



**ECONOMIC DEVELOPMENT GRANT PROGRAM
CABARRUS COUNTY, NORTH CAROLINA
EFFECTIVE OCTOBER 20, 2008
MODIFIED SEPTEMBER 21, 2009**

Section 1. STATEMENT

The following is the Economic Development Grant Program (“Program”) for Cabarrus County, North Carolina. The Program applies to all applications for economic development grants received after the effective date of the Program.

Section 2. PURPOSE

- A. The Cabarrus County Board of Commissioners (“BOC”) has a vision of Cabarrus as a county in which our children learn, our citizens participate, our dreams matter, our families and neighbors thrive, and our community prospers. The BOC established the following five broad goals in an effort to achieve and maintain its vision:
1. Preserve and enhance quality of life by addressing growth with sound public policies that sustain resources, provide high quality services, and fund infrastructure needs.
 2. Achieve community-wide preparedness to protect public safety, respond to routine and catastrophic events, and maintain and restore the well-being of all residents
 3. Use resources wisely and responsibly by protecting assets, minimizing risk, creating partnerships and using technology to maximize the value of county investments, expenditures and services.
 4. A fully engaged community with a shared understanding of its issues and challenges and working together to achieve its goals.
 5. Ensure that all citizens have equal opportunity and access to education, health care, and economic prosperity and encourage citizens to fulfill their potential and contribute to their community.

The achievement of these goals, and the health, safety, education and prosperity of the people of Cabarrus County (“County”) is directly related to the vitality, diversity and success of its businesses and industries, as well as to the condition of the county’s environment and natural resources. Under certain circumstances and conditions, it may be in the interests of the County and its citizens that the BOC utilize the powers granted to it by the General Assembly in Chapters 153A and 158 of the North Carolina General Statutes to stimulate development and growth of business and industry in the County. Thus, the purpose of the Program is to provide the stimulus for the development, growth and expansion of business and industry within the County. This stimulus is the award of a Program Grant (“Grant”) as provided in this Program.



- B. The award of a Grant is designed to increase employment opportunities within the County as well as to increase the assessed valuation of the County. The BOC may consider a number of factors when deliberating upon whether to award a Grant. This recognizes the great variety of businesses, which have widely different capital and employment structures and needs. The factors that may be considered include but are not limited to the following:
1. The type of industry or business as a further diversification of Cabarrus County's business base;
 2. The size and scope of the project based upon investment in site development, facilities, buildings and other business infrastructure inclusive of technology;
 3. The diversity, quality and quantity of jobs created by a project, including whether the industry or business provides company-paid benefits such as healthcare, vacation and pensions and the degree to which wages exceed the county average;
 4. The potential for future expansion of investment and employment;
 5. Site specific issues impacting public infrastructure;
 6. Actions that if pursued, stimulate development in areas of Cabarrus County deemed beneficial;
 7. The ratio of investment in real versus personal property assets;
 8. The environmental impact of the project. This may include such elements as waste recycling programs, energy efficient (or LEED) design, conservation easements, the degree to which the natural landscape and topography are disturbed, water conservation programs and the use and/or production of alternative (non-fossil fuel) energy.
 9. The type of product produced (as well as the production process itself) or sold and whether it is recyclable, noxious, volatile, controversial, hazardous, banned by other governments or countries, lethal or otherwise dangerous.

Section 3. PROJECT CATEGORIES, GRANT PARAMETERS AND ELIGIBILITY

1. **Eligible Uses.** Eligible uses include, but are not limited to, agricultural operations; facilities to house corporate headquarters; manufacturing, assembly, fabrication or processing operations; research and development facilities; motorsports facilities; warehouse or distribution facilities; and office buildings. The applicant must demonstrate to the satisfaction of the BOC that it would not construct these facilities but for the award of a Grant.
2. **Grant Parameters.** A Grant approved by the BOC may be an amount equaling up to 85% of the real and personal property tax actually paid on assets eligible for this Program. The minimum incremental increase in assessed value of assets shall be \$1.5 million, except in those cases where the Grant is used to encourage the development or help ensure the success of certain targeted businesses and/or geographic areas, where the threshold shall be at the discretion of the Board of Commissioners.



