



**Reshoring
Institute**

SOUTH CAROLINA

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

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US State Name: South Carolina

State Abbreviation: SC

State Economic Development Web
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State Economic Development Email
Address: info@scommerce.com

State Economic Development Phone
Number: (803) 737-0400

Additional Relevant Links for Relocating
Companies: n/a

INCOME AND OUTPUT

This section highlights the state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Source: BEA

Gross Domestic Product, in millions: 189,278, real dollars 2014

Gross Domestic Product % Growth: 4.4% from 2013

Per Capita Personal Income (**GDP/Population*) *This is often used as a standard of living measurement:* \$35,898, real dollars 2014

Per Capita Personal Income % Change: 0.8% from 2013

WORKFORCE

This section gives manufacturers an idea of the industry's environment in the state, including the makeup of the available workforce, the labor requirements, and recent trends.

Source: 2015 BLS LAUS, 2014 QCEW, SCDoc

Total Population: 4,896,146

Total Civilian Labor Force: 2257077

Total Number of Persons Employed: 2122573

Total Number of Persons Unemployed: 134504

Unemployment Rate %: 6.0

Manufacturing Employment: 230153

Professional and Business Services Employment: 254411

State Right-to-Work Law Y/N: Yes

Large Factory Openings during Previous year:

Name	Announcement Investment	Announced Jobs
Volvo Car Group	\$ 500,000,000.00	2500
Daimler Vans Manufacturing, LLC	\$ 500,000,000.00	1300
Kronotex USA Holdings, Inc.	\$ 230,000,000.00	105
Orchids Paper Products Company	\$ 110,000,000.00	134
Mitsubishi Polyester Film, Inc.	\$ 100,000,000.00	Undisclosed
Carolina Poly, Inc.	\$ 100,000,000.00	300
Schaeffler Group USA Inc.	\$ 97,400,000.00	331
Invista S.a.r.l., LLC	\$ 80,000,000.00	20
Haier America	\$ 72,000,000.00	410
Schaeffler Group USA Inc.	\$ 68,000,000.00	112
Magna International Inc. - Greenville	\$ 50,800,000.00	153

Large Factory Closures during Previous year: See attached WARN Notification Report

EDUCATION

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

Source: Census Quickfacts, IPEDS

% High School Diploma or More: 85%

% Bachelor's Degree or Higher: 25.3%

Enrollment in Higher Education Institutions: 244,692, 2014

Science and Engineering Graduate Students: 17,667, 2014-2015 SC Commission on Higher Education

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:* <http://scfuturemakers.com/education-pathways/>

List of Additional Manufacturing Training Programs: <http://scfuturemakers.com/education-pathways/>

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:* <http://scfuturemakers.com/education-pathways/>

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in the state including taxes, wages, insurance, and energy expenses.

State Corporate Income Tax %: 5%

State Individual Income Tax %: 7%

State Level Sales Tax %: 6%

State Use Tax: 1-2.5%

Unemployment Insurance Tax % (estimate): 1.39 for New Employers

Additional Relevant Taxes: None

Workers' Compensation Employer Insurance Costs per \$100 of Payroll: \$0.36 (South Region, BLS ECEC)

Average Industrial Electric Rate: 5.98 cents per kilowatthour, Annual Average 2015

Average Price of Natural Gas Delivered to Industrial Consumers: 4.39 dollars per Thousand Cubic Feet, Annual Average 2015

Average Hourly Earnings of Production Workers in Manufacturing: 18.9 dollars per hour, Annual Average 2015

Minimum Wage (current): Federal

Pending Legislation Regarding Minimum Wage: None

If you answered YES to the above question, what is the proposed minimum wage?:

If you answered YES to the above question, what is the legislative bill number?:

ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of the state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Total Small Business Innovation Research (SBIR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105791: 437

Total Small Business Technology Transfer (STTR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105792: 66

Venture Capital Deals, in millions: \$47.7 (2014)

\$85.7 (2013)

\$39.5 (2012)

% of State with Internet Accessibility: 92%

Newly Registered Businesses: 122 Qualified Businesses (Since the Inception of the High Growth Small Business Job Creation Act)

Newly Registered Patents: 950 (2015)

907 (2014)

873 (2013)

FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Numbers are for 2015

Foreign Direct Announcements: 21

Foreign Direct Employment: 6,108

Foreign Direct Investment, in millions: \$1,825.26

TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of the state and what a company can expect in terms of the logistics of shipping their product.

