

**South Carolina
Coordinating Council for
Economic Development**

**2017 Annual Report of
Enterprise Zone Activity**

May 2018

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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 Port Volume Increase Tax Credits. In addition, prior to statutory amendment that went into effect upon the Governor’s signature on June 10, 2014, the Council reviewed and approved all applications for Enterprise Zone Retraining incentives. The Council also certifies economic development projects as representing “significant economic impact” on areas surrounding them for the purposes of qualifying for income tax apportionment and income tax moratoriums.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, five-member subcommittee (“Enterprise Committee”) to handle the substantial volume of new activity and related policy decisions. This committee meets monthly to review and approve applications for Enterprise Zone incentives, review and approve applications for Port Volume Increase Tax Credits, respond to issues relating to those programs; and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown below.

AGENCY MEMBERS OF THE COORDINATING COUNCIL

SC Department of Commerce	*SC Department of Revenue
Santee Cooper	*SC Department of Agriculture
SC Department of Transportation	*SC Department of Parks, Recreation and Tourism
SC Research Authority	*State Ports Authority
Jobs Economic Development Authority	*State Board for Technical & Comprehensive Education
SC Department of Employment and Workforce	

**Denotes Enterprise Committee member*

2017 ADMINISTRATIVE CHANGES

Robert M. Hitt III was appointed Secretary of Commerce by Governor Nikki Haley in January 2011 and has acted as Chairperson of the Council since then, and throughout 2017. Hartley Powell was appointed Director of the SC Department of Revenue by Governor Haley on November 21, 2016 and was confirmed by the South Carolina Senate on March 8, 2017. Mr. Powell chaired the Enterprise Committee throughout 2017.

There were two other administrative change in 2017. Council membership after all changes in 2017 was as follows:

Robert M. Hitt III	Secretary, SC Department of Commerce Chairman, Coordinating Council for Economic Development
Hartley Powell	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
Don Herriott	Chairman, SC Research Authority
Michael W. Nix	Chairman, Jobs and Economic Development Authority
W. Leighton Lord III	Chairman, Santee Cooper
Pamela P. Lackey	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Christie A. Hall	Secretary, SC Department of Transportation

Coordinating Council staff:

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

ENTERPRISE ZONE PROGRAMS

The South Carolina General Assembly enacted the Enterprise Zone legislation in 1995. Since that time, the incentives contained in this legislation have created a significant competitive advantage for this state. They have also greatly enhanced South Carolina's ability to compete for and win high-quality, high-wage economic development projects. As Enterprise Zone incentives are most valuable to companies locating or expanding in "Tier IV" counties, Enterprise Zone incentives have also helped attract needed jobs and industry to the most rural areas of the state.

JOB DEVELOPMENT CREDIT

The most significant incentive created by the Enterprise Zone legislation is the Job Development Credit ("JDC"). The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible expenditures. However, the JDC can only be claimed *after a company has proven that it has met an agreed level of new capital investment and net new job creation*. Companies must perform, in a manner consistent with their approval for the program, the level of job creation and the new capital investment on which the approval was based, before they can benefit from the program. Companies 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 revitalization agreement. (Should all eligible expenditures be recouped before 10 years or 15 years, as applicable, the process ends. In no case does the statute allow total JDCs received to exceed eligible expenditures.) Even over 10 years or 15 years, as applicable, many companies will recover only a small percentage of their total eligible expenditures. Generally eligible expenditures represent permanent capital investment that will stay in the state, regardless of what the company may do in the future and regardless of whether the company recoups these expenditures in the form of JDC reimbursement.

It is important to note that the statute does *not* allow reimbursement for moveable personal property, such as machinery and equipment and/or furniture and fixtures, with the exception of pollution control equipment. These items typically represent the majority of an economic development project's total capital costs, and as a result, the state and locality gain much more than simply the eligible capital investment. In order to benefit from any reimbursement in the future, the company must *meet* and maintain a level of total capital investment typically *2 to 8 times greater* than the reimbursable amount. In this way, the Enterprise Zone JDC has proven extremely effective in stimulating a guaranteed increase in capital investment and a related increase in local tax base for counties all across South Carolina.

ANNUALLY ADJUSTED JOB DEVELOPMENT CREDIT FACTORS

The amount a company can claim as a JDC depends on three factors: 1) wage levels for qualified new jobs, 2) development status of the county where the project locates or expands, and 3) maximum eligible expenditures. In no case can a company receive more than the total cost of its eligible expenditures.

