



ROWAN COUNTY INVESTMENT GRANT PROGRAM

(Addendum A adopted June 15, 2009)

(Amended and Re-adopted on April 17, 2023)

PURPOSE

The Rowan County Commission has supported economic development for decades with an emphasis on tax base development, employer diversification and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the County's economy. Tax base development is a key concern for the County's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Rowan County operations. The Rowan County INVESTMENT GRANT PROGRAM is intended to provide an inducement for new business to locate in Rowan County and encourage existing business to expand.

GRANT PROGRAM DESCRIPTION

The program provides a five-year grant to companies investing in Rowan County. The grant will be established by a contract with Rowan County. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the contract, a portion of the property tax will be returned as a grant. The amount of the grant is based on a designated percentage level for five consecutive years.

- Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year.
- Asset purchases of existing companies already paying taxes in Rowan County would not qualify for the program.
- All grant monies will be taken directly from the company's tax payment. The company must be current with all other payments required by Rowan County.

- The Rowan County Board of Commissioners may modify or eliminate the program subject to meeting all existing grant obligations in effect at the time.
- No company may transfer grant agreements or contracts without explicit approval by the Rowan County Board of Commissioners.
- Any company that under-reports the assessed value of machinery/equipment will be required to pay the assessed property tax and the Investment Grant will not apply to the underreported value.

Grants shall not exceed five years in period of award and any one grant award period must be completed not later than seven years after initial award to allow for construction and production start-up time. Any modification to these limits may be granted based upon specific project related issues but is not guaranteed or required.

The formal agreement between the parties (grant recipient, county and cities/municipalities) shall attempt to specifically identify dates for purposes of establishing the appropriate time period(s) that a grant will be in effect. Dates to be established will include consideration of the date of award, a date for the beginning of construction, production start-up date and the dates for the beginning and ending of the incentive grant awards.

Each project will be dealt with on an individual basis using these guidelines and other directives authorized by the Rowan County Commission. These guidelines in no way bind the Commission to any course of action. The Commission reserves the right to agree to different terms and incentive awards that are greater or lesser than those identified in this document based on a project's potential iare subject to change and will be reviewed routinely from date of adoption, the Rowan County Commission requiring it.

Changing economic conditions, legal issues or other factors may cause the Rowan County Commission to modify, amend, suspend or terminate the INVESTMENT GRANT PROGRAM subject to contracted grants previously awarded and in effect at that time.

Although, increasing and diversifying the local property tax assessment base are the primary initiatives of this INVESTMENT GRANT PROGRAM, several other factors may be considered in authorizing a grant to any specific project. These may include but are not limited to:

- the type of industry as a further diversification of the county's business base or as an enhancement of a previously identified target sector
- the size and scope of the project based upon investment in site development, facilities, buildings and other business infrastructure inclusive of technology

- the diversity, quality and quantity of jobs created by a project and the availability of labor inclusive of job retention and retraining opportunities
- the relationship between workforce development and total project investment
- the potential for future expansion of investment and employment
- site specific issues impacting upon public infrastructure
- actions that if pursued, stimulate development in areas of the county deemed beneficial
- the ratio of investment in real versus personal property assets
- the environmental impact of the project

PROJECT QUALIFICATIONS

The primary intention of the INVESTMENT GRANT PROGRAM is to expand and diversify the county's property tax base. Additionally, the Rowan County Commission recognizes the need to encourage the creation of well-paying full-time jobs in the County. In order to best weigh factors previously identified in the 'Grant Program Description' when determining incentives for a potential project, the County will utilize the scoring system outlined in Addendum B

After utilizing this scoring system, projects that meet the appropriate points thresholds will qualify for one of the following grants:

- Level 1 grant – a grant award based upon a project's estimated tax revenue generation value, calculated to equate to approximately 40% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of five (5) consecutive years in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.
- Level 2 grant – a grant award based upon a project's estimated tax revenue generation value, to be calculated to equate to approximately 45% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of Five (5) consecutive in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.
- Level 3 grant – a grant award based upon the project's estimated tax revenue generation value, to be calculated to equate to approximately 50% of the value of real and personal property tax revenue value anticipated to be generated by the project. The value for real and personal property investments shall be calculated based on a period of five (5) consecutive in determining value for grant calculation purposes. The beginning date for grant calculations is to be the date of useful occupancy and/or production startup.

