

**CITY OF BURLINGTON
ECONOMIC DEVELOPMENT
INCENTIVE POLICY**

I. OVERVIEW

In order to expand economic development options for the City of Burlington that could diversify or expand the tax base, offer improved employment opportunities for its citizens and promote the economic growth and welfare of the business and industrial community, the City Council would establish inducement guidelines to encourage new industry location decisions within the City, as well as to assist existing industrial expansions.

II. PROGRAM PARAMETERS

The Burlington Incentive Policy involves a contractual agreement between the City of Burlington and a new or existing industry that would allow for a financial incentive based on the criteria established in Part III of this document. The City will require the industry to be current in payment of any and all taxes, fees and/or charges for an incentive to be paid. The City will require, as a part of the contractual agreement, a provision for reimbursement of any incentives to the City if any terms of the contract are not met. Any and all guidelines in the Incentive Policy shall be subject to G.S. 158-7.1. Each project will be evaluated and negotiated on an individual basis by City Staff using the City of Burlington's guidelines. City Council will be kept apprised of negotiations. Changing economic conditions may necessitate the City Council to modify, amend, or even terminate the incentive policy subject to compliance with any incentives in effect at that time. All decisions are based on availability of funds.

III. INCENTIVE POLICY CRITERIA

- A. Incentives will be available to new and existing industries. Existing industries qualify only for that portion of expansion that represents "new" investment.
- B. Investment for a new industry requesting an incentive should be \$8,000,000 taxable value in buildings and/or equipment.
- C. Investment for an existing industry requesting an incentive should be \$1,500,000 in taxable value in building expansion and/or equipment.
- D. The project for either new or existing industries must not have been started **prior** to the request for the incentive.
- E. Creation of jobs through either new development or expansion must have a wage rate **equal to or greater than** the average hourly wage of all industry in the county as established quarterly by the Employment Security Commission.¹
- F. The payback period for any and all incentives shall be no longer than five (5) years.
- G. No incentives are being recommended for commercial/retail-type businesses at this time, but could be explored in the future if deemed necessary.
- H. Incentives will be paid after current year ad valorem taxes are paid by the requesting industry.
- I. Other criteria for consideration may include but are not limited to: site specific issues that have an impact upon local infrastructure responsibilities, site specific issues that have an impact upon other local resources such as public safety, public works, etc.
- J. The industry meeting the criteria and desiring the incentive shall apply in writing.
- K. Upon request by an applicant industry and after taking into consideration the importance of proposed investments by an applicant industry to the local economy under the current circumstances, subject to the approval of the City Council, the foregoing criteria may be modified and/or waived in order to qualify an applicant industry in those instances where documentation is presented by the applicant

¹ The average hourly wage according to the Employment Security Commission includes all paid employees of an insured industry.

industry that a significant number of sustainable jobs will be created and substantial capital investments, in addition to the initially proposed investments, are scheduled for implementation in the immediate future.

- L. The industry must enter into a binding economic development contract with the City of Burlington and is therefore subject to any reporting or repayment (clawback provision) requirements contained therein.
- M. City Council will hold the necessary public hearings as required under statute and approve the signing of the contract between the City and the requesting industry.

IV. INCENTIVES

- A. Incentives in the amount of a minimum of one per cent (1%) of the total investment of new or expanded tax base.² (These funds will be paid from ad valorem taxes created by the new or expanded tax base from an Economic Development Fund.)
- B. Other incentives could be in the form of infrastructure such as streets; environmental testing/site mitigation; clearing, grading and erosion control measures; water and/or sewer line extensions.

V. CORPORATE HEADQUARTERS INCENTIVE CRITERIA

The City will provide a one-half percent (.5%) higher incentive to corporate headquarters if the project meets the following criteria:

- A. Corporate headquarters means the building or buildings that the principal executive officers have designated as their principal office. [See North Carolina G.S. 55-1-40 (17)]. The City requires that the corporate headquarters have at least fifty (50) or more full-time employees who are located in that building or buildings.
- B. The headquarters and/or expansion must be located within the corporate limits of the City of Burlington. If the project is an expansion, the expansion must employ fifty (50) or more full-time employees.

² Alamance County generally uses 1 to 1 ½ % as incentive amounts.

- C. The project must meet all other criteria as listed in Part III of this document.
- D. Incentives will be paid after all taxes, fees and charges due the City are paid.

policy revised 1-20-04

Amendment to Economic Development Incentive Policy:

Notwithstanding the program parameters and minimum standards set forth, the City Council may, in its sole discretion, offer an economic incentive to a new or expanding industry, when in the Council's judgment, the best interest of the City and its residents will be served. The Council may take into account the local unemployment rate at the time the assistance is solicited, the productive reuse of existing facilities, and/or general economic conditions in the area. Grant assistance may be measured by jobs created, investment in building and equipment or by a combination thereof. Where the offer is predicated on job creation, assistance may not exceed \$500.00 per new job. In any event, grant assistance must be recouped from ad valorem taxes generated by the project within not to exceed ten years. Any motion approving an incentive offer which does not meet adopted policy standards shall clearly disclose that the proposed offer is made as an exception to state policy and shall recite the existing conditions which make such an offer reasonable and in the best interest of the City and its residents.

Policy Amended 1-03-12