



YORK COUNTY
ECONOMIC DEVELOPMENT
SOUTH CAROLINA

SOUTH CAROLINA BUSINESS INCENTIVES 2018
YORK COUNTY ECONOMIC DEVELOPMENT



The following information highlights business incentive programs that can assist businesses that are considering relocating, developing or expanding in York County, South Carolina. Complete information on each program is available by contacting the telephone number noted or by contacting the York County Economic Development Corporation at (803) 802- 4300

South Carolina's incentive legislation provides the ability to incent both new and existing business and industry when new jobs are created and/or new investment occurs. Incentives from both levels of government take one of two forms. Either they are statutory, meaning if requirements are met, a company would usually 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 while negotiated incentives are often time-sensitive and in some cases have an established period to capture eligible funds and expenditures.

STATE JOBS TAX CREDITS (STATUTORY):

A tax credit against South Carolina income tax or insurance premium tax for new or existing qualified companies creating new jobs in the state. To qualify for the job tax credit, a business must:

1. be a certain type of business and
2. create and maintain a required minimum number of "net new, full time 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.

For companies involved in manufacturing, processing, warehousing, distribution, tourism, research and development or considered a corporate office facility (HQs), banking, agribusiness operations, qualifying healthcare related facilities, or a qualified technology intensive facility, and increase annual average monthly employment by 10 or more new full-time jobs they can claim a:

- Credit of \$1,500 in York County annually for 5 years for each new job; the credit increases by \$1,000 per job when located in a Multi-County Business Park.

Note: Technology Intensive Facilities are defined by NAICS codes:

5114:	database and directory publishers
5112:	software publishers
54151:	computer systems design and related services
541511:	custom systems programming services
541512:	computer systems design services
541711:	research and development in biotechnology
541712:	research and development in physical, engineering and life sciences
518210:	data processing, hosting and related services
9271:	space research and technology



SMALL BUSINESS: (STATUTORY):

For companies involved in manufacturing, processing, warehousing, distribution, tourism, research and development or considered a corporate office facility (HQs), banking, agribusiness operations, qualifying healthcare related facilities, or a qualified technology intensive facility and employ 99 or less employees, increase annual average monthly employment 10 net new jobs as noted above or increase annual average employment by 2 or more new full-time jobs they can claim a:

- Credit of \$1,500 in York County annually for 5 years for each new job with gross wages that equal or exceed \$20.28 per hour in York County; the credit increases by \$1,000 per job when located in a Multi-County Business Park.
- Or a Credit of \$750.00 in York County for 5 years for each new job with gross wages that pay less than \$20.28 per hour in; the credit increases by \$1,000 per job when located in a Multi-County Business Park.

A qualifying service-related facility must either a. create 25 – 175 new, full time jobs at a single location based upon avg compensation listed below, or b. be a facility under the NAICS Manual Section 62, subsectors 621, 622, or 623. Qualified companies are eligible for a credit of \$1,500 in York County for 5 years for each new job. A taxpayer who is not qualified under b above must:

- Create 175 new full-time jobs; or
- Create 150 jobs at a single location comprised of a building or a portion of a building that has been vacant for at least 12 consecutive months prior to the taxpayer's investment; or
- Create 100 jobs with an average salary 1.5 times the State of South Carolina's per capita income (\$57,450);
- Create 50 jobs, with an average salary 2 times the State of South Carolina's per capita income (\$76,604); or
- Create 25 jobs, with an average salary 2.5 times the State of South Carolina's per capita income (\$95,755).
- The credit increases by \$1,000 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 for five years beginning with years 2 through 6.



INVESTMENT TAX CREDIT (NEGOTIATED):

South Carolina allows manufacturers locating or expanding in South Carolina a (Negotiated) one-time credit against a company's corporate income tax of up to 2.5% of a company's investment in new production equipment. The actual value of the credit depends on the applicable recovery period for property under the Internal Revenue Code. The credit may be used to offset up to 100% of corporate income tax liability, and unused credits may be carried forward for up to 10 years.

JOB DEVELOPMENT CREDIT (NEGOTIATED):

The Job Development Credit (JDC) is a discretionary, performance-based incentive that rebates a portion of new employees' withholding taxes and can be used to address the specific needs of individual companies. JDCs are approved on a case-by-case basis by the S.C. Coordinating Council for Economic Development. To qualify, a company must meet certain business requirements and the amount a company receives depends on the company's pay structure and location. Qualified companies will receive a percentage of each eligible individual employee's personal income tax returned to them as a cash rebate in either quarterly or annual payments. Depending on salary values, this could be as much as

4 - 5% of annual payroll. Once a company's application for eligibility to receive a JDC is approved by the SC Coordinating Council, they are required to enter into an agreement with the Coordinating Council called a Revitalization Agreement that is a contract with the state guaranteeing the company's participation and performance in the program.

