



## ISSUE BRIEFING

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### HIGH-IMPACT TAX CREDITS

South Carolina is a national leader in attracting jobs in the advanced manufacturing and automotive industries, such as BMW Manufacturing, Michelin, Samsung, Boeing, and Toray among others. However, the Upstate has struggled in attracting and retaining high-growth, high-impact companies, mostly in the tech and professional services industries.

One reason is because South Carolina's incentive packages are geared toward companies that require significant infrastructure. For example, when Volvo announced that it was looking to build an automotive campus in Berkeley County and provide 2,000 jobs, the state provided them \$200 million in incentives that went to site prep and building a new interchange on Interstate 26.

For companies that don't require building large plants but are looking to bring well-paying jobs to the Upstate, the state has trouble finding attractive incentives to compete with our neighbors in North Carolina, Georgia, and others across the Southeast.

#### Job Development Credits

One attractive credit for businesses is the Job Development Credit, which rebates a portion of new employees' withholding taxes. However, Job Development Credits are discretionary and are approved based on strict criteria through the Coordinating Council for Economic Development in the Commerce Department. Companies that are not manufacturers have a hard time qualifying for these credits because they do not require costly infrastructure to be built and instead usually lease office space.

The Greenville Chamber, along with our partners at the Manufacturers Alliance and Economic Developers' Association, has supported expanding this attractive incentive for more companies looking to locate in South Carolina.

Current Legislation – S. 404S. 404 changes the criteria for Job Development Credits so that more businesses can apply for approval. The changes contained in the bill include:

- Reduces job threshold from 175 jobs to 125 jobs at a single location.
- Reduces job threshold from 150 jobs to 100 jobs at a building that has been vacant for at least twelve months.
- Reduces job threshold from 100 jobs to 75 jobs for jobs paying 1½ times the lower of the state per capita income or per capita income in that county.
- Allows business engaged in legal, accounting, banking, or investment services to apply.
- Allows business engaged in retail sales to apply, as long as retail sales are not conducted at that facility.

The Commerce Department and Secretary Bobby Hitt strongly support expanding Job Development Credits so that South Carolina can better compete with neighboring states. S. 404 passed the Senate with a [41-1 vote](#) in 2017, and will be in the House Ways & Means committee when they return in January 2018.

### The Greenville Chamber's Position

The Greenville Chamber supports S.404 to expand Job Development Credits to help the Upstate attract and retain companies offering highly-paid tech, professional services, and back offices positions that will grow our local economy.

**ACTION ITEM:** Tell your House members that expanding these credits is vital to economic development and to support S. 404.