LINCOLN COUNTY
INDUSTRIAL DEVELOPMENT INCENTIVE
GRANT PROGRAM FOR
NEW AND EXISTING INDUSTRIES

I. OVERVIEW

Lincoln County has adopted the following Industrial Development Incentive Grant Program for purposes of recruitment of industry and increasing economic growth pursuant to Chapter 158 of the General Statutes. The objectives of the grant program are to expand the tax base, to provide quality jobs for Lincoln County's residents, to promote economic development, and to secure the economic well-being of all citizens. The importance of sustaining and assisting with the growth of existing industries is well-documented. The diversification that comes with the addition of new industries to a county is needed to provide a broader economic base. The following paragraphs formalize the Incentive Grant Program.

II. PROGRAM PARAMETERS

The Industrial Development Incentive Grant involves a contractual agreement between Lincoln County and new or existing industries (the "Grant Recipient") for a financial incentive grant based on the actual value of qualifying new capital investment, as determined herein, made by such new or expanding industries within the corporate boundaries of Lincoln County (the "Incentive Grant").

The Incentive Grants shall be based on different levels of capital investments, and designated as follows:

(A) Level I Grant. A Level I Grant shall be available for qualifying new capital investment by new or expanding industries in an amount from $750,000.00 to $999,999.99.

(B) Level II Grant. A Level II Grant shall be available for qualifying new capital investment by new or expanding industries in an amount from $1,000,000.00 to $9,999,99.99.

(C) Level III Grant. A Level III Grant shall be available for qualifying new capital investment by new or expanding industries in an amount of $10,000,000.00 to $19,999,999.99.

(D) Level IV Grant. A Level IV Grant shall be available for qualifying new capital investment by new or expanding industries in an amount of $20,000,000.00 or more.

Additional incentives may be offered to qualifying companies through Lincoln County. Those incentives shall not be eligible to begin until after payment of this Incentive Grant.

Calculation of Incentive Grant Amount. The Incentive Grant shall be computed

(A) Level I Grant. The Incentive Grant shall be computed by multiplying the dollar amount of the investment by a factor set each tax year that equates to a 65% reduction in taxes.

(B) Level II Grant. The annual Incentive Grants shall be computed by multiplying the dollar amount of the investment by a factor set each tax year that equates to a 75% reduction in taxes.

(C) Level III Grant. The annual grant to be paid will be computed by multiplying the dollar

amount of the investment by a factor set each tax year that equates to an 85% reduction in taxes

(E) Level IV Grant. The annual grant to be paid will be computed by multiplying the dollar amount of the investment by a factor set each tax year that equates to a 95% reduction in taxes.

The dollar amount of the investment shall be determined by the appraisers of the Lincoln County Tax Department.

Incentive Grant Contract. Incentive Grants made under this program will be identified by the particular project (the "Project") for which they are made and will be secured by a contract between the Grant Recipient and Lincoln County (the "Contract"). The Contract must identify, at a minimum, the following: (i) the term of the Project including the start date and completion date; (ii) the value of the qualifying new investment; (iii) a detailed description of the Project that is being covered; and (iv) the maximum amount of the Incentive Grant as established by the terms of this Policy. In addition, no project shall exceed a time limit of December 31st following the end of a 24-month term, and no Contract shall be required to coincide with Lincoln County's fiscal year. For the purposes of the Incentive Grant, the new capital investment will be assessed by the Lincoln County Tax Department on January 1st, following the first full year of completion of the Contract. The Board of Commissioners shall have the authority to enter into a Contract for a longer period of time if the Project is determined to justify said extended time.

Payment Terms. The Incentive Grant shall be paid to the Grant Recipient for the following periods, unless otherwise set forth in the Contract:

(A) Level I Grant. The Incentive Grant shall be paid in three (3) equal annual installments.
(B) Level II Grant. The Incentive Grant shall be paid in five (5) equal annual installments unless said investment results in the creation of 75 or more jobs; if said investment creates 75 or more jobs it will be paid in seven (7) equal annual installments.
(C) Level III Grant. The Incentive Grant shall be paid in seven (7) equal annual installments.
(D) Level IV Grant. The Incentive Grant shall be paid in eight (8) equal annual installments.

The first of the annual installments will be paid approximately 30 days after their tax payment for the then-current year has been received by Lincoln County; and after the company notifies Lincoln Economic Development Association their taxes have been paid. However, any annual grant installment may be delayed or withheld if the grant recipient is delinquent in the payment to Lincoln County of any taxes, utility bills, or other fees owed to the County.

The value of the qualifying new capital investment will be determined by the appraisers of the Lincoln County Tax Department on the basis of enhancements to Lincoln County's tax base. The Tax Department appraisers will consider only new investment in land, buildings, machinery, equipment, and personal property, subject to the following guidelines:

(A) For new construction or expansion of existing construction, the amount that qualifies for consideration in calculating incentive grants will reflect only the amount by which the new construction or expansion enhances the value of the property beyond its value prior to the project, except in regard to Shell Buildings outlined in section (d).

(B) The value of new investment in machinery, equipment, or other personal property eligible

for consideration in calculating incentive grants will be limited to 70 percent of the amount of new investment in such property.

(C) For expansions of existing industries, the value of any machinery or equipment being phased out, replaced, or retrofitted as part of the project will be deducted from the value of replacement equipment in determining the amount that qualifies for consideration in calculating incentive grants.

(D) For Shell Buildings, the value of the property will qualify for consideration in calculating grants for the first buyer or tenant leasing for more than one year. Shell Buildings must be registered and approved by the Lincoln Economic Development Association to qualify for incentives.

If a grant recipient shall close, terminate, or reduce its operation by fifty percent (50%) or more during the period of the grant, all further grant payments will cease, and the Industrial Development Incentive Grant for the recipient will be null and void.

Each project will be considered in accordance with the aforesaid guidelines. The Lincoln County Board of Commissioners will review these guidelines annually and make any necessary or appropriate changes. The grant program may be changed or rescinded at any time but with the understanding that contracts outstanding at the time of such termination or change will be honored in accordance with the terms of such contracts.

III. PROJECT QUALIFICATIONS

To be considered eligible for an Industrial Development Incentive Grant, a Project must meet certain basic criteria. These criteria are to be used as guidelines in project evaluations. Additional criteria may be applied to specific projects based upon the terms of the contract between the Grant Recipient and the County.

Factors that must be considered in each Project shall include:

- The size of the project based upon investment in site development, plant facilities, and infrastructure; and
- The number and type of jobs created and the anticipated hourly wages to be paid.

In addition, the following factors may be considered in addition to those provided above:

- The potential for future expansion and increased employment;
- Any site-specific initiatives that may be pursued to stimulate other development in areas that Lincoln County may deem of significant benefit to the community.

IV. PUBLIC HEARING

Upon receipt of a grant application, and prior to approval of such application, the Lincoln County Board of Commissioners shall hold a public hearing after due advertisement in accordance with the provisions of N.C.G.S. §158-7.1.