

# BUSINESS INCENTIVES PRACTICE

## MAJOR INCENTIVE PROGRAMS SOUTH CAROLINA

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### BUSINESS INCENTIVES PRACTICE

The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

#### SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

#### RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



### KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

#### SOUTH CAROLINA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Orchids Paper Products	\$110.0	134	\$1.9
Red Bone Alley Foods	\$3.5	45	\$0.5
Mercedes-Benz Vans	\$500.0	1,300	\$14.0
Med-Enroll	\$3.5	153	\$0.7
Precision Southeast	\$16.6	140	\$0.8
Ruiz Foods	\$55.0	500	\$2.0
General Electric	\$400.0	80	\$0.8
Giti Tire Holdings (USA)	\$560.0	1,700	\$37.8
The Lash Group	\$90.0	2,400	\$2.0
Birdsong Corporation	\$47.0	55	\$0.5
Toray Carbon Fibers America	\$1,000.0	500	\$10.0
Bomag Americas	\$18.2	121	\$1.1

## OVERVIEW OF MAJOR SOUTH CAROLINA INCENTIVE PROGRAMS

### JOB DEVELOPMENT CREDITS

A Job Development Credit (JDC) is a discretionary, performance-based incentive that rebates a portion of new employees' withholding taxes that 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.

### JOBS TAX CREDIT

The Job Tax Credit (JTC) is a statutory incentive offered to companies, both existing and new, that create new jobs in the state. The credit is available to companies that establish or expand corporate headquarters, manufacturing, distribution, processing, qualified service-related, research and development facilities. This credit is extremely beneficial for companies, because it is a credit against corporate income taxes, which can eliminate 50% of a company's liability.

### CORPORATE HEADQUARTERS CREDIT

In an effort to offset the cost associated with relocating or expanding a corporate headquarters facility, South Carolina provides a generous 20% credit based on the cost of the actual portion of the facility dedicated to the headquarters operation or direct lease costs for the first five years of operation. The credit can be applied against either corporate income tax or the license fee. These credits are not limited in their ability to eliminate corporate income taxes and can potentially eliminate corporate income taxes for as long as 10 years from the year earned. Eligibility for this credit is determined by meeting a number of specific criteria.

### RESEARCH AND DEVELOPMENT TAX CREDIT

In order to reward companies for increasing research and development activities in a taxable year, South Carolina offers a credit equal to 5% of the taxpayer's qualified research expenses in the state. The term "qualified research expenses" is defined in Section 41 of the Internal Revenue Code. The credit taken in any one taxable year may not exceed 50% of the company's remaining tax liability after all other credits have been applied. Any unused portion of the credit can be carried forward for 10 years from the date of the qualified expenditure.

### ECONOMIC IMPACT ZONE INVESTMENT CREDIT

South Carolina allows manufacturers locating in Economic Impact Zone (EIZ) counties a one-time credit against a company's corporate income tax of up to 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.

South Carolina shows an average deal value of \$2.5 million with 222 new jobs created per deal

## OTHER SOUTH CAROLINA INCENTIVE PROGRAMS

- Economic Development Set-Aside Program
- Rural Infrastructure Fund
- Tourism Infrastructure Development Grant
- Single Sales Factor Apportionment
- Port Volume Increase Credit
- Investment Tax Credit
- Sales Tax Exemptions
- Fee-in-Lieu of Property Taxes (FILOT)
- Credit for Revitalization of Abandoned Buildings
- Enterprise Zone Retraining Program
- Pre-Job Training Program
- Coordinating Council for Economic Development

For more information, contact:

#### Alexander Frei

Co-Head, Business Incentives Practice for the Americas  
Global Business Consulting  
T +1 (312) 470 1836  
alex.frei@cushwake.com

#### Aaron Hirschl

Consulting Analyst  
Global Business Consulting  
T +1 (312) 470 2373  
aaron.hirschl@cushwake.com