds to the company to be used for project-related investments providing sustainable benefit to the company and community. NCBiotech partners with both community and company to determine the appropriate use of EDA funds.

EDA grants awards are made in amounts of up to \$100,000 per project based on project job-creation estimates. As for all of its funding programs, NCBiotech has established a review and award process for the EDA Program. Companies and local units of government apply for this program by invitation from the Center's Life Science Economic Development staff.

## **Contact**

For more information about the North Carolina Biotechnology Center's Economic Development Award Program, contact Laura Rowley, Director, Technology & Talent at the N.C. Biotechnology Center at **919.549.8864** or **[laura.rowley@ncbiotech.org](mailto:laura.rowley@ncbiotech.org)**.

## **Recycling Business Assistance Center, Recycling Business Development Grants**

The Recycling Business Assistance Center (RBAC) is a partnership between the state Departments of Environmental Quality and Commerce. RBAC offers a variety of financial tools and incentives for recycling businesses, including tax credits, grants, loans and incentive programs.

In an effort to divert materials from the waste stream while supporting company growth, expansion and job creation in North Carolina, RBAC offers Recycling Business Development grants to eligible organizations. Funds are typically used for sustainable investments in equipment and buildings necessary to increase the capacity of a recycling company. Funding is made available through an annual request for proposal process that begins in the fall. Applicants may request a maximum of \$40,000 and must provide at least a 50% cash match. For more information, visit the Grants Section of the RBAC website.

