



**Mark Sanford**  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

**Joe E. Taylor, Jr.**  
Secretary

**TO: State Budget & Control Board  
Senate Finance Committee  
House Ways & Means Committee**

**FROM: Alan D. Young, Executive Director, Coordinating Council  
South Carolina Department of Commerce**

**DATE: March 15, 2010**

**SUBJECT: Enterprise Program Activity for 2009**

On behalf of the Coordinating Council for Economic Development, I am pleased to submit the 2009 Coordinating Council for Economic Development Annual Report of Enterprise Zone Activity. In accordance with Sections 12-10-85(D) and 12-10-100(C) of the Enterprise Zone Act of 1995, this report details activities of the Enterprise Zone Programs managed by the South Carolina Department of Commerce's Grants Administration Division.

Please call me at 803-737-0448 should you have questions or need additional information.

cc: The Honorable Joe E. Taylor, Jr., Secretary of Commerce  
Chairman, Coordinating Council for Economic Development  
Montez C. Martin, Jr., Chairman, State Board for Technical and Comprehensive Education  
The Honorable J. William McLeod, Commissioner, SC Employment Security Commission  
The Honorable Hugh E. Weathers, Commissioner, SC Department of Agriculture  
Ray Stevens, Director, SC Department of Revenue  
Chairman, Coordinating Council Enterprise Committee  
William E. Masters, Chairman, SC Research Authority  
Peter Brown, Chairman, Jobs Economic Development Authority  
O. L. Thompson, Chairman, Santee Cooper  
Chad Prosser, Director, SC Dept. of Parks, Recreation and Tourism  
William H. Stern, Chairman, State Ports Authority

Enclosure

**South Carolina  
Coordinating Council for  
Economic Development**

**2009 Annual Report of  
Enterprise Zone Activity**

**March 2010**

**SC Coordinating Council for Economic Development  
2009 Annual Report of Enterprise Zone Activity**

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# **OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT**

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The Coordinating Council for Economic Development was established by the General Assembly in 1986 (SC Code 13-1-1710) for the purpose of enhancing economic growth and development in the State through strategic planning and coordination. As such, the Council is chaired by the Secretary of Commerce and the nine additional members are drawn from other state agencies involved in economic development.

## **COUNCIL RESPONSIBILITIES AND MEMBERSHIP**

By statute, the full body of the Council is required to meet at least quarterly. Its responsibilities include: establishing guidelines and procedures for all Council programs; implementing the state's strategy for economic development; reviewing and approving all applications for grants from the Set-Aside, Rural Infrastructure, Closing and Tourism Infrastructure Funds; and reviewing and approving all applications for Enterprise Zone Job Development Credit and Retraining incentives. The Council also certifies economic development projects as representing "significant economic impact" on areas surrounding them, for the purposes of qualifying for income tax apportionment and income tax moratoriums.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, five-member subcommittee ("Enterprise Committee") to handle the substantial volume of new activity and related policy decisions. This committee meets monthly to review and approve applications for Enterprise Zone incentives, respond to issues and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown below.

### **AGENCY MEMBERS OF THE COORDINATING COUNCIL**

SC Department of Commerce  
SC Department of Parks, Recreation and Tourism  
Santee Cooper  
SC Research Authority  
State Board for Technical and Comprehensive  
Education

\*SC Department of Revenue  
\*State Ports Authority  
\*Employment Security Commission  
\*SC Department of Agriculture  
\*Jobs Economic Development  
Authority

*\*Denotes Enterprise Committee member*

## **2009 ADMINISTRATIVE CHANGES**

Joe E. Taylor, Jr., who was appointed Secretary of Commerce by Governor Sanford in March 2006, acted as Chairperson of the Coordinating Council throughout 2009. Ray Stevens, Director of the SC Department of Revenue, chaired the Enterprise Committee of the Coordinating Council throughout 2009.