Eligibility:

To be eligible to apply for the Job Development Credit, a company must:

- Meet the requirements of a manufacturing and processing, corporate office, warehouse and distribution, research and development, agribusiness, tourism, or qualified service-related facility as required for the Jobs Tax Credit;
- Create at least 10 new, full-time jobs;
- Provide full-time employees with a benefits package that includes a comprehensive health plan and pay at least 50% of an eligible employee's cost of health plan premiums; and
- Pay a non-refundable \$4,000 application fee, receive a positive cost/benefit certification (the project is of greater benefit than cost to the state) from the Coordinating Council, and pay a \$500 annual renewal fee.

*Please note that the Coordinating Council will generally only allow companies to collect credits for 10 years, and only on new full-time jobs with wages at or above the current county average wage for the county in which the project is located.



CORPORATE HEADQUARTERS CREDIT (STATUTORY):

A credit against state corporate income tax, or corporate license fees for establishing a corporate headquarters in South Carolina, or expanding or adding to an existing corporate headquarters.

Value:

A credit against corporate income tax, or corporate license fees imposed equal to 20% of the qualifying costs for establishing a corporate headquarters in South Carolina, or expanding or adding to an existing corporate headquarters.

Any unused credit may be carried forward for 10 years.

Requirements:

The credit is made up of two parts: Part I – the real property costs and Part II – the personal property costs. A taxpayer may qualify for only Part I of the credit or may qualify for both Parts I and II of the credit.

Part I: Real Property Component:

- Cost of new construction or addition must exceed \$50,000 (i.e. costs incurred in the design, preparation, & development of either establishing or expanding a corporate HQ; direct construction; or direct lease costs during the first 5 years of operation).
- Create a minimum of 40 new full-time jobs engaged in head quarter related functions and services or research and development related functions and services.
- At least 20 of these jobs must be classified as staff employees.
- The facility must be the location where corporate staff members or employees are domiciled and where the majority of the company's financial, legal, personnel, planning, and/or other staff functions are handled on a regional or national basis.
- The facility must be the sole corporate headquarters within the region or nation. A region is defined as a geographical area comprised of either five states (including SC) or two or more states (including SC) if the entire business operations of the company are performed in fewer than five states.



CORPORATE HEADQUARTERS CREDIT (STATUTORY):

Part II: Personal Property Component:

- Real Property requirements above must be met in order to qualify.
- Personal Property must be purchased for the HQ
- Personal Property must be used for HQ functions and services
- Must create a min of 75 new full time jobs performing HQ related functions or services. At least 20 must be HQ staff employees.
- 75 HQ jobs must have avg. cash compensation level of at least 2x state per capita income
- Additional credit of 20% of the tangible personal property costs of the HQ
- Used to eliminate both company's corporation income tax and license fee
- Unused can be carried forward 15 years

RESEARCH & DEVELOPMENT TAX CREDIT (STATUTORY):

A credit against corporate income tax or corporate license fees.

Value:

- A credit equal to 5% of qualified research & development expenditures made in SC.
- The credit is limited to 50% of the taxpayer's tax liability remaining after all other credits have been applied.
- Any unused credit can be carried forward, but must be used before a taxable year beginning 10 years or after from the date of the qualified expenditure.

Requirements:

- Taxpayer must claim a federal income tax credit pursuant to Internal Revenue Code §41 for increasing research activities for the taxable year.
- Qualified research and development has the same meaning as provided in Internal Revenue Code § 41.

PORT VOLUME INCREASE CREDIT (DISCRETIONARY):

A credit against potential corporate income taxes, personal taxes or employee withholding taxes.

Value:

- Amount of credit and the type of taxes that may be offset is determined by the SC Coordinating Council for Economic Development upon application.
- Unused income tax credits can carry forward for 5 years and unused withholding tax credits can be carried forward for 20 quarters.

Requirements:

- Base year volume of cargo transported must be at least 75 net tons of non-containerized cargo, 385 cubic meters, or 10 “twenty foot equivalent units” (TEU's)
- The initial “base year port cargo volume” is the total amount of net tons of non-containerized cargo or TEUs of cargo actually transported by way of a waterborne ship through a port facility during January 1 – December 31st of the same year. If the taxpayer did not transport at least 75 net tons of non-containerized cargo, 385 cubic meters or 10 TEUs of cargo during the calendar year, or the taxpayer was not located in South Carolina during that year, then the initial base year is the first calendar year that the taxpayer meets the cargo requirements. The initial base year cannot be 0.
- Base year port cargo volume must be recalculated every calendar year.

Upon application to the Council, the credit is determined and certified.