Number of major 2 or 4-Lane Highways running through state: 23

Number of major railways going through state: 15

Number of major ports connected to state: 2

Number of airports throughout state: 6

Number of International airports throughout state: 3

Number of distribution centers: 94

Number of foreign trade zones: 3

INCENTIVES

Different states offer different incentives to entice companies to move to their state. This section will allow you to highlight these incentives.

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): No

If you answered YES above, please describe the pending incentives including the bill number if applicable:

Cash Incentives

Does the state provide any CASH incentives? (Y/N): Yes

If you answered YES above, please provide details of this incentive including the contact information and website if applicable:

Job Development Credits

Job Development Credits are discretionary incentives that can address the specific needs of individual companies. Job Development Credits are approved on a case-by-case basis by the Coordinating Council. To qualify, a company must:

- Be a qualifying type of business (manufacturing, tourism, processing, warehousing, distribution, R&D, corporate office, qualifying service related, each as defined in the SC Code);
- Provide competitive health care benefits to employees;
- Pass a cost/benefit analysis;
- Meet certain job and capital investment requirements;
- Be competitive with other states; and
- Enter into a revitalization agreement with the Coordinating Council.

Job Development Credits are a unique incentive that can potentially reduce, or in some cases completely offset, certain approved capital expenditures. Unlike tax credits or exemptions, this incentive is credited quarterly as a direct cash contribution. A company can only expect to collect Job Development Credits from full-time employees earning an hourly wage (before benefits) that is equal to or more than that of county’s average hourly wage rate.

Such minimum wage requirement will be adjusted every five years to equal the county’s average hourly wage as of the date of the adjustment as determined by the most current available data.

A company must submit an Application for Qualification for Enterprise Program Incentives to the Coordinating Council. To be eligible to apply for Job Development Credits, the company must provide a benefits package that includes a comprehensive health plan, and the company must pay at least 50% of an eligible employee’s cost of health plan premiums. The application process includes a \$4,000 non-refundable application fee, and the program has a \$500 annual renewal fee. As a general rule, a company has 30 days from the date of approval to commit to the project in South Carolina or the approval for Job Development Credits will be rescinded.

Only qualifying capital investments made within five years after the application has been approved (and any similar investments made sixty days prior to approval) can be considered.

A company will be required to enter into an agreement with the Coordinating Council that establishes the company’s investment and employment commitments and completion dates used to claim the credit and identifies eligible expenditures. Once the company meets the investment and job creation targets outlined in the agreement, the earning window for collecting Job Development Credits begins. Companies may collect Job Development Credits for 10 years. The amount of the Job Development Credit depends on the development status of the county in which the company is located, the number of jobs created, and the average wage rate. Job Development Credits will be capped at \$3,250 annually per employee.

The Job Development Credit calculation is based on these criteria:

- The hourly wage rate paid to individual employees (shown in Table 1), and
- The development designation of the county (shown in Table 2).

Table 1: Enterprise Program Wage Guidelines

Average Hourly Wage (or Equivalent) ¹	Maximum Rebate (As % of Gross Wages)
\$12.88 - \$16.10	3%
\$16.11 - \$24.16	4%
\$24.17 and greater	5%

¹ These values are adjusted annually.