### **Council membership after all changes in calendar year 2009 was as follows:**

Joe E. Taylor, Jr.	Secretary of Commerce Chairman, Coordinating Council for Economic Development
Montez C. Martin, Jr.	Chairman, State Board for Technical and Comprehensive Education
J. William McLeod	Commissioner, SC Employment Security Commission
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Ray Stevens	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
William E. Masters	Chairman, SC Research Authority
Peter Brown	Chairman, Jobs and Economic Development Authority
O.L. Thompson	Chairman, Santee Cooper
William H. Stern	Chairman, State Ports Authority
Chad Prosser	Director, SC Department of Parks, Recreation and Tourism

### **Coordinating Council staff:**

Alan D. Young	Executive Director, Coordinating Council
Cynthia Turnipseed	Assistant to the Director and Staff Attorney
Marcella S. Forrest	Senior Program Manager, Enterprise Zone Program
Jackie Calvi	Senior Program Manager, CCED Grant Programs

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## ENTERPRISE ZONE PROGRAMS

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The South Carolina General Assembly enacted the Enterprise Zone legislation in 1995. Since that time, the incentives contained in this legislation have created a significant competitive advantage for this state. They have also greatly enhanced South Carolina's ability to compete for and win high quality, high wage economic development projects. As Enterprise Zone incentives are most valuable to companies locating or expanding in "distressed," "least developed" and "under developed" counties, Enterprise Zone incentives have also helped attract needed jobs and industry to the most rural areas of the state.

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### JOB DEVELOPMENT CREDIT

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The most significant incentive created by the Enterprise Zone legislation is the Job Development Credit ("JDC"). The JDC acts like a rebate, refunding some or all of a company's qualifying and eligible expenditures. However, the JDC can only be claimed *after a company has proven that it has met an agreed level of new capital investment and net new job creation*. Companies must perform, in a manner consistent with their approval for the program, the level of job creation and the new capital investment on which the approval was based, before they can benefit from the program. Companies can take up to 5 years to complete their investment and job creation. At this point, they are "certified" by the Council to begin receiving JDC reimbursements.

After certification, the JDC can be claimed only *quarterly*. The reimbursement process is slow, designed to reimburse companies over a 10-year period for projects which entered into a preliminary revitalization agreement. (Should all eligible expenditures be recouped before 10 years, the process ends. In no case does the statute allow total JDCs received to exceed eligible expenditures.) Even over 10 years, many companies will recover only a small percentage of their total eligible expenditures. All eligible expenditures represent permanent capital investment that will stay in the state, regardless of what the company may do in the future and regardless of whether the company recoups these expenditures in the form of JDC reimbursement.

It is important to note that the statute does *not* allow reimbursement for moveable personal property, such as machinery and equipment and/or furniture and fixtures. These items typically represent the majority of an economic development project's total capital costs, and as a result, the state and locality gain much more than simply the eligible capital investment. In order to benefit from any reimbursement in the future, the company must *guarantee and meet* a level of total capital investment typically *2 to 8 times greater* than the reimbursable amount. In this way,

the Enterprise Zone JDC has proven extremely effective in stimulating a guaranteed increase in capital investment and a related increase in local tax base for counties all across South Carolina.

**ANNUALLY ADJUSTED JOB DEVELOPMENT CREDIT FACTORS**

The amount a company can claim as a JDC depends on three factors: 1) wage levels for qualified new jobs, 2) development status of the county where the project locates or expands, and 3) maximum eligible expenditures. In no case can a company receive more than the total cost of its eligible expenditures.

**1) Wage Levels**

The maximum value of the JDC depends on the hourly pay rate for new positions. Because the statute was designed to encourage higher paying jobs, the higher the pay rate, the greater the benefit to the company. A company with positions that all pay \$25 per hour will be able to claim a JDC equal to 5% of the taxable wages for those positions. Conversely, a lower paying employer may qualify to claim only 2 or 3% of taxable wages for his positions. The Budget and Control Board adjusts the scale each year. The scale below shows the scale for calendar year 2009.

<b>PERCENTAGE OF TAXABLE WAGES COMPANIES MAY CLAIM AS A JOB DEVELOPMENT CREDIT 2009</b>	
<b>Hourly Wage</b>	<b>Maximum % Claimed as JDC</b>
\$8.72 - \$11.62 / hour	2%
\$11.63 - \$14.53 / hour	3%
\$14.54 - \$21.80 / hour	4%
\$21.81 and over	5%

**2) County Development Status & Contributions to the Rural Infrastructure Fund**

Of the maximum, companies can actually claim 55% to 100%, depending on the status of the county at the time of approval for the program. Greatest benefit goes to companies locating or expanding in “distressed” and “least developed” counties. The difference between the maximum and the amount the company can claim goes to the Rural Infrastructure Fund (“RIF”). As the Enterprise Program has matured, *the RIF has begun to represent a significant source of assistance to rural counties*, both for infrastructure and product development activities related to economic development preparedness, and for roads, water/sewer, site preparation and other activities necessary secure new business locations or expansion.

