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Business Investment Grant Policy Update
September 7, 2021

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Job Creation Trends

- What are we seeing now
- Pandemic Impact
- Where we are focused for the next 6 months
 - Finance, Fintech, HQ, Tech and Industry 4.0
 - #MeetCharlotte
 - Strategic Partnership with UK
 - Industrial Land Use Study // Implementation of 2040 Plan

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Business Investment Grant

Created: 1998 in partnership with Mecklenburg County

Purpose: Encourages the attraction, retention and/or expansion of businesses and jobs

Fundamentals:

- Provides grants based upon the amount of net new property tax generated by the business choosing Charlotte and investing in real estate
- Requires companies to meet thresholds for capital investment, new jobs and wages
- Competitive in nature - "but for clause"
- **Often used as a required match to State incentives (JDIG)**

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Current Policy

Standard Grant

- \$3 million investment
- 20 new jobs at 100% average annual rate for MSA (\$51,150)
- 3-year grant term at 90%
- Projects must locate in the Business Investment Zone (BIZ)
 - Option for additional two-year term if existing company

Large Impact Grant

- \$30 million investment and/or
- 150 new jobs at 125% average annual rate for MSA
- 5-year grant term at 50% or 90% depending on location
 - Option for additional two year term if existing company

Major Headquarters Provision

- Companies that are Fortune 1000
- Must pay 200% of the regional average wage

- Original policy to 1998
- Weights investment over creation and retention of good jobs
- Doesn't align with today's market, which is heavily focused on the office market
- Often going out of policy to recruit business

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Pilot Policy to Permanent Policy

Objectives:

- Adapt policy to be more focused on the **quantity and quality of jobs**
- Meet the goals of City Council and address **community goals**
- Reward companies locating in **targeted business corridors**
- Emphasize **target industries**
- Create **flexibility** within our policy framework

Today we are looking to move this forward to a permanent policy.

- Began in November 2019
- Has been successfully implemented on 6 projects resulting in over 5,300 new jobs and \$1.1B investment
- Only 1 project has gone outside of policy (Centene)

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Proposed Permanent Policy

Standard Grant:

1. \$3 million investment; **and**
2. 20 new jobs at 100% average wage for MSA (\$51,150) or **Standard Occupation Classification**
3. Higher incentive for targeted location or industry

3-year grant term at 50% or 90% reimbursement

- If located in Business Corridor Revitalization Geography, 90% grant automatically recommended.
- Option for additional two-year term if existing company

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Proposed Permanent Policy



Large Impact Grant:

1. \$30 million investment; and/or
2. 150 new jobs; and/or
3. 125% average wage for MSA or Standard Occupation Classification



Meet 2 of the 3 requirements:



5-year grant term at 50% or 90% reimbursement

- o If located in Business Corridor Revitalization Geography, 90% grant automatically recommended.
- o Option for additional two-year term if existing company



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Proposed Permanent Policy



Large Impact Grant – Emerging Target Business:

1. Create 150 jobs; and
2. 125% average wage for MSA or Standard Occupational Code; and
3. Targeted Industry; and
4. Within 5 years, invest minimum of \$3M in real and business personal property and commit to adding 20 new jobs

7-year grant term at 50% or 90% reimbursement

Example: Project Sierra - New Company

- Capital Investment: TBD
- Jobs: 150
- Salary: \$87,000
- Location: WeWork
- Target Industry: Financial Technology

Current Policy: No Grant due to lack of upfront capital investment

Pilot Policy: Potential future 7 year 90% grant with minimum \$3M future investment + 20 new jobs

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Proposed Permanent Policy

Transformative Projects:

1. \$100 Million in Investment
2. 1,000 new jobs
3. 25% average wage for MSA or Standard Occupation Classification
4. Targeted Sector

Meet 3 of the 4 requirements: ~

Ability to extend term to 10 years.



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Incentives Process Discussion

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Agreement Terms

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Current BIG Terms

Purpose: Allow for flexibility in achieving the requirements of the Business Investment Grant as long as city and community goals are being achieved

Current Terms:

- Company must meet 100% or greater ad valorem tax increase or they do not receive a payment.
- Company must meet 100% or greater of job creation and set wage or they do not receive a payment.

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Proposed BIG Terms

Proposed Capital Investment Terms:

- Proposal is based off the companies anticipated net new property tax generated by their capital investment.
- Agreement is based off the anticipated net new property taxes generated.
- Terms for payment are modified to be:

Ad Valorem Property Tax Generated	Percent of Payment*
100% +	100% of payment
90.0% to 99.99%	90% of payment
80.0% to 89.99%	80% of payment

* Assumes that other BIG criteria are met



Proposed BIG Terms

Proposed Job Creation Terms:

- Proposal is based off the companies anticipated job creation and average wage
- Agreement is based off the anticipated job creation and average wage
- Terms for payment are modified to be:
 - For committed average wages that exceed the Charlotte MSA average wage, a 10% variance will be permitted, only if the actual average wage does not drop below the Charlotte MSA average wage.

Jobs Created	Percent of Payment*
100% +	100% of payment
90.0% to 99.99%	90% of payment
80.0% to 89.99%	80% of payment

* Assumes that other BIG criteria are met





Next Steps

