



## MEMORANDUM

**Date:** February 12, 2007

**To:** Gaston County Manufacturing, Warehousing and Data Processing Companies

**From:** Gaston County Economic Development Commission

**Subject:** Gaston County Investment Grant Application

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The Gaston County Board of Commissioners adopted an investment grant program to encourage local manufacturers to expand and assist in the location of new businesses. Attached is a package of information that briefly describes the grant and an application to be completed for eligibility.

To be eligible for the grant, the company must have increased its **net taxable base** by a minimum of \$1,000,000 in a calendar year. The net increase of \$1,000,000 is not simply an addition of real estate or personal value. It must be \$1,000,000 in excess of the depreciation shown on the county's tax records. To be eligible for the 2007 grant, you would need to have increased your net taxable base by \$1,000,000 from January 1, 2006 to January 1, 2007.

**If your company is eligible, please complete the attached grant application (G-1, G-2 and G-3) and return the package and one copy to the Gaston County EDC, P. O. Box 2339, Gastonia, NC 28053-2339 postmarked by April 15, 2007.**

If you have questions concerning your eligibility for this program, contact Marc Bolick or Darlene Ritter at 704-825-4046. If you have tax questions or questions related to forms G-1, G-2 or G-3, please contact Donna Stapleton at 704-810-5842. We hope this grant program will encourage you to expand in Gaston County and look forward to having the opportunity to work with you on the application.

Enclosures



# Gaston County Investment Grant Program

## Purpose

The Gaston County Board of Commissioners has supported economic development for more than twenty years with an emphasis on tax base development, employer diversification and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the County's economy. Tax base development is a key concern for the County's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Gaston County operations. The Gaston County Investment Grant Program (GCIGP) is intended to provide an inducement for new business to locate in Gaston County and encourage existing business to expand.

## Grant Program Description

The program provides grants to companies investing in Gaston County. The grant will be established by an application with Gaston County. The company must pay their taxes in full each year based on the actual tax value of the property or investment. If the company meets all of the criteria in the application, a portion of the property tax will be returned as a grant. The amount of the grant is based on a sliding scale.

- Investment Grants will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No grant will be given to a company that would reduce their tax payment to an amount lower than the previous tax year.
- Purchases of any existing Gaston County facility or equipment will not qualify for the program.
- All grant monies will be taken directly from the company's tax payment. The company must be current with all other payments required by Gaston County.
- The Gaston County Board of Commissioners may modify or eliminate the program subject to meeting all existing grant obligations in effect at the time.
- No company may transfer grant agreements or contracts without explicit approval by the Gaston County Board of Commissioners.
- Companies in the following North American Industry Classification System (NAICS) 1997 and 2000 Revisions are eligible for the grants:

Category of Business	NAICS Code
Manufacturing	31 – 33 (NAICS 97)
Warehousing	493 (NAICS 97)
Data Processing	51821 (NAICS 2000)
Retail	44-45 (NAICS 2000)

### **Industrial Grant 1**

All investment in real property, new machinery and equipment over \$1,000,000.00 would be eligible for a grant as shown below.

- Year 1 - 90% property tax grant
- Year 2 - 80% property tax grant
- Year 3 - 70% property tax grant
- Year 4 - 60% property tax grant
- Year 5 - 50% property tax grant

### **Industrial Grant 2**

All investments in real property, new machinery and equipment over \$15,000,000.00 would be eligible for a grant as shown below.

- Year 1 - 90% property tax grant
- Year 2 - 80% property tax grant
- Year 3 - 70% property tax grant
- Year 4 - 60% property tax grant
- Year 5 - 50% property tax grant
- Year 6 – 40% property tax grant
- Year 7 – 30% property tax grant
- Year 8 – 20% property tax grant
- Year 9 – 10% property tax grant

### **Industrial Grant 3**

All investments in real property, new machinery and equipment over \$30,000,000.00 would be eligible for a grant as shown below.

- Year 1 - 90% property tax grant
- Year 2 - 85% property tax grant
- Year 3 - 80% property tax grant
- Year 4 - 75% property tax grant
- Year 5 - 70% property tax grant
- Year 6 – 65% property tax grant
- Year 7 – 60% property tax grant
- Year 8 – 55% property tax grant
- Year 9 – 50% property tax grant
- Year 10 – 45% property tax grant

### **Industrial Grant 4**

All investments in real property, new machinery and equipment over \$50,000,000.00 would be eligible for a grant as shown below.