- Calculations of the project grant award shall be based upon anticipated new property tax revenues the county expects to receive from a specific project; the annual grant award due to the grantee will be paid within 30 days after current property taxes are paid in full for that year.
- During the grant award period, the grantee must remain current with all real property taxes assessed, other fees, taxes or other assessments levied by the grantors to remain eligible for the grant. Failure to do so, results in termination of the grant award.
- Rowan County will monitor the assessed valuation of the project during the award period to assure that the process used to determine the award of the grant remains consistent with estimates used. Excessive fluctuations in the estimated project value may be cause for review of the grant inclusive of modification to the terms of the grant subject to review and action by the County Commission. (It is not intended that grants and the property taxes of a specific grant project equate exactly for the grant period. Additions, changes in real estate valuations and other factors may impact upon the actual property tax assessment base during the grant period. Estimates are used only to establish a rational link between a project and its economic impact upon the county and its citizens).
- Grants are not transferable and may not be otherwise conveyed to another party without the specific consent of the grantors (Rowan County Commission).
- Grants for expansion of existing industries will account for reductions in value associated with machinery and equipment being phased out, replaced or retrofitted as part of a project. Factors impacting employment will be evaluated and enter into determinations of grant awards.
- Grants for new projects will only consider estimated enhancements to the property tax assessment base above those existing prior to the project as proposed.
- The county shall provide detailed reporting processes to monitor and assure compliance with the terms, conditions and other specific requirements of the grant award agreement. The grantee shall comply with the reporting requirements during the grant period. The county agrees to maintain confidentiality of information deemed to be proprietary in nature. The grantee shall provide the county access to verifiable grant related support documentation. Failure of the county to obtain required grantee documentation shall cause termination of grant.

- The grantee is required to give detailed information on assets to be considered as part of the grant application process, inclusive of anticipated depreciation schedules, leasing arrangements with named parties holding financial interest in assets covered by the grant program, all business or corporate names that may be applicable for purposes of asset ownership. Signed releases from those holding financial interests in assets may be required as documentation for grant awards
- Rolling stock inclusive of automobiles, trucks, tractors, trailers or other licensed vehicles shall not qualify as listed assets under personal property for purposes of calculating the proposed projects investment value.
- County contributions to a specific project's infrastructure costs may be deducted from the calculated INVESTMENT GRANT PROGRAM award available for that specific project.
- Speculative building projects are not eligible for the INVESTMENT GRANT PROGRAM. For the purposes of this program, a speculative building is defined as a building that has been either proposed, developed, or built without a prelease in place. Preleases must be for third party tenant who will create a specified number of permanent, full-time jobs.
- For the purposes of this policy, the following are considered 'Targeted Industries' for Rowan County:
 - Advanced Manufacturing
 - Life Sciences & Healthcare
 - Distribution
 - Financial & Professional Services
 - Information Technology
- For the purposes of this policy, the 'County Average Wage' is defined as the 'Average Private Sector Wage' for Rowan County as determined by the North Carolina Department of Commerce, Labor & Economic Analysis Division for the calendar year that incentives are requested.

EXAMPLE OF GRANT AWARD (GRANT LEVEL DETERMINATION)

Example 1 - A company proposes to invest \$25 million into the expansion of its current Rowan County facility. The company is an advanced manufacturer and also plans to create 60 new jobs that will pay an average wage that is five percent (5%) above the current County average wage. The company will also pay for 50% of the monthly premium cost for the employee's health insurance. The company would receive the following points:

- \$25 million investment – 1 point

- 60 new FT jobs -1 point
- 5% above County average wage – 1 point
- Expansion of Existing Company – 1 point
- Company pays for 50% of employee insurance premium – 1 point
- County Targeted Industry – 1 point

Total Points – 6

The company's expansion earned a total of 6 points and is eligible for a Level 2 Grant.

Example 2 – A company proposed to locate its first facility in Rowan County. The company plans to invest \$500 million to build a distribution center that will employ 600 people. The average wage for these new jobs is eleven percent (11%) below the current County average wage. The company will also pay for 50% of the monthly premium cost for the employee's health insurance. The company would receive the following points:

- \$500 million investment – 4 points
- 600 new FT jobs – 3 points
- Company pays for 50% of employee insurance premium – 1 point
- County Targeted Industry – 1 point

Total Points – 9

The company's new project earned a total of 9 points and is eligible for Level 3 Grant.

EXAMPLE OF GRANT AWARD (GENERAL GRANT CALCULATIONS)

Level 1 Grant (based on a \$5 million project in real property, equipment and machinery)

- Current tax rate .6575/100 for the grant period
- real and personal property investment of \$5,000,000/100=\$50,000 x \$.6575 x 40% = \$13,150 grant payment
- Five-year period total grant payments estimated at \$65,750.

Level 2 grant (based on a \$50 million project in real property, equipment and machinery)

- Current tax rate .6575/100 for the grant period

- real and personal property investment of $\$50,000,000/100=\$500,000$ x $\$.6575$ x 45% = \$147,938 grant payment
- Five-year period total grant payments estimated at \$739,688.

Level 3 grant (based on a \$100 million project in real property, equipment and machinery)

- Current tax rate $.6575/100$ for the grant period
- real and personal property investment of $\$100,000,000/100=\$1,000,000$ x $\$.6575$ x 50% = \$328,750 grant payment
- Five-year period total grant payments estimated at \$1,643,750.

Calculations for INVESTMENT GRANT PROGRAM awards at other values and at Levels 1, 2 or 3 would be completed in a similar manner.

- Note: The ratio of real to personal property (machinery and equipment) will vary significantly among projects. Depreciation schedules will impact estimated tax assessment values depending on the type of project and applicable depreciation schedule.