1) Wage Levels

The maximum value of the JDC depends on the hourly pay rate for new positions. Because the statute was designed to encourage higher paying jobs, the higher the pay rate, the greater the benefit will be to the company. A company with positions that all pay \$25 per hour will be able to claim a JDC equal to 5% of the taxable wages for those positions. Conversely, a lower paying employer may qualify to claim only 2% or 3% of taxable wages for its positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2017.

Percentage of Taxable Wages Companies May Claim As A Job Development Credit 2017	
Hourly Wage	Maximum % Claimed as JDC
\$9.75 - \$12.99 / hour	2%
\$13.00 - \$16.24 / hour	3%
\$16.25 - \$24.36 / hour	4%
\$24.37 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.

2017 ACCOMPLISHMENTS

During calendar year 2017, 63 companies submitted 74 applications that were approved for the Job Development Credit Program. These companies have made initial commitments to create 13,652 new jobs and to invest \$3.9 billion in capital land, building or equipment. The projected 10-year net economic benefit is \$14.7 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

SUMMARY OF 2017 ENTERPRISE ZONE PROGRAM ACTIVITY

SOUTH CAROLINA ENTERPRISE PROGRAM 2017 APPROVALS	
Job Development Credits:	
Number of Approvals	74
Projected Jobs	13,652
Projected Capital Investment	\$3,872,722,998
Net Economic Benefit (over 10 years)	\$14,662,704,967

2017 ENTERPRISE ZONE RECEIPTS & EXPENDITURES JANUARY 1, 2017 – DECEMBER 31, 2017	
Revenues:	
Application & Renewal Fees*	\$514,700
<i>* Fees are split between the Coordinating Council and the SC Department of Revenue. Total Coordinating Council share was \$514,700.</i>	
Expenditures:	
Coordinating Council Personnel & Administration	\$412,528.17

Summary of 2017 Enterprise Zone Program Activity

2017 JOB DEVELOPMENT CREDIT APPROVALS BY COUNTY CLASSIFICATION			
COUNTY CLASSIFICATION	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Tier I	26	\$481,448,899	3,950
Tier II	18	\$679,906,000	3,189
Tier III	8	\$198,895,857	839
Tier IV	14	\$1,403,320,180	2,406
Tier 1 but Qualifies for 95% JDC*	8	\$1,109,152,062	3,268
TOTALS	74	\$3,872,722,998	13,652

** NOTE: Pursuant to Section 12-10-80(D)(2) of the SC Code, when the Council determines that a project is a significant project, the Council may waive a portion of the tier ranking limits and allow a qualifying business to retain up to 95% of the job development credits it collects.*

2017 JOB DEVELOPMENT CREDIT APPROVALS BY PROJECT TYPE			
PROJECT TYPE	NUMBER OF PROJECTS	PROJECTED INVESTMENT	PROJECTED JOBS
Distribution	4	\$100,572,000	630
Manufacturing	64	\$3,727,413,427	11,817
Qualifying Service-Related	6	\$44,737,571	1,205
TOTALS	74	\$3,872,722,998	13,652