For the purposes of determining development status, the classifications correspond to those established for the Jobs Tax Credit corporate income tax credit. The state’s 46 counties are divided into five classifications initially based on unemployment rates and per capita income levels. The five classifications and the Job Development Credit percentages that can be claimed in each category are shown below.

<b>COUNTY CLASSIFICATIONS FOR THE JOB DEVELOPMENT CREDIT</b>	
<b>County Classification</b>	<b>Allowable Credit as % of Total JDC</b>
Developed	55%
Moderately Developed	70%
Under Developed	85%
Least Developed & Distressed	100%

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## **JOB RETRAINING CREDIT**

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South Carolina’s existing industry must remain competitive and profitable in order to avoid loss of jobs to other states and countries. To assist with this, the Enterprise Act of 1995 also provided a retraining incentive for existing industry. This “retraining credit” allows eligible businesses to claim a credit against withholding tax for the cost of retraining existing production employees, provided the training is necessary for the company to remain competitive or to introduce new technologies.

The Enterprise Zone legislation requires that retraining be approved and performed by the technical college serving the designated site. The technical college may provide the retraining program directly or contract with other training entities to accomplish the training outcomes.

The Coordinating Council defines production employees as employees who are directly engaged in the actual making of tangible personal property or who are directly involved in manufacturing, processing operations or distribution. Eligible businesses may not claim more than \$500 per calendar year, or \$2,000 over a five-year period, per production employee. Furthermore, a company must match – on a dollar for dollar basis – the employee’s withholding share claimed for the training. Finally, companies may not claim ***both*** the Job Development Credit and the Retraining Credit on the same position.

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## **RESPONSIBILITIES OF THE COORDINATING COUNCIL**

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The Enterprise Zone Act (“Act”) gives the Coordinating Council authority to administer this incentive in a manner consistent with the Act. The Act charges the Coordinating Council with establishing criteria for approval of qualifying businesses, conducting an adequate cost/benefit analysis with respect to proposed projects and incentives proposed to be granted, and preparing a public document that summarizes each revitalization agreement concluded during the prior calendar year. Per Section 12-10-100 (c), this report shall list each revitalization agreement, the results of each cost/benefit analysis and receipts and expenditures of application fees.

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## **2009 ACCOMPLISHMENTS**

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During calendar year 2009, 37 projects were approved for the Job Development Credit Program, and these projects have made initial commitments to create 4,871 new jobs and to invest \$404 million in capital land, building or equipment. Projected 10-year net economic benefit is \$5 billion in value to the state, the locality and private citizens in the form of public revenues and wages.

Also in 2009, companies continued to apply for, and be approved for, 5-year retraining agreements. Having negotiated training plans with the technical college serving their area, 7 retraining plans were approved for the Enterprise Zone retraining credit. Under these 5-year plans, the 7 participating companies indicated that a total of 954 employees represent qualified “production employees” eligible for retraining credits.

In 2009, the Coordinating Council approved a periodic update to the standard forms of the Revitalization Agreement and the Application of Qualification of Enterprise Program Incentives that became effective for all applications reviewed on or prior to May 1, 2009.

Additionally, Council approved a transfer from Enterprise Zone funds to the agency operating budget in accordance with Proviso 89.96 of the Appropriation Act for FY 2009-10. The amount of the transfer was \$250,000.

**SUMMARY OF 2009 ENTERPRISE ZONE PROGRAM ACTIVITY  
& APPLICATION FEES**

<b>SOUTH CAROLINA ENTERPRISE PROGRAM 2009 PROJECT APPROVALS</b>	
<b>JOB DEVELOPMENT CREDITS:</b>	
Number of Approved Projects	37
Projected Jobs	4,871
Projected Capital Investment	\$404,493,760
Net Economic Benefit (over 10 years)	\$5,074,014,903
<b>RETRAINING CREDITS:</b>	
Number of Retraining Agreements	7
Employees to be Retrained (over 5 years)	954

<b>2009 ENTERPRISE ZONE APPLICATION FEES</b>	
<b>APPLICATION FEES RECEIVED:</b>	
January 1 – December 31, 2009	\$264,250.00
<b>EXPENDITURES:</b>	
Personnel & Administration	\$298,105.15*
In accordance with Proviso 89.96 of the Appropriation Act for FY 2009-10, the Council approved a transfer of \$250,000 from the Enterprise Zone administrative account to the agency operating budget	\$250,000
<b>TOTAL</b>	<b>\$548,105.15</b>

