

COUNCIL POLICY	NO: 113
DEPARTMENT: Operations	PAGE 1 OF 2
SUBJECT: Economic Development Incentive Policy	EFFECTIVE: 02/20/08
	SUPERCEDES: All others
	PREPARED BY: Seth Lawless, Assistant Town Manager
	APPROVED ON: 02-20-08 by Town Council

W I T N E S S E T H

WHEREAS, it is the policy of the Town to stimulate economic activity and to create and maintain sustainable jobs for the citizens of the Town in strategically important industries; and

WHEREAS, it is the policy of the Town of Knightdale to make those necessary and reasonable efforts to advance the Town's goal of achieving a 60% residential and 40% non-residential tax base distribution; and

WHEREAS, the purpose of this Economic Development Policy & Development Grant Program is to stimulate economic activity and to create new jobs in the Town of Knightdale;

WHEREAS, the enactment of this Policy is necessary to stimulate the economy and create new jobs in the Town, and this Policy will promote the general welfare and confer, as its primary purpose and effect, benefits on citizens throughout the Town and Wake County through the creation of new jobs, an enlargement of the overall tax base, an expansion and diversification of the Town's industrial base, and an increase in revenue to the Town, the county, and the State of North Carolina.

NOW THEREFORE, the Town of Knightdale announces this Economic Development Policy and enacts the following Development Incentives Program.

Coverage

Grants will be available to new and existing industries, including new industrial, manufacturing, warehousing, distribution, flex-space, office parks, and expansions of existing industrial projects in the Town of Knightdale. Existing industries qualify only for that portion of expansion that represents "new" investment. These policy guidelines are not retroactive to any project which has been announced prior to the adoption of these policy guidelines.

This policy shall apply to all lands within the corporate limits of Knightdale or properties that qualify for annexation under North Carolina General Statutes, unless otherwise determined by the Town Council. Requests for grants are evaluated and negotiated on a case by case basis.

Grants

Basis: the actual tax value of the building and equipment as recorded on the Wake County Revenue Department tax roll will be used to calculate the maximum grant amount. This number may be different from the total project cost often discussed in preliminary meetings, a number that often includes site work, land and other costs to the developer but which are not taxable.

Maximum Grant Amount: One percent (1%) of the total investment of new or expanded actual tax value of the building and equipment shall equal the maximum grant amount. The 1% will be applied to the value of the project as presented on the first tax bill that is based on a complete 12 month period for the new value, after completion of the project, unless negotiated otherwise. This reimbursement will begin at 95% of that new property tax revenue the first year; 85% the second year and 75% for all subsequent years until the maximum incentive amount is met or 5 years, whichever comes first.

The base year shall be the tax year preceding the start of the new project or expansion, or as agreed upon in the contract. If there is a clerical or administrative difficulty or error solely caused by the Wake County Tax Assessor's Office that impacts the determination of the first year value for purposes of interpreting this policy, then the Town Manager may recommend the adjustment of the appropriate first year calculation to ensure fair and accurate compliance with this policy.

Minimum Investment: Five million dollars (\$5,000,000) of new, taxable buildings and equipment is the minimum to qualify for grants described in this policy.

Corporate Headquarters Incentive Criteria

The Town will provide a one-half percent (.5%) additional grant to corporate headquarters if the project meets the following criteria:

Corporate headquarters means the building or buildings that the principal executive officers have designated as their principal office [see North Carolina G.S. 55-1-40 (17)]. The Town requires that the corporate headquarters have at least fifty (50) or more full-time employees who are located in the building or buildings. If the project is an expansion, the expansion must employ a minimum of fifty (50) additional full-time employees. The wage must be greater than the median wage for Wake County. The jobs shall be retained at the approved level for as long as grants are received. The project must meet all other criteria described above.

Tax Increment Financing

In certain rare cases Tax Increment Financing (TIF) may be a desired incentive offered to finance infrastructure that is part of a major new development project. Generally, a project must meet the requirements of the Wake County Project Development Financing Policy (originally adopted 4-16-07) in order to receive consideration for TIF from the Knightdale Town Council.

Public Hearing

The Town Council will advertise and conduct a public hearing as required by G.S.158-7.1(a) prior to approving any grant authorized by this Policy. All grants approved under this policy will be in the form of a contract approved by the Town Council, Town Attorney and Finance Officer.

Indemnity

All grant agreements approved by the Knightdale Town Council shall indemnify and hold harmless the Town of Knightdale from legal challenges to the agreement.

Additional Performance Requirements

Grant agreements may include additional performance requirements of the grant recipient.