

Town of Zebulon

Economic Development Incentive Policy

Policy Objective

The objective of this policy is to support the development of an economic environment that attracts or encourages new investment, creates new jobs, and results in a healthy and diverse tax base.

Eligible Projects

An industrial company may be eligible for a Business Investment Grant if they meet both the New Investment Threshold and the New Jobs Threshold as described below.

New Investment Threshold

New or existing industrial companies may be eligible for a business investment grant for new investments which exceed \$10,000,000. New investment is defined as improvements to real estate, machinery, equipment and other business property located within the corporate limits of Zebulon or properties that qualify for annexation under North Carolina General Statutes. The value of the land is not included in the calculation of new investment. New investment must exceed \$10,000,000 in assessed value as determined by the Wake County Revenue Department.

New Jobs Threshold

New or existing industrial companies are eligible for a business investment grant when the investment threshold is met and at least 50 jobs are created. Jobs are defined as a net increase in the company's number of full-time personnel employed at a facility located within the Town of Zebulon corporate limits. A full-time employee is defined as a person who is employed by the company for at least 35 hours per week and whose wages are subject to withholding. The average wage for the new jobs must pay at least the average wage for Wake County by occupation as provided by the Employment Security Commission of North Carolina

The company must also agree to provide health insurance in at least the minimum amount required for tax credits under the Williams S. Lee Act, as it exists on the date of the approval of this policy. Under these provisions, a company must provide health insurance for full-time positions and pay a minimum of 50 percent of the premiums.

Policy Guidelines

1. All business investment grants will be considered for industries meeting the new investment and new job thresholds. The Board of Commissioners is not obligated to provide an incentive package to any company.
2. All projects will be considered on a case-by-case basis. The Town will consider a number of factors in addition to the items previously mentioned when determining consideration and approval of a business incentive grant, including, but not limited to:

- Types of new jobs created
- Potential for expansion
- Reputation of the company
- The presence of competition for the project
- Water and sewer capacity needs of the company
- Impact of project on quality of life for Zebulon citizens

Any information relevant to the project may be requested by the Town from the corporation to evaluate the merits of a request, including financial balance sheets and pro forma statements.

3. The amount of the grant to be paid or incentive to be provided by the Town shall not exceed 1.50 percent of the assessed value of the new investment, and shall be paid over a period of up to five years. In no event shall the grant amount of any single year exceed the amount of ad valorem taxes paid by the company on the new investment in that calendar year.
4. The actual amount of the grant payments or incentives provided may be different from the total project costs discussed by the Town and the corporation. Agreements will be written based on estimates provided by the company. However, actual assessed value will differ from investment costs since investment costs include site work and other corporation-borne costs not used in determining assessed value. Also estimated costs do not factor in the effects of depreciation on assessed value.
5. Expenditure of public funds under this policy is not authorized without a legally binding agreement approved by the Board of Commissioners and signed by all parties. Such an agreement will require:
 - that the assessed value of the new investment be confirmed by the Wake County Revenue Department and that all property taxes are paid prior to providing a grant payment;
 - that the required number of jobs for each calendar year that the grant is in effect be confirmed by the North Carolina Employment Security Commission prior to providing a grant payment; and
 - provisions for a payback schedule of some or all public funds authorized for this project upon default of the terms of the policy by the corporation.
6. All grant agreements may be subject to other performance criteria that will be outlined in the business investment contract between the company and the Town. In the event that a company fails to meet any of the provisions of the contract, the Town may adjust the amount of the grant to the company or withdraw the grant entirely.

7. These policy guidelines are not retroactive to any project which has been announced prior to the adoption of these policy guidelines. These guidelines are in effect until such time as amended by the Board of Commissioners.

Upon adoption, this resolution will supersede all previously adopted economic development incentive policies.

Adopted this the 6th day of June 2005.