Such Grant amount shall be for a period of three (3) consecutive years. Grant amounts shall be calculated based on the increase in assessed real and personal property values generated by the project, as determined by the County Tax Assessor. Grants for plant expansions by business or industry already located in the County will be based on the net incremental tax value, after reduction for machinery, equipment and other assets which are depreciated, replaced or retrofitted as part of the project.

The Grant will only be awarded to bring about the relocation or expansion of a business that would not have occurred except for the award of the Grant, or to encourage the development or help ensure the success of certain targeted businesses and/or geographic areas. In particular, the BOC desires to encourage development and redevelopment within municipal boundaries where supporting infrastructure already exists and in areas where infill development or redevelopment may spur additional investment.

The amount of the Grant for each year shall be limited in the following manner: In each of years 2 and 3 of the Grant, a calculation shall be performed where the amount of the Grant is subtracted from the amount of ad valorem taxes paid. If the remainder in years 2 or 3 is less than the remainder from the same calculation in year 1, then the amount of the grant in those years will be reduced by an amount sufficient to make the remainder in that year equal to the remainder in year 1.

The County has chosen as the value criterion for a Program Grant the estimated property tax assessment for the new real and personal property investment to be placed in the County. Although the Grant is calculated as a percentage of the ad valorem tax actually paid on the new asset investment, the Grant is paid from the County's general fund. The general fund consists of revenue derived from ad valorem taxes, local sales taxes, revenues from services, permits and fees, interest income and miscellaneous revenues.

3. Documentation. The Grant application must provide documentation satisfactory to the Tax Assessor that fully supports the expenditures upon which the assessed value is to be based. The documentation includes but is not limited to schedules and source documents defining capital expenditures including project time lines with accurate descriptions of grantable assets by cost, dates of phase in any existing assets which are being replaced by Program eligible assets, blueprints, financial statements and appraisal by a state board certified appraiser. Only assets documented to the satisfaction of the Tax Assessor will be eligible for the Program.
4. Speculative Buildings and Leases. Construction of a new structure to attract an eligible Program user may also qualify for the Program. Such a Grant must begin with a tax year prior to the third year after construction is completed. The taxpayer must inform the Tax Assessor in writing which tax year begins the Grant Program. If a structure or personal property is to be leased, the lease term must exceed the length of



the Grant period. In the event the building is not leased within three years of its completion date so long as it is maintained for lease, the speculative building may still qualify as a Program asset. Only one Grant may be awarded and the owner and lessee must agree in writing as to which will be eligible to receive the Grant.

Section 4. PROGRAM RULES

1. Although a Grant may be awarded by the BOC to an applicant, the Grant is not required to be paid until the applicant has fully complied with this Program and has executed a written agreement (“Agreement”) in a form satisfactory to County that sets forth the specific provisions relating to the Grant.
2. The BOC reserves the right to waive one or more provisions of this Program, but any waiver must be approved by the BOC.
3. The Agreement shall include with reasonable specificity a project site plan, description of the project, any phasing, projected new employment with job descriptions, description of the structures to be built, description of the personal property assets to be installed and any other data that would be relevant to comprehension of the scope and value of the project such that other assets, installed outside of those Grant eligible, are not commingled within the contemplated Grant.
4. The applicant must furnish proof satisfactory to the Tax Assessor or County Attorney of ownership of any of the assets subject to the Program.
5. Rolling stock, inclusive of automobiles, trucks, tractors, trailers or other licensed vehicles and airplanes shall not qualify as Program assets eligible for a Grant.
6. County contributions to the project’s infrastructure costs shall be deducted from the calculated Grant award for that project.
7. The beginning date of the Grant period shall be flexible in order to accommodate construction and production start-up time, but shall commence with a tax year that begins no later than three years after the date the BOC votes to approve the Grant. The taxpayer must inform the Tax Assessor in writing which tax year begins the Grant Program. An extension may be granted by the BOC based upon specific project related issues.
8. The annual Grant award due to the recipient will be paid each year during the Grant period within a thirty day period of submission of all data requested by the Tax Assessor necessary to determine appropriate assessments on the Grant assets and the delivery of the Tax assessor’s Statement. Should the assessments yield a grant in excess of that budgeted for the Grant assets, another thirty day period may be necessary for remittance in order to accommodate budget revisions. The initial Grant date is subject



to the project's date of useful occupancy and/or production startup, subject to the provisions of Paragraph 7, above. If the recipient-taxpayer fails to properly list property for purposes of taxation and the unlisted property is subsequently discovered by the Tax Assessor's office, then the Grant may be terminated at the discretion of the BOC. Acceptance of a Grant payment constitutes approval of the assessed value of Grant assets.