## SUMMARY OF 2009 ENTERPRISE ZONE PROGRAM ACTIVITY

<b>2009 JOB DEVELOPMENT CREDIT PROJECTS - BY COUNTY CLASSIFICATION -</b>			
<b>COUNTY CLASSIFICATION</b>	<b>NUMBER OF PROJECTS</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Developed	13	\$182,948,673	1,812
Moderately Developed	5	\$53,731,288	525
Under Developed	3	\$35,953,300	375
Least Developed	7	\$50,765,499	324
Distressed	9	\$81,095,000	1,835
<b>TOTALS</b>	<b>37</b>	<b>\$404,493,760</b>	<b>4,871</b>

<b>2009 JOB DEVELOPMENT CREDIT PROJECTS - BY PROJECT TYPE -</b>				
<b>PROJECT TYPE</b>	<b>NUMBER OF PROJECTS</b>	<b>NUMBER OF COMPANIES</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Expansion	16	16	\$198,414,211	1,996
New	21	17	\$206,079,549	2,875
<b>TOTALS</b>	<b>37</b>	<b>33</b>	<b>\$404,493,760</b>	<b>4,871</b>

**ENTERPRISE ZONE PROGRAM  
PRELIMINARY REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2009 APPROVALS**

*Note: Not all projects have been announced*

<b>PROJECT NUMBER</b>	<b>COUNTY</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>	<b>PROJECTED 10-YEAR NET ECONOMIC BENEFIT</b>	<b>PROJECT TYPE</b>
EZ09082434	Berkeley	\$1,692,173	216	\$147,573,497	Expansion
EZ09422486	Spartanburg	\$1,985,000	130	\$112,528,184	Expansion
EZ09462473	York	\$3,500,000	51	\$80,592,655	New
EZ09242463	Greenwood	\$15,000,000	52	\$95,563,269	Expansion
EZ09182430	Dorchester	\$35,327,014	110	\$151,901,790	Expansion
EZ09292466A	Lancaster	\$12,950,000	82	\$107,439,258	New
EZ09292466B	Lancaster	\$17,280,000	93	\$125,734,133	New
EZ09462454	York	\$4,886,000	28	\$34,791,690	New
EZ09302426	Laurens	\$4,175,000	40	\$61,424,464	New
EZ08242435	Greenwood	\$11,495,000	28	\$27,399,263	Expansion
EZ09082460	Berkeley	\$25,389,750	42	\$67,762,539	New
EZ09372474	Oconee	\$18,800,000	85	\$90,804,070	Expansion
EZ09292482	Lancaster	\$4,775,000	35	\$37,558,881	New
EZ09322437	Lexington	\$3,570,000	35	\$34,530,505	Expansion
EZ09422427	Spartanburg	\$27,000,000	80	\$67,187,471	Expansion
EZ09012445	Abbeville	\$2,665,000	34	\$28,672,328	New
EZ09112467	Cherokee	\$10,230,499	100	\$114,668,843	New
EZ09212493	Florence	\$2,556,288	250	\$208,032,059	Expansion
EZ09122499	Chester	\$1,953,300	125	\$85,069,121	New
EZ09232490	Greenville	\$4,350,000	30	\$51,502,775	New
EZ09082449	Berkeley	\$2,675,000	20	\$35,921,857	New
EZ09222429	Georgetown	\$4,000,000	125	\$250,241,592	Expansion
EZ09022485	Aiken	\$30,000,000	125	\$143,561,186	New
EZ09452500	Williamsburg	\$7,040,000	25	\$17,895,945	Expansion
EZ09232475	Greenville	\$35,000,000	400	\$407,870,103	New
EZ09322447	Lexington	\$900,000	350	\$233,046,098	Expansion
EZ09292471C	Lancaster	\$17,000,000	500	\$563,043,373	New
EZ09292471B	Lancaster	\$3,750,000	175	\$181,234,117	New
EZ09292471A	Lancaster	\$7,650,000	325	\$418,857,588	New
EZ09112462	Cherokee	\$6,400,000	30	\$41,178,929	New
EZ09102469	Charleston	\$4,695,750	300	\$513,686,167	Expansion
EZ09112424	Cherokee	\$800,000	40	\$23,366,902	New
EZ09082478	Berkeley	\$8,977,986	100	\$141,487,380	Expansion
EZ09292439B	Lancaster	\$6,219,600	350	\$152,268,892	New
EZ09292439A	Lancaster	\$4,430,400	250	\$121,618,691	New
EZ08422422	Spartanburg	\$4,600,000	20	\$22,604,902	Expansion
EZ09422472	Spartanburg	\$775,000	90	\$75,394,386	Expansion