- Year 1 - 85% property tax grant
- Year 2 - 85% property tax grant
- Year 3 - 85% property tax grant
- Year 4 - 85% property tax grant
- Year 5 - 85% property tax grant
- Year 6 – 70% property tax grant
- Year 7 – 70% property tax grant
- Year 8 – 70% property tax grant
- Year 9 – 70% property tax grant
- Year 10 – 70% property tax grant

## Gaston County Incentive Programs

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### **Retail Grant**

All retail investments with an aggregate investment of \$40,000,000.00 would qualify for a grant as shown below.

- Year 1 - 90% property tax grant
- Year 2 - 80% property tax grant
- Year 3 - 70% property tax grant
- Year 4 - 60% property tax grant
- Year 5 - 50% property tax grant

The Gaston County Investment Grant Program is intended to diversify the tax base, improve employment opportunities for Gaston County citizens, and create an increase in the net depreciable taxable value of the tax base of Gaston County. The Gaston County Tax Department and the Gaston County Economic Development Commission shall establish procedures for the implementation of the Program. Grant applications shall be reviewed and verified by the Tax Department and the EDC. Any interpretation of the application and/or approved Grant of the program to a specific project shall be subject to a yearly review by the EDC and Tax Department for eligibility in accord with this policy statement and shall be final.

## Gaston County Incentive Grant Program

### I. Grant guidelines:

- ◆ Gaston County offers five incentive grant programs. These are: (A) Industrial Grant 1 which requires a minimum of \$1 million in net additional value, (B) Industrial Grant 2 which requires a minimum of \$15 million in net additional value and, (C) Industrial Grant 3 which requires a minimum of \$30 million in net additional value and, (D) Industrial Grant 4 which requires a minimum of \$50 million in net additional value and, (E) Retail Grant 1 which requires a minimum of \$40 million in net additional value to qualify for the grant. The intent of the incentive grant program is designed to ensure that the County will see an increase in the property tax base greater than that of the minimum grant requirements. **Net additional value** is any new assets, plus all existing assets, less depreciation on all personal property assets. (The beginning Base Value is calculated on all existing assets, not only on new taxable grant investments.) The base year used in grant calculations for existing Gaston County industries will be the previous tax year value prior to application. Vehicles will not be considered in the application of the incentive grant program.
- ◆ Only “net new” purchases and assets transferred into Gaston County from other locations outside Gaston County will apply for grant consideration. Purchase of any pre-existing Gaston County facility or equipment will not qualify.
- ◆ Real and personal property will be based on current Gaston County appraised tax value at time of application, and not on a company’s investment costs.
- ◆ All assets related to the industrial or retail operation will be considered for grant approval; including both owned and leased real estate and business equipment. Incentive grant checks will be distributed to the property owner/lessor who was responsible for the related tax payments. Each corporate entity/name shall qualify

on its own asset merit. No dissimilar names will be consolidated into an aggregate grant application, unless noted at time of application.

- ◆ Forms G-2 and G-3 must be filed annually for all consecutive years of the grant period, whether or not changes have occurred. Additional qualifying projects, during this initial grant period, will require a new series of grant applications.
- ◆ All assets used in consideration for the grant will be subject to an **annual** audit by the Gaston County Director of Revenue's office, to ensure accuracy and compliance with the terms of the grant. The burden of proof is upon the taxpayer to prove these related assets qualify annually. Cooperation of the taxpayer to provide detailed asset lists; leasing arrangements with named parties; all related business and corporate names; all physical address information; etc. is essential in the grant approval process. The company must also agree to the value of all existing assets prior to receiving payment from Gaston County. Any appeal of value must be resolved totally before payout can be made.
- ◆ Future funding of the program will be considered through the annual budget process; and may be modified, suspended or terminated due to current budgetary constraints, legal issues, or other issues deemed important by the Gaston County Commissioners. Any incentives in effect at that time would not be affected.

## II. Definitions:

Purpose of Incentive Grant – to provide a program, which will offer inducements for new businesses to locate in Gaston County and encourage existing retail and manufacturing businesses to expand their operations in Gaston County.

Base Value – the Gaston County taxable assessed value of all existing assets (real & personal) as compared to the prior year's taxable assessed value.

Base Year – the previous tax year prior to grant application.

Net New Value – New asset purchases, as well as transferred assets moved into Gaston County from foreign locations, less depreciation from all assets.

Pre-existing Assets – Assets, either real or personal, already located in Gaston County at the time of grant incentive application.

EDC – Gaston County Economic Development Commission

Gaston County Commissioners – The body of elected officials, which governs budget, policy, and procedures in Gaston County.

Real Property – Any land, buildings, improvements, permanent fixtures, and rights & privileges belonging thereto.