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2017**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1602 3121	Aiken	8,470,000	120	189,479,957	Manufacturing
EZ1602 3139	Aiken	8,053,000	86	96,703,478	Manufacturing
EZ1701 3219	Abbeville	6,000,000	40	51,856,802	Manufacturing
EZ1702 3173	Aiken	18,000,000	100	126,300,485	Manufacturing
EZ1703 3175	Allendale	3,400,000	75	50,954,833	Manufacturing
EZ1704 3185A	Anderson	39,500,000	500	1,031,777,634	Manufacturing
EZ1704 3185B	Anderson	23,550,000	285	<i>Included in "A" above</i>	Manufacturing
EZ1704 3185C	Anderson	13,950,000	215	<i>Included in "A" above</i>	Manufacturing
EZ1704 3207	Anderson	152,000,000	130	222,568,021	Manufacturing
EZ1707 3140	Beaufort	2,500,000	45	58,185,847	Manufacturing
EZ1708 3150	Berkeley	69,172,818	124	192,342,092	Manufacturing
EZ1708 3196	Berkeley	2,385,000	90	181,550,762	Manufacturing
EZ1708 3214A	Berkeley	123,975,000	403	2,104,925,436	Manufacturing
EZ1708 3214B	Berkeley	123,975,000	403	<i>Included in "A" above</i>	Manufacturing
EZ1708 3214C	Berkeley	123,975,000	403	<i>Included in "A" above</i>	Manufacturing
EZ1708 3214D	Berkeley	123,975,000	401	<i>Included in "A" above</i>	Manufacturing
EZ1709 3211A	Calhoun	77,194,658	155	449,679,522	Manufacturing
EZ1709 3211B	Calhoun	22,926,956	145	<i>Included in "A" above</i>	Manufacturing
EZ1710 3152	Charleston	5,280,000	30	41,054,824	Distribution
EZ1711 3125	Cherokee	14,542,000	70	67,816,301	Manufacturing
EZ1711 3202	Cherokee	5,450,000	60	50,900,733	Manufacturing
EZ1711 3210	Cherokee	33,500,000	184	214,117,748	Manufacturing
EZ1712 3176	Chester	200,000,000	148	279,128,835	Manufacturing
EZ1712 3180	Chester	28,188,000	25	73,697,399	Manufacturing
EZ1716 3159	Darlington	33,445,000	140	138,673,486	Manufacturing
EZ1717 3149A	Dillon	40,000,000	300	310,141,011	Distribution
EZ1717 3149B	Dillon	40,000,000	100	<i>Included in "A" above</i>	Distribution
EZ1717 3166	Dillon	12,150,000	100	64,180,750	Manufacturing
EZ1717 3187	Dillon	15,292,000	200	137,399,180	Distribution
EZ1718 3144	Dorchester	50,500,000	130	164,542,221	Manufacturing
EZ1718 3153	Dorchester	10,900,000	371	345,785,715	Manufacturing
EZ1718 3154	Dorchester	16,080,000	100	115,549,329	Manufacturing
EZ1718 3181	Dorchester	3,500,000	100	109,568,520	Manufacturing
EZ1721 3135	Florence	50,000,000	100	174,538,549	Manufacturing
EZ1721 3156	Florence	70,400,000	93	264,240,438	Manufacturing
EZ1721 3169A	Florence	51,300,000	442	587,357,866	Manufacturing

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2017**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1721 3169B	Florence	28,000,000	263	<i>Included in "A" above</i>	Manufacturing
EZ1723 3118	Greenville	12,322,571	175	134,483,692	Service Related
EZ1723 3142	Greenville	4,105,000	100	118,744,665	Manufacturing
EZ1723 3146	Greenville	2,830,000	260	317,743,445	Service Related
EZ1723 3147	Greenville	11,700,000	182	247,181,061	Manufacturing
EZ1723 3167	Greenville	250,000	53	103,645,832	Service Related
EZ1726 3148	Horry	5,837,243	45	55,092,933	Manufacturing
EZ1729 3158	Lancaster	6,233,000	21	29,460,335	Manufacturing
EZ1729 3197	Lancaster	4,450,000	70	77,481,380	Manufacturing
EZ1732 3194	Lexington	15,000,000	30	41,438,272	Manufacturing
EZ1732 3223	Lexington	8,460,000	100	85,661,764	Manufacturing
EZ1735 3157	Marlboro	10,445,643	30	28,496,355	Manufacturing
EZ1736 3182A	Newberry	350,429,750	954	1,009,905,515	Manufacturing
EZ1736 3182B	Newberry	87,607,438	250	<i>Included in "A" above</i>	Manufacturing
EZ1736 3182C	Newberry	87,607,437	227	<i>Included in "A" above</i>	Manufacturing
EZ1736 3182D	Newberry	87,607,437	227	<i>Included in "A" above</i>	Manufacturing
EZ1737 3110	Oconee	2,270,000	28	33,211,023	Manufacturing
EZ1737 3170	Oconee	71,970,000	163	212,201,560	Manufacturing
EZ1738 3160A	Orangeburg	250,000,000	300	419,693,825	Manufacturing
EZ1738 3160B	Orangeburg	250,000,000	300	<i>Included in "A" above</i>	Manufacturing
EZ1738 3160C	Orangeburg	250,000,000	300	<i>Included in "A" above</i>	Manufacturing
EZ1738 3160D	Orangeburg	250,000,000	300	<i>Included in "A" above</i>	Manufacturing
EZ1738 3225	Orangeburg	52,795,000	200	274,687,038	Manufacturing
EZ1740 3127	Richland	6,622,700	48	55,130,174	Manufacturing
EZ1740 3172	Richland	75,150,000	116	180,667,149	Manufacturing
EZ1740 3186	Richland	96,298,900	700	761,216,590	Manufacturing
EZ1741 3141	Saluda	48,900,000	90	109,955,045	Manufacturing
EZ1742 3165	Spartanburg	2,530,000	71	86,657,422	Manufacturing
EZ1742 3168	Spartanburg	19,850,644	93	89,914,393	Manufacturing
EZ1742 3198	Spartanburg	34,913,266	76	77,932,991	Manufacturing
EZ1742 3206	Spartanburg	6,690,000	40	43,622,305	Manufacturing
EZ1743 3164	Sumter	36,403,000	88	112,735,231	Manufacturing
EZ1744 3205	Union	1,049,537	28	20,446,577	Manufacturing
EZ1746 3183	York	31,090,000	550	439,671,484	Manufacturing
EZ1746 3184	York	3,750,000	250	370,339,490	Service Related