**ENTERPRISE ZONE PROGRAM  
FINAL REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2009 APPROVALS**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
2AM Group, LLC	Spartanburg	\$69,809,076
Ahlstrom Glass Nonwovens	Lee	\$50,733,947
ArborGen LLC	Dorchester	\$32,274,833
BAE Systems, LP	Aiken	\$58,515,471
Blue Cross and Blue Shield of South Carolina	Richland	\$260,851,148
BorgWarner TorqTransfer Systems, Inc	Oconee	\$53,010,603
Capsugel - Greenwood, Div of Pfizer, Inc.	Greenwood	\$53,762,083
Computer Sciences Corp - World Sourcing Services	Richland	\$340,119,093
Daimler Vans Manufacturing, LLC	Charleston	\$200,857,158
DCFS USA, LLC	York	\$60,630,891
Diamond Pet Food Processors of South Carolina	Lexington	\$34,191,113
Ecka Granules of South Carolina, LLC	Orangeburg	\$49,003,544
FitesaFiberweb Simpsonville, Inc.	Greenville	\$196,269,168
Gordon Food Service, Inc.	Greenville	\$54,344,790
H. J. Heinz Company, L.P.	Florence	\$261,064,592
Horsehead Corporation dba Horsehead Recycling	Barnwell	\$82,650,728
Hubbell Lighting, Inc.	Greenville	\$323,976,464
Hubbell Lighting, Inc.	Spartanburg	\$59,451,292
Industrial Ventilation, Inc.	Spartanburg	\$35,134,249
Innegrity LLC	Greenville	\$203,106,363
Kennametal, Inc.	Lancaster	\$113,385,139
Kimberly-Clark Corporation	Aiken	\$56,540,323
Knights Apparel, Inc.	Spartanburg	\$57,025,974
LifeStone Materials, LLC	Anderson	\$26,705,676
Loblolly Green Power LLC	Newberry	\$91,004,401
MK Metalfoils USA, Inc.	Spartanburg	\$28,590,942
Monster Worldwide, Inc.	Florence	\$206,023,906
Monster Worldwide, Inc.	Florence	\$180,508,836
Monster Worldwide, Inc.	Florence	\$175,042,306
Osage Bio Energy, LLC	Union	\$136,632,474
Pacesetter, Inc. (St. Jude Medical)	Pickens	\$233,870,080
Palmetto Synthetics, LLC	Williamsburg	\$12,516,757
Palmetto Synthetics, LLC	Williamsburg	\$13,804,801
Pierburg, Inc.	Greenville	\$71,716,690

**ENTERPRISE ZONE PROGRAM  
FINAL REVITALIZATION AGREEMENTS  
CALENDAR YEAR 2009 APPROVALS  
(CONTINUED)**

COMPANY NAME	COUNTY	PROJECTED 10-YEAR NET ECONOMIC BENEFIT
Poly-Eastern, Inc.	Chester	\$436,719,676
Proper Polymers - Anderson, Inc.	Anderson	\$19,474,699
QVC, Inc.	Florence	\$258,964,470
QVC, Inc.	Florence	\$112,573,155
Red Ventures, LLC	Lancaster	\$418,857,588
Roche Carolina Inc.	Florence	\$80,980,910
Sandvik, Inc.	Oconee	\$133,475,050
SEFA Group, Inc. (The)	Lexington	\$22,087,807
SPF North America, Inc.	Greenwood	\$41,037,688
Sysco Columbia, LLC	Richland	\$117,096,608
Titanium Holdings, Inc.	Lancaster	\$134,571,528
Tri Tech USA, Inc.	Pickens	\$40,625,539
Verian Technologies	Lancaster	\$56,397,451
Washington Group International, Inc.	Lancaster	\$310,645,825

**ENTERPRISE ZONE PROGRAM  
5-YEAR RETRAINING AGREEMENTS  
CALENDAR YEAR 2009 APPROVALS**

COMPANY NAME	COUNTY	EMPLOYEES ELIGIBLE TO BE RETRAINED DURING 5-YEAR AGREEMENT
Cornell Dubilier Marketing, Inc.	Pickens	100
DAK Americas LLC	Berkeley	200
Georgia-Pacific LLC	Newberry	240
Halocarbon Products Corporation	Aiken	60
Meritor Heavy Vehicle Systems, LLC	York	225
Pepperidge Farm, Inc.	Aiken	94
Sulzer Process Pumps (US) Inc.	Pickens	35
		954