

# Business Incentives Greenville, South Carolina



**Economic Opportunity. Development Solutions.**

# Business Incentives

## I. Tax & Incentive Structure

With regards to taxation in South Carolina, the State administers corporate income and sales and use taxes; the County levies property tax. Hence, each governmental authority's means to reward growth are tied directly to their mode of taxation.

South Carolina incentive legislation provides the ability for both legislative bodies to incent both new and existing business and industry when new jobs are created and/or new investment occurs. In addition, the State of South Carolina strongly encourages rural development weighting its incentive programs accordingly.

Incentives from both levels of government take one of two forms. Either they are statutory, meaning if requirements are met, one would automatically qualify; or negotiated, meaning they are offered at the discretion of the appropriate governing body. In general, statutory incentives are fiscal, year-end oriented; negotiated incentives are often time-sensitive and in some cases have a set look-back period to capture eligible expenditures.

## II. County Incentives

The Greenville Area Development Corporation (GADC) was created by Greenville County to act as the County's agent for economic development. As its agent, the GADC has the sole ability to negotiate property tax-based incentives; however, final approval rests with Greenville County Council.

Specifically, a company may take advantage of one of two potential incentive programs. Depending on total investment, a company may qualify for either a five-year abatement of a statutorily-set portion of property tax or, by agreement with the county, a fee-in-lieu-of-tax arrangement. Other unique options can be considered given the project size.

### a. Property Tax Abatement - Statutory

South Carolina provides a property tax abatement to new or existing companies making new capital investments in the state.

Purpose:

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

Value:

- Approximately 20% - 25% tax reduction annually for 5 years on new capital investment

Requirements:

- Invest greater than \$50,000 in new capital expenditures in one year
  - Company must be involved in manufacturing, research and development, corporate headquarters, or distribution/warehouse facilities
  - If other than manufacturer or R&D, must create at least 75 new jobs
  - File tax return/PT-300 to SC Dept. of Revenue; deduction is automatic.
- (See SC Department of Revenue website -- [www.sctax.org](http://www.sctax.org) -- for more information)

Mechanics:

The abatement is given for 5 years – years 2 through 6 and is a waiver of the county's operating portion (55.9 mills) of property tax.

Property Tax: Value x Assessment Ratio x Millage

Tax Example: (assumes manufacturer & non-depreciable asset)

\$10 Million investment x 10.5% assessment ratio x .2750 (average) millage rate = \$288,750 annual tax (before abatement)

Abatement Savings Example:

\$10 Million investment x 10.5% assessment ratio x .0559 millage abatement = \$58,695 annual abatement savings or \$293,475 over 5 years

So, taxes after the abatement in Year 1 would be \$230,055.

**Note:** Besides the abatement, SC provides the following **property tax exemptions** - All inventories (raw materials, work-in-progress and finished goods), all intangible property, and all pollution control equipment.

b. Fee-in-Lieu of Property Tax - Negotiated

A company may negotiate with the Greenville Area Development Corporation a Fee-in-Lieu of Property Taxes (FILOT) agreement. FILOT agreements are subject to final approval by Greenville County Council.

Purpose:

- Reward substantial investment by reducing tax burden over the long-term

Value:

- Approximately 42% tax reduction annually for 20 years on new capital investment occurring in a 5-year investment window.

Requirements:

- Company must be manufacturer, warehouse/distributor or an office/headquarters
- Commit to significant new investment (greater than \$10 Million over 5 years)
- Project must be competitive with other locations

Mechanics:

- May lower assessment ratio from 10.5% to as low as 6% on real and personal property for manufacturers
- For headquarters and corporate offices, the assessment ratio can be reduced from 10.5% to as low as 6% on personal property (real property is already assessed at 6%)
- May lock millage rate for 20 years or adjust it every 5 years; historical millage increase has been 1.5% annually (School System)
- Bond/Incentive attorney must prepare legal documents
- 8-week process with County Council

c. Industrial Revenue Bond – 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. Investment cannot exceed \$20 million in expenditures 3+/- years.

### III. State Incentives

a. Jobs Tax Credit - Statutory

The Jobs Tax Credit is a valuable financial incentive that rewards new and expanding companies for creating jobs in South Carolina. In order to qualify, companies must create and maintain a certain number of net new jobs in a taxable year. The number of new jobs is calculated as the increase in the average monthly employment from one year to the next.

Purpose:

- South Carolina rewards companies for job creation by reducing corporate income tax liability

Requirements and Corresponding Values:

1) For companies involved in manufacturing, processing, warehousing, distribution, tourism, or be considered a corporate office facility (HQs), bank or qualified technology intensive facility, increase annual average monthly employment by 10 or more new full-time jobs.

- Credit of \$1500 annually for 5 years for each new job; \$2500 when located in a Multi-County Business Park

2) "Small Business" - For companies involved in manufacturing, processing, warehousing, distribution, tourism, or considered as a corporate office facility (HQs), bank or qualified technology facility and employing corporation-wide 99 or less employees, create 10 net new jobs as noted III.a.1) above or increase annual average monthly employment by 2 or more new full-time jobs.

- Credit of \$1500 annually for 5 years for each new job with gross wages that equal or exceed \$19.50 per hour (120% of the state's per capita of \$16.25/hr); \$2500 when located in a Multi-County Business Park

- or \$750 annually for 5 years for each new job that pays less than \$19.50; \$1750 when located in a Multi-County Business Park

3) Service-related facilities are eligible but they must create 250 new full-time jobs within 5 years (or the equivalent of 500 part-time jobs) OR meet one of the following criteria:

- Create 125 jobs with an average salary 1.5 times the State of South Carolina's per capita income (\$48,743); or
- Create 75 jobs, with an average salary 2 times the State of South Carolina's per capita income (\$64,990); or
- Create 30 jobs, with an average salary 2.5 times the State of South Carolina's per capita income (\$81,238).

If meeting one of the above requirements, service-related companies are also eligible for a credit of \$1500 annually for 5 years for each new job or \$2500 per job when located in a Multi-County Business Park.

Mechanics:

- Offsets corporate income tax liability up to 50% in a given year
- Can carry forward unused credits for 15 years
- Credits are given each year for five years beginning with years 2 through 6

Example:

100 Employee Manufacturer to create 50 jobs  
50 jobs x \$1500 = \$75,000 annual value  
5 year value = \$375,000

b. Corporate Headquarters Credits - Statutory

Income tax credits to partially reimburse for real and personal property expenditures associated with new Headquarters related jobs.

#### **IV. Recruitment and Training Support**

- a. ReadySC  
No cost recruitment, screening, testing and pre-employment training when hiring 15-20 new production workers; on-the-job training reimbursement possible when hiring less than 15 new employees.
- b. Enterprise Zone Retraining Credits  
Cash match of up to \$2,000 per employee over 5 years for retraining of existing production employees.
- c. Greenville County Workforce Investment ACT (WIA) & One-Stop Business Services  
Greenville County Workforce Development's business services are geared to assist employers with pre-screening of applicants, pre-employment skills assessments, and referrals of qualified job seekers accessing the local One-Stop Career System. Potential grant funds are available for incumbent worker training programs, on-the-job training, customized training for new employees up to 50% of training costs for new employees, and reimbursements for training of WIA referrals. WIA assistance complements support provided by ReadySC.