**ENTERPRISE ZONE PROGRAM
APPROVALS DURING CALENDAR YEAR 2017**

Note: Not all projects have been announced

Project Number	County	Minimum Investment	Minimum Jobs	Projected 10-Year Net Economic Benefit	Project Type
EZ1746 3188	York	10,440,000	44	82,652,394	Manufacturing
EZ1746 3195	York	21,400,000	405	979,057,541	Service Related
EZ1746 3208	York	4,185,000	62	168,559,712	Service Related

* *NOTE – Certain very large economic development projects are approved to submit multiple applications for Enterprise Zone benefits. Each requires a separate Revitalization Agreement but Net Economic Benefit reflects the entire project.*

**ENTERPRISE ZONE PROGRAM
FINAL REVITALIZATION AGREEMENTS
CALENDAR YEAR 2017**

Company Name	County	Projected 10-Year Net Economic Benefit
Alupress, LLC	Laurens	39,527,403
Bericap, Inc.	Cherokee	78,357,784
Booz Allen Hamilton, Inc.	Berkeley	897,941,452
Borgeson Universal Company, Inc.	Greenville	35,203,460
BorgWarner, Inc.	Oconee	96,906,673
Carolina Poly, Inc. <i>(2 of 2 RVAs executed)</i>	Chester	147,633,183
Caterpillar, Inc.	Sumter	52,768,278
CCL Label, Inc.	Laurens	127,692,546
Comcast Cable Communications Management, LLC <i>(2 of 2 RVAs executed)</i>	Charleston	331,959,668
CompuCom Systems, Inc. <i>(3 of 3 RVAs executed)</i>	Lancaster	2,129,710,976
Coveris Flexibles US, LLC	Spartanburg	73,036,224
Honda of South Carolina Mfg., Inc.	Florence	201,027,997
Hubner Manufacturing Corporation	Charleston	64,137,034
IFA Rotorion North America, LLC	Charleston	122,995,215
JEAR Logistics, LLC	Charleston	205,121,715
JTEKT North America Corporation	Greenville	66,801,358
Kobelco Construction Machinery U.S.A. Inc.	Spartanburg	114,237,022
Michelin North America, Inc.	Greenville	88,168,875
Morley Companies, Inc.	Greenville	172,802,693
Orchids Paper Products Company of SC <i>(2 of 2 RVAs executed)</i>	Barnwell	71,012,506
OXCO, Inc.	York	98,924,348
Pantex Americas Inc.	Greenville	63,422,169
Proper Polymers Greenville, Inc.	Greenville	783,209
RBC AeroStructures, LLC	Oconee	64,858,149
Suminoe Textile of America Corporation	Cherokee	79,583,361
Sun Fiber, LLC <i>(1 of 2 RVAs executed)</i>	Chester	135,253,522
Synnex Corporation	Greenville	202,756,058
Teijin Holdings USA, Inc. <i>(3 of 3 RVAs executed)</i>	Greenwood	639,623,031
The Boeing Company <i>(4 of 4 RVAs executed)</i>	Charleston	447,457,329
The Fitts Company, Inc.	Calhoun	116,053,853
Thorne Research, Inc.	Berkeley	491,521,777
Verizon Wireless (Cellco)	Greenville	317,743,445
Volvo Car US Operations Inc. <i>(2 of 10 RVAs executed)</i>	Berkeley	4,327,816,670
WABCO Compressor Manufacturing Co.	Dorchester	98,895,224
ZF Transmissions Gray Court, LLC	Laurens	608,657,926

* *NOTE – Certain very large economic development projects are approved to submit multiple applications for Enterprise Zone benefits. Each requires a separate Revitalization Agreement but Net Economic Benefit reflects the entire project.*