**Table 2: Enterprise Program
Classification & Credit Guidelines**

County Classification	Maximum Credit (% Retained by Co.)
Tier I	55%
Tier II	70%
Tier III	85%
Tier IV	100%

Please note that the amount of Job Development Credits cannot exceed the amount of eligible expenditures approved by the Coordinating Council

Port Volume Increase Credit

South Carolina provides a possible income tax credit or withholding tax credit to manufacturers that use South Carolina port facilities and increase base port cargo volume by 5% over base-year totals. To qualify, a company must have 75 net tons of noncontainerized cargo, 385 cubic meters or 10 loaded TEUs transported through a South Carolina port for their base year. The base year port cargo volume will be re-calculated every year after the initial base year.

The Coordinating Council has the sole discretion in determining eligibility for the credit and the amount of credit that a company may receive. The total amount of tax credits allowed to all qualifying companies is limited to \$8 million per calendar year.

In addition, the Coordinating Council may award up to \$1 million of the \$8 million credits to a new warehouse or distribution facility which commits to expending at least \$40 million at a single site and creating at least 100 new, fulltime jobs within a three year period and has a base year cargo of at least 5,000 TEUs or its non-containerized equivalent.

A company must submit an application to the Coordinating Council to determine its qualification for, and the amount of, any tax credit it will receive. There are no fees associated with this program.

State Tax Credits

Does the state provide any Tax Credit incentives? (Y/N): Yes

If you answered YES above, please describe the available tax credits:

Job Tax Credits

By creating new jobs in South Carolina, a company may be eligible for a tax credit against its South Carolina income tax liability. To be eligible for Job Tax Credits, a company must:

- Establish or expand a manufacturing, distribution, processing, warehousing, research and development, tourism, technology intensive facility or agribusiness within the state; and
- Create a monthly average of 10 net new full-time jobs at the facility in a single taxable year.

The Job Tax Credit is available for a five year period beginning with Year Two (Year One is used to establish the created job levels) if the jobs are maintained. The value of these credits is determined by the development tier of the county and will range from \$1,500 - \$8,000 per job per year. The counties are re-ranked every year based on unemployment rates and per capita income, and the ranking of a county may change from year to year.

Credits can be used to offset up to 50% of South Carolina income tax in a single year, and unused credits may

be carried forward for 15 years. Unused credits may not be transferred or sold.

There are no applications, approvals or fees associated with the Job Tax Credit Program. A company will claim the credit by filing a SC Form TC-4 with its annual income tax return.

Research and Development Tax Credit

In order to reward companies for increasing research and development activities in a taxable year, South Carolina offers a credit equal to 5% of the company's qualified research expenses in the state for companies claiming the federal research and development credit. The term "qualified research expenses" is defined in Section 41 of the Internal Revenue Code.

Credits can be used to offset up to 50% of South Carolina income tax after all other credits have been applied, and any unused credit can be carried forward for 10 years. Unused credits may not be transferred or sold.

There are no applications, approvals or fees associated with the Research and Development Tax Credit Program. A company will claim the credit by filing a SC Form TC-18 with its annual income tax return.

Investment Tax Credit

South Carolina currently allows companies locating in South Carolina a credit against a company's income tax for its investment in new production equipment. In order to qualify for the new investment credit, the property must be used as an integral part of manufacturing, production, or providing transportation, communications, or utility services within the State of South Carolina. The property also must meet certain other minimal requirements in order to be eligible for the credit. The actual value of the credit depends on the applicable recovery period for property under the Internal Revenue Code and varies from 0.5% - 2.5% of the bases of the applicable property. This credit is generally not limited in its ability to eliminate income taxes, and unused credits may be carried forward for up to 10 years. Unused credits may not be transferred or sold.

There are no applications, approvals or fees associated with the Investment Tax Credit Program. A company will claim the credit by filing a SC Form TC-11 with its annual income tax return.

Property Tax Abatement

South Carolina offers a five year abatement from county operating taxes for new and expanding manufacturing and research and development facilities investing at least \$50,000 in the facility. Generally, the county's operating portion makes up about 25% to 35% of the local millage rate. A five year abatement does not apply to property under a Fee-in-Lieu agreement as discussed below.

