

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, (C) Industrial Grant 3 which requires a minimum of \$30 million in net additional value, (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 taxable” 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 Tax Director'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.

Grant 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 prior to ownership by grant applicant.

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:

- ◆ Completed application forms, along with a complete current fixed asset schedule, must be filed 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 Tax Director 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 2019 grant would use the 2020 trending schedule, and the total qualifying personal grant value would be considered a 2019 cost and be depreciated at that % good factor of a 2019 acquisition. No annual depreciation will be applied to real estate investments. Real estate investments will be based on the current appraised value for the grant year. The duration of the grant years will be calculated likewise.
 - b) New companies qualifying value will be determined by the net new taxable investment made to the county. The first year payout will be based on the depreciated personal property value and 100% of the increase in real estate tax value due to improvements. 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. No annual

depreciation will be applied to real estate investments. 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 Tax Director'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.**

- ◆ All qualified Incentive Grant checks will be processed (PAID) on or about July 31 beginning the year after an application is made. 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.

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