



YORK COUNTY
ECONOMIC DEVELOPMENT
SOUTH CAROLINA

LOCAL BUSINESS INCENTIVES 2017
YORK COUNTY ECONOMIC DEVELOPMENT



To offset property tax liability, a qualifying company may take advantage of one of two incentive programs. Depending upon total investment, a company may qualify for either a five-year statutory abatement of a portion of property tax or, by agreement with York County, a negotiated fee-in-lieu-of-tax (FILOT) arrangement. Other unique options can be considered as a method to further reduce liability and is dependent on new capital investment and new job creation.

PROPERTY TAX ABATEMENT (STATUTORY):

A 5 year exemption from county and/or city property taxes for all new qualifying establishments and all additions costing \$50,000 or more to existing qualifying facilities. The exemption applies to land, buildings, and additional machinery and equipment installed in the facility. The exemption does not apply to school taxes.

Purpose:

Reduce tax burden when new assets are at their greatest value.

Value:

Approximately 20 to 25 percent tax reduction annually for 5 years on new capital investment.

Requirements:

Invest greater than \$50,000 in new capital expenditures in one year. Companies involved in manufacturing, research & development, corporate headquarters, corporate office or distribution/warehouse facilities. If other than manufacturer and research & development, the company must create at least 75 new jobs.

South Carolina Revenue Ruling #98-10 addresses the meaning of corporate office facility for purposes of the property exemption. To qualify as a "corporate office facility," a company must have the following types of employees present at the location: (1) managerial, (2) technical, (3) professional, and (4) administrative. Also, a taxpayer must have the following corporate functions at the facility: (1) financial, (2) personnel, (3) legal, (4) technical, (5) support services, and (6) any other business functions. These functions must be performed for the entire corporate entity, and not for a geographical region or a segregated division of the corporation.

File tax return/PT-300 to SC Department of Revenue; deduction is automatic.

Mechanics:

The abatement is given for 5 years – Years 2 through 6 and is a waiver of the county portion of property tax.

Property tax = Value x Assessment Ratio x Millage



FEE-IN-LIEU OF PROPERTY TAX (NEGOTIATED):

A qualified company may negotiate with the County a Fee-in-Lieu of Property Tax (FILOT) agreement. **FILOT agreements are subject to final approval by York County Council.**

Purpose:

Reward substantial investment by reducing tax burden over the long-term while simultaneously insulating the company from any annual property tax increases.

Value:

Approximately 42 percent tax reduction annually from 20 up to 30 years on new capital investment occurring in a 5 year window.

Requirements:

Companies must be a manufacturer, warehouse/distributor or an office/headquarters. SC law allows a county to negotiate with a company for a FILOT agreement if total capital investment is \$2.5 million or greater. If a company is investing more than \$400 million, or investing more than \$150 million and creating 125 net new jobs, a "Super Fee" is negotiable that could include lowering the assessment rate to as low as 4 percent. Commit to significant new investment over 5 years.

Project must be competitive with other locations.

Property that has been on the property tax rolls in the state previously, including existing buildings, is not eligible for the FILOT.*

Property that is replacing property previously under the FILOT is allowed to go under the agreement up to the original income tax basis of the original fee property it is replacing at any time during the agreement.

Mechanics:

May lower assessment ratio from 10.5 percent to as low as 6 percent on real & personal property for manufacturers. For HQ and corporate offices, the assessment ratio can be reduced from 10.5 percent to as low as 6 percent on personal property.

INDUSTRIAL REVENUE BONDS (NEGOTIATED):

For small manufacturers, the IRB is the lowest cost means to finance a new operation or an expansion due to tax-exempt status of the bond (loan). It can be used for the acquisition of land, the construction of buildings, improvements to real property and the acquisition of new machinery. The maximum bond issuance is \$10 Million; Investment cannot exceed \$20 million in expenditures 3+/- years.



WORKER TRAINING (READY SC):

No cost recruitment, screening, testing and pre-employment training for a company when it hires 5-20 new production workers; on-the-job training reimbursement is possible when hiring less than 15 new employees.

ENTERPRISE ZONE RETRAINING:

Eligible businesses engaged in manufacturing, processing or technology intensive industry may negotiate with the Coordinating Council for a refund of up to \$500 per full-time production or technology employee per year for retraining costs. The retraining must be necessary for the business to remain competitive or to introduce new technologies. "Production employee" includes an employee who is directly engaged in the actual making of tangible personal property or who is directly involved in the manufacturing or processing. Interpretation of a "production employee" includes the production line employees, first-line supervisors, and equipment/maintenance technicians. "Technology employee" includes an employee who is directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility.

Please note that companies will not be allowed to claim Job Development Credits and Retraining Credits on the same employee.

The retraining must be approved and coordinated by the technical college(s) under the jurisdiction of the State Board for Technical and Comprehensive Education serving the designated region where the company is located. The technical college may provide the retraining program delivery directly or contract with other training entities to accomplish the required training outcomes.

Refunds per eligible employee for retraining may not exceed \$500 in a year, or \$2,000 over five years. The company must match (on a dollar-for-dollar basis) the employee's withholding share used for the training. The total amount is paid to the technical college providing the training. In order to collect funds for retraining, a company must submit an application to the Coordinating Council and must pay an annual \$500 renewal fee.

APPRENTICESHIP CAROLINA:

A registered apprenticeship is an employer-sponsored job related education program that cultivates highly skilled workers. It consists of two complementary components: a supervised on-the-job training that is provided by an employer at the workplace and is customized to meet job-specific needs; and related technical instruction (or "RTI"). This is often delivered by a technical college and serves to reinforce the theory underlying the skills being learned on-the-job. Employers with registered apprenticeship programs are eligible to receive a tax credit of \$1,000 for each registered apprentice employed for at least 7 months during each year of his or her apprenticeship



PROPERTY TAX EXEMPTIONS:

Available on:

- All inventories (raw materials, work-in-progress, and finished goods)
- All intangible property
- All pollution control equipment.

SALES TAX EXEMPTIONS:

Manufacturers:

- Machinery & equipment
- Research & development machinery & equipment
- Repair parts
- Materials, which will become an integral part of the finished product
- Manufacturing electricity
- Pollution control equipment

All Industries:

- Packaging materials
- Long distance telecommunications, including 800 services

Note: Material handling equipment is exempt from sales taxes for manufacturing or distribution project investing \$35 million or more

SALES TAX EXEMPTIONS:

South Carolina provides a \$300 maximum sales tax cap on the sale or lease of aircraft, motor vehicles, motorcycles, boats, recreational vehicles, and other items.