9. During the Grant period, the recipient of the Grant must be current in any and all tax and other payments (including, but not limited to fees for services or permits, fines and penalties) to the County. Failure to be current in payments to the County shall result in termination of the remainder of the Grant.
10. Should the recipient of the Grant (a) fail to construct or install substantially all of the assets contemplated by the Agreement; (b) be or become the debtor in a bankruptcy or receivership proceeding; (c) substantially curtail, close or mothball the facility subject to the Program or, (d) fail to meet hiring, wage or benefit goals; then in any such event the balance of the Grant shall be terminated.
11. Grant requests information and the Tax Assessor Questionnaire must be completed within the calendar year following the tax year for which the recipient is eligible to receive a Grant. The information must be complete, forthcoming and adequate to the satisfaction of the Assessor in order to make an accurate Grant calculation. Failure to fully or timely provide this information will result in forfeiture of that year's Grant or cause termination of the remainder of the Grant as provided in Paragraph 13, below.
12. Grants are not transferable and may not be conveyed to another party.
13. The Grant recipient shall provide the necessary source documents and reports satisfactory to the Tax Assessor subsequent to execution of the Agreement and during the Grant period to ensure compliance with the terms, conditions and other specific requirements of the Agreement. Necessary source documents and reports may include, but are not limited to, real estate acquisition and construction costs, schedules of assets, depreciation schedules, leasing arrangements with named parties holding a financial interest in assets covered by the Program, releases signed by those holding financial interests in those assets and proof of all business and corporate names that may be applicable for purposes of asset ownership. In order for an asset to be included in the Grant, it must reasonably have been contemplated to be within the scope of the project as reflected in the Agreement. Such information shall remain confidential as allowed by law. Failure of the recipient to provide required documentation shall cause termination of Grant.
14. The County shall provide detailed reporting processes to monitor and assure compliance with the terms, conditions and other specific requirements of the Agreement. Any



information obtained by the County in connection with an incentive grant request will be kept confidential by the County to the extent permitted by law.

15. Violation of local, state or federal laws, ordinances or regulations by the recipient company shall result in termination of the Grant.

Section 5. GRANT APPROVAL PROCEDURE

1. Completion – Prior to initiating a project for which a Grant application is proposed, the applicant shall complete a Development Grant Application for submittal to the Cabarrus Economic Development Corporation.
2. Recommendation – Upon completion of the Development Grant Application by the applicant, the Cabarrus Economic Development Corporation Board will review the application and determine if the application will be recommended to the BOC.
3. Application – Applications recommended by the Cabarrus Economic Development Corporation Board will be submitted to the County Manager’s office for scheduling a public hearing before the BOC.
4. Acceptance – The BOC may consider acceptance of the Development Grant Application. A public hearing must be scheduled by law prior to the approval of a Grant. The County shall publish a notice of the public hearing at least 10 days before the hearing is held. The notice shall describe the project and the BOC’s intention to consider approval of the Grant request.
5. Public Hearing – The BOC shall conduct a public hearing on the Development Grant Application to inform the public of the Grant request, invite comments and vote on it.
6. Agreement – The BOC approves the Grant by offering the applicant an Agreement. Offers not accepted are deemed rejected by the applicant. Unless otherwise adopted and approved by the BOC, the Grant offer remains open for 30 days from the date of tender of the proposed Agreement to the applicant. Acceptance is the execution of the Agreement between the County and the applicant. The BOC reserves the right to reject any Grant application.
7. Construction – Construction shall be required to adhere to plans approved in the plan review and permitting process, as well as to plans, or plan elements approved as conditions of the Agreement.
8. Assessment – The value of the subject property following the completion of construction shall be established by the Tax Assessor. The actual increase in post-construction assessed value over pre-construction assessed value shall equal, or exceed



the estimated increase specified in the Agreement. Failure to meet or exceed the Grant approval threshold of \$1.5 million, where applicable, shall render the Grant void.



Adopted by the Cabarrus County Board of Commissioners on October 20, 2008 and approved modification to Section 3.2 on September 21, 2009.