Fee-in-Lieu of Property Taxes (FILOT)

Companies making a total capital investment of at least \$2.5 million may negotiate with the county to obtain a lower assessment ratio and stabilize millage rates for up to 30 years. By law, the company has five years to meet the minimum investment threshold, and the county can offer an additional five-year extension to complete the project. Thus, all of the investment placed under the fee must be incurred within a maximum of ten years. The company may include both real and personal property under the FILOT agreement. However, property that has been on the tax rolls in the state previously, including existing buildings, is not eligible for the FILOT. (This restriction is waived for companies investing an additional \$45 million or more in new investment.)

Under a FILOT, payments to local government are significantly reduced through the negotiation of a lower assessment rate from 10.5% to as low as 6%. The company may also negotiate a locked-in millage rate for up to 30 years or a five-year adjustable rate for the property that is subject to the FILOT. With a FILOT, personal property depreciates, but real property is fixed at the original cost for the life of the fee. However, the county and the company may instead provide that any real property subject to the FILOT may be reported at its fair market value as determined by the appraisal of the South Carolina Department of Revenue and may be re-appraised every five years.

State Tax Exemptions

Does the state provide any Tax Exemptions? (Y/N): Yes

If you answered YES above, please describe the available tax exemptions:

Property Tax Exemptions

Unlike some states, South Carolina exempts the following from property taxation:

- Inventories (raw materials, work-in-progress, and finished goods);
- Intangible personal property; and
- Pollution control equipment and facilities.

Sales and Use Tax Exemptions

South Carolina also offers a number of sales tax exemptions for manufacturing companies including:

- Manufacturing production machinery and applicable repair parts;
- Manufacturing materials that become an integral part of the finished product;
- Coal, coke, or other fuel for manufacturers, transportation companies, electric power companies, and processors;
- Industrial electricity and other fuels used in manufacturing tangible personal property;
- Material handling equipment for manufacturing and distribution projects investing \$35 million or more;
- Research and development equipment;
- Manufacturers' air, water, and noise pollution control equipment;
- Packaging materials; and
- Long distance telecommunication services, including 800 services.

In addition to the sales tax exemptions, South Carolina further reduces the tax burden by providing a valuable sales tax cap of \$300 on the sale or lease of automobiles, trucks, boats, and aircraft to all companies and individuals.

State Grants

Does the state provide any Grant incentives? (Y/N): Yes

If you answered YES above, please describe the available grants:

Grants

South Carolina has three discretionary grant funds that are administered by the South Carolina Coordinating Council for Economic Development. The Coordinating Council will evaluate each project on a case-by-case basis and a grant may be awarded by the Coordinating Council, in their sole discretion, depending on the needs of the project.

The Economic Development Set-Aside Program may be used to assist companies locating or expanding in South Carolina as needed through land acquisition, road or site improvements and other costs related to business location or expansion. It is the Coordinating Council's primary business development tool for assisting local governments with road, water/sewer infrastructure, or site improvements related to business location or expansion where appropriate.

The Rural Infrastructure Grant Program provides financial assistance to local governments, primarily the rural counties, for infrastructure and other economic development activities. The goal of the RIF program is to promote and encourage economic growth and prosperity in the state's rural areas. RIF funds may be used for activities such as drainage, roads, and rail spur improvements and improvements to both public and private electricity, natural gas, and telecommunications systems.

The Governor's Closing Fund was created in 2006 to assist when additional funding is necessary to recruit or retain in the state high impact economic development projects. The grants are generally awarded to assist with the costs of real property improvements or other road or infrastructure improvements. This fund is dependent on annual appropriations from the South Carolina General Assembly.

In order to receive a grant, an application must be completed by the county in which the project will be located. There are no costs associated with the grant programs.

When a grant is awarded, a company is required to enter into a performance agreement with the Coordinating Council and the county. Such performance agreement sets forth a minimum job requirement and a minimum capital investment that must be satisfied within a designated time period. If the requirements are not satisfied within the designated time period, the company will be required to repay a pro rata portion of the grant funds that have been disbursed. For a grant in excess of \$100,000, there will be an additional requirement that the jobs and investment be maintained for a five year period or the company will have to repay a pro rata portion of the grant funds that have been disbursed.