Personal Property – All items not permanently affixed to the real property, and are typically depreciated over time (i.e. machinery & equipment, furniture & fixtures, computer equipment, leasehold improvements, and construction in process (CIP)).

County Application – the official forms (G-1, G-2, and G-3) approved by the EDC and the Gaston County Commissioners, for which the applying business requests consideration for their recent investments toward the County's Investment Grant Program.

Foreign location – any location existing outside Gaston County boundaries.

### **III. The application process:**

- ◆ Application forms must be completed in full and received no later than April 15. Companies filing applications for an extended project (one which takes more than 12 months to complete) may apply the second year. Industrial Grant 2, 3 and 4 may be extended for 3 years. Forms G-2 and G-3 must be filed annually by April 15 for the duration of the grant period.

- ◆ Applications will be mailed to and reviewed by the Economic Development Commission & then the County Manager or his designee, to determine the eligibility of the project in question based on these guidelines.
- ◆ After approval from the EDC/County Manager, the incentive grant application(s) will be forwarded to the County's Director of Revenue for processing.

#### IV. The pay out procedure

- ◆ Calculation of pay out will be based on the qualifying increase from the prior year's tax value (base year) and shall be computed as follows:
  - a) Existing companies qualifying value will be determined by looking at all assets in the County, and not just new investments, to determine base year amounts. The difference between the base year tax value and the grant year tax value will be the qualifying **net new** amount. First year payout will be based on 100% of this qualifying amount, times the county tax rate, times the formula percentage. The second year depreciation for personal property will be based on the first year % good factor as determined from the *cost index & trending schedule* as prepared by the North Carolina Department of Revenue. For example, a qualifying 2006 grant would use the 2007 trending schedule, and the total qualifying personal grant value would be considered a 2006 cost and be depreciated at that % good factor of a 2006 acquisition. No annual depreciation will be given for real estate investments, but will be based at the current reappraisal value. The duration of the grant years will be calculated likewise.
  - b) New companies qualifying value will be determined by the taxable new investment made to the county. The first year payout will be based on the depreciated personal property value and 100% of real estate tax value. The second year payout will be based on one year's depreciation for personal property as derived from the use of the North Carolina Department of Revenue

cost index & trending schedules. The subsequent remaining years of the grant will follow the same format.

- ◆ After all taxes have been timely paid, and any & all tax value appeals resolved, the Director of Revenue's office will notify the Gaston County Finance Department to remit payment to the taxpayer. **Grant payouts will continue to be paid on any assignment or ownership changes but only for the remainder of the existing grant. Any additional investment will require a new grant under the new owner's name.**
  
- ◆ Annual reimbursement checks will be processed on or about June 30 beginning the year after application. If annual taxes are not paid timely by January 5 each year during the grant period, the grant will be terminated and applicant will be notified.

GCIGP.vers1.3(8/16/00) revised 11/27/01, 1/9/02, 1/8/03, 2/16/2005, 2/10/2006, 2/12/07.

**COUNTY OF GASTON**  
**North Carolina**  
**INVESTMENT GRANT PROGRAM**

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## GENERAL INFORMATION

**Form G-1 is required to be filed by every business seeking to receive a Gaston County Investment Grant.**

**The grant will begin no later than two years after initial construction.**

**The form is due by April 15, each year during the grant period. Listings submitted by mail are considered filed as of the date shown on the postmark affixed by the U.S. Postal Service. Any other indication of the date mailed, such as your own postage meter, will not be considered sufficient evidence and the listing will be considered filed when received. Mail the original grant application and one copy to the EDC at the address below.**

**GASTON COUNTY ECONOMIC DEVELOPMENT COMMISSION  
PO BOX 2339, GASTONIA, NC 28053  
Phone: EDC, Marc Bolick or Darlene Ritter (704) 825-4046**

## COMPANY INFORMATION SECTION

Please complete all sections of the form, whether or not they are specifically addressed in these instructions.

- (1) NAICS Classification: Please list the company's North American Industry Classification System.
- (2) Date construction is expected to begin.
- (3) Expected completion date MM/YYYY.
- (4) Total projected expenditures for project.
- (5) Person who prepares form G-1.
- (6) Location of project within Gaston County.
- (7) If facility is within a municipality, please specify

## REAL PROPERTY

- (1) List the percentage of project complete as of Jan 1. Provide all related parcel identification number(s) of said project.
- (2) Total expenditures, as of Jan 1, for Land and Improvements.
- (3) Projected expenditures for real property excluding land reported above.
- (4) Attach details of construction expenditures, as of Jan 1.