PROGRAM ADOPTION, AMMENDMENT AND EFFECTIVE DATES

A pre-application meeting with the County Commission representatives and elected officials of any local municipality impacted by a proposed project shall be held to validate project specifics and assure that current grant program criteria are applicable. The Rowan Economic Development Council shall provide a fiscal analysis of the project's impact upon the community as to whether the project proposal should be considered for the award of an incentive grant as detailed within policy guidelines.

Only specific action by the Rowan County Commission shall be deemed acceptance of terms in a formal contractual grant agreement and by award of an INVESTMENT GRANT thereto.

Applicants for the INVESTMENT GRANT PROGRAM shall use these guidelines in applying for a grant for new industrial development projects locating or existing industrial expansions occurring in Rowan County) and applicable cities/towns). These guidelines shall be an attachment to each formal grant award contract approved by the County.

Other specific attachments to the formal agreement shall include but not be limited to:

- A project site plan, brief written description of the project, its scope, number and type of employment positions, phasing and timing of the development and any other information that would be viewed as important in describing the project.
- A copy of the current County investment grant guidelines.
- A copy of the participating municipality's investment grant guidelines (if applicable).
- A summary of any incentives being offered by the State of North Carolina or by other partners for the project (if applicable).
- Other pertinent information that might apply to a specific project.

These guidelines remain in effect until otherwise modified by the Rowan County Board of Commissioners.

ADDENDUM A
RELOCATION AND ASSISTANCE GRANT
ADDITIONAL TERMS AND CONDITIONS

As further consideration for the granting of certain relocation and assistance grants by Rowan County to the Company, the Company further agrees that it shall abide by the Federal Immigration and Control Act of 1986 and all subsequent amendments thereto (collectively the "Act"). To that end, the Company agrees as follows:

1. The Company shall provide to Rowan County an annual certification, as of the time the Company first claims the Grant and each year it claims an installment or carryforward of the Grant, that the Company has implemented measures necessary to be in compliance with the Act and does not knowingly employ any unauthorized alien at the Facility; and
2. If the Company fails to implement measures necessary to be in compliance with the Act or knowingly employs an unauthorized alien at the Facility, and if upon learning of any such event, fails to cure such matter within sixty (60) days from learning of such, then the Grant shall expire and the Company may not take any remaining installment or carryforward of the Grant; and
3. The Company agrees to contractually require its General Contractor, during the term of construction of the Facility, to provide an annual certification that it is not in violation of the Act and has had no final adjudication of a violation of the Act with respect to the Facility by the appropriate authority with jurisdiction over such claims for violations of the Act; and
4. To the extent the Company's General Contractor has been finally adjudged to have violated the Act with respect to the Facility without further recourse or appeal by the General Contractor, the Company shall require the General Contractor to take all necessary steps to correct such non-compliance as expeditiously as possible. Provided, however, the

Company is not ultimately responsible for the actions or failure to act on the part of the General Contractor.

**ADDENDUM B
INCENTIVE GRANT ELIGIBILITY
SCORING SYSTEM**

| Category | Thresholds | Points |
|---|--------------------------------------|--------|
| Direct Full-Time Job Creation | 0 to 50 | 0 |
| | 51 to 250 | 1 |
| | 251 to 499 | 2 |
| | 501 or more | 3 |
| | | |
| New Capital Investment | Less than \$10 million | 0 |
| | \$10 to \$50 million | 1 |
| | \$51 to \$100 million | 2 |
| | \$100 to \$499 million | 3 |
| | \$500 million and up | 4 |
| | | |
| Average Wage* | Below County Average Wage | 0 |
| | Pays County Average Wage, Up to 110% | 1 |
| | Over 110% of County Average Wage | 2 |
| | | |
| Expansion of Existing Company | No | 0 |
| | Yes | 1 |
| | | |
| County Targeted Industry** | No | 0 |
| | Yes | 1 |
| | | |
| Company Provides Health Insurance & Pays 50% of monthly premium costs | No | 0 |
| | Yes | 1 |
| | | |
| Total Possible Points | | 12 |
| | | |
| POINTS SCALE: | | |
| 0 to 2 points | Not Eligible for Incentives | |
| 3 to 5 points (Level One) | 40% for five years | |
| 6 to 8 points (Level Two) | 45% for five years | |
| 9 to 12 points (Level Three) | 50% for five years | |

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| <p>The scoresheet and suggested incentive levels are guidelines and an evaluation tool for the county, and in no way bind county officials to any course of action. Rowan County reserves the right to agree to different terms and incentive levels that are greater or lesser than those listed here for a project, or to add additional 'discretionary' points based upon the project's potential impact, industry type, etc.</p> | | |
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| <p><u>Footnotes:</u></p> | | |
| <p><i>* As defined by the NC Dept of Commerce (Labor & Economic Analysis Division) for the calendar year that incentives are requested - \$50,138 in 2023</i></p> | | |
| <p><i>** Advanced Manufacturing, Life Sciences & Healthcare, Distribution, Financial & Professional Services, and Information Technology</i></p> | | |