## PERSONAL PROPERTY

Include only those assets purchased at initial date of construction and during construction phase, or transferred into Gaston County from another location. Provide all county owner ID numbers (real & personal) relating to this application.

### Group 1-Machinery & equipment

List year acquired and historical cost of equipment. Historical cost includes all costs associated with making the asset ready for

production (e.g., sales tax, installation, freight, trade-in allowances, etc.).

### Group 2-Furniture & Fixtures

This section is used to report the costs of furniture & fixtures, small office machines, file cabinets, desks, chairs, adding machines, telephones, intercom systems, etc.

### Group 3-Computer Equipment

This group is for reporting the costs of non-production computers & peripherals. This does not include computer-controlled equipment, point of sale equipment, or other computers that control equipment.

### Group 4-Leasehold improvements

This group is for property more or less permanently attached to real property (e.g. signs, special wiring for machinery, special flooring for machinery, HVAC required to produce a product, etc.)

### Groups 5 & 6-Other personal property

This group will not be used unless instructed by authorized county tax personnel.

### Construction in Progress

Personal property under construction on Jan 1. Do not list assets, which were listed elsewhere on this form.

### Leased Equipment

Attach a schedule of leased equipment, owned by others, in your possession on Jan 1, for which you are responsible for paying taxes. Do not include capital lease equipment; it should appear in Group 1.

### Detailed list

Complete and attach Forms G-2 and G-3 detailing all personal property summarized in Groups 1-6 and Construction in Progress on Form G-1. These forms must be updated annually and filed with Gaston County Tax Department by April 15<sup>th</sup>. Failure to comply shall warrant denial of the initial application and termination of the grant in subsequent years. All grants are subject to annual audit.

**Authorized Signature - *Form must be signed and dated.***

**COUNTY OF GASTON**  
**North Carolina**  
**Investment Grant Program**

- 1) Business Name & NAICS classification: \_\_\_\_\_
- 2) Beginning Construction Date: \_\_\_\_\_
- 3) Anticipated Completion Date: \_\_\_\_\_
- 4) Anticipated Total Project Investment: \_\_\_\_\_
- 5) Project Contact (Name, Address, Telephone) \_\_\_\_\_
- 6) Physical location of project \_\_\_\_\_
- 7) Is project located within a city? if so name \_\_\_\_\_

**REAL PROPERTY:**

- 1) Percent (%) Complete as of January 1, \_\_\_\_\_: \_\_\_\_\_ Parcel Number \_\_\_\_\_
- 2) Total Investment as of January 1, \_\_\_\_\_: Land \$ \_\_\_\_\_ Improvements \$ \_\_\_\_\_
- 3) Total Anticipated Investment in Real Property (Excluding Land Cost Reported Above): \$ \_\_\_\_\_
- 4) Provide Detail of Construction Costs by Features such as Asphalt, Concrete Paving, Light Standards, Sprinkler Systems, Elevators, etc. (Attach Detail of Costs and Square Feet of each Area Where Applicable)

**PERSONAL PROPERTY:**

Complete Section Below, Listing Assets at 100% Cost by Year of Acquisition. Include only those Assets Purchased at Initial Date of Construction and During Construction Phase. Do Not Include Asset Transfers within Gaston County.

Year Acquired	Machinery & Equipment Group-1		Office Furniture & Fixtures Group-2		Computer Equipment Group-3	
	100% Cost	Office Use Only	100% Cost	Office Use Only	100% Cost	Office Use Only
Year Acquired	Leasehold Improvements Group-4		Other (Specify): Group-5		Other (Specify): Group-6	
	100% Cost	Office Use Only	100% Cost	Office Use Only	100% Cost	Office Use Only

Tangible Personal Property Under Construction (CIP).....\$ \_\_\_\_\_

Attach List of all Vehicles (By Type, Year, Size, Asset #, Purchase Date, Cost) Associated with New Construction.  
If you have Leased Assets on Site Owned by Another Taxpayer or Depreciable Personal Property Which You Rent or Lease to another, Attach List with Description, Acquisition Date, 100% Cost, Yearly Rental and Address of Lessor/ee.

**Attach detailed listing of all personal property listed above in Groups 1-6.**

I am in agreement with the grant guidelines, as outlined in the Gaston County Incentive Grant Program

Authorized Signature \_\_\_\_\_ Title \_\_\_\_\_  
Print Name \_\_\_\_\_ Date \_\_\_\_\_

**For Office Use Only**

Personal	Real	Real (Base Year)	Personal (Base Year)	To Incentive Grant

Verification of Payment \_\_\_\_\_ Account Number(s) \_\_\_\_\_