State Loans

Does the state provide any Low-Interest Financing incentives? (Y/N): No

If you answered YES above, please describe the available financing opportunities:

Training Programs

Does the state provide any Specialized Training Program incentives? (Y/N): Yes

If you answered YES above, please describe the available training programs:

The readySC™ program provides qualifying companies relocating to or expanding in South Carolina with well-trained and highly motivated employees through a comprehensive and customized process that includes recruiting, screening, and training for companies creating new jobs with competitive wages and benefits for the state. If a company chooses to utilize readySC™, the program will be driven exclusively by the company's

needs, time frames, and desired level of partnership. readySC™ services are provided through state funding usually at little to no cost to companies producing new full-time, permanent jobs to the state. The value of the readySC™ program is calculated based on deferred costs. The company avoids the financial costs and resource allocation with such activities as: advertisement of the positions and screening of applications; preliminary screening and assessment of applicants; logistics associated with the interviewing of candidates; coordination and upfit of appropriate training space; recruitment, scheduling and paying of instructors; and development, design, reproduction and delivery of customized instructional material. The estimated value of the program to a project could range from \$2,000 - \$9,500 per person depending on the complexity of the business' training needs.

Zoning

Does the state provide any Special Zoning incentives? (Y/N): Y

If you answered YES above, please describe the available special zoning opportunities:

South Carolina has three Free/Foreign Trade Zones in Charleston, Greenville-Spartanburg, and Columbia. Foreign Trade Zones (FTZs) were created in the United States to provide special customs procedures to U.S. plants engaged in international trade-related activities. Duty-free treatment is accorded items that are processed in FTZs and then reexported, and duty payment is deferred on items until they are brought out of the FTZ for sale in the U.S. market. This helps to offset customs advantages available to overseas producers who compete with domestic industry.

For additional details, visit

http://www.gcbusinessjournal.com/index.php?option=com_content&view=article&id=307:foreign-trade-zones-in-south-carolina&catid=102:foreign-trade-zones&Itemid=137

State Marketing and Promotions

Does the state provide any Marketing and Promotional incentives? (Y/N): N

If you answered YES above, please describe the available special marketing or promotional opportunities:

Innovation Centers

Does the state have Innovation Centers or Additional Resource available for companies? (Y/N): Y

If you answered YES above, please describe the available innovation centers or additional resources:

See attachment with center locations.

REGIONAL INFORMATION

Many states have "regions" that specialize in certain industries such as automotive in Detroit or high tech in Silicon Valley. This section is to help you highlight these regions. If the state doesn't have any special regions please skip this page.

Please note that a "region" could be an area, county, city etc...

Region One

Name of Region (This can include nicknames such as Silicon Valley): Upstate

Does this region have a designated web site? (Y/N): N

If you answered YES to the question above, what is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto): Encompasses the northwest portion of the state, and includes the cities of Greenville and Spartanburg.

What industry or industries are prominent in this region?

- Apparel
- Appliances
- Automotive
- Biomedical
- Finance

What are some unique aspects of this region? Ecologically diverse landscape, with lakes, forests, and mountains. Home to Clemson University.

Are there any special programs or incentives for companies wanting to move to this region? (Y/N): See incentives section.

If you answer YES to the question above, please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:* Y, through the South Carolina Department of Commerce.

If you answer YES to the question above, please list the contact information for the site selection assistance:
<http://sccommerce.com/> 803-737-0400

Is there any extraordinary information that you would like to add about this region?

Region Two

Name of Region (This can include nicknames such as Silicon Valley): Midlands

Does this region have a designated web site? (Y/N): N

If you answered YES to the question above, what is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto): Central portion of the state, includes the capital city of Columbia

What industry or industries are prominent in this region?

- Government
- Military
- Law

What are some unique aspects of this region? *Could include information about transportation, education, weather etc...:* Home of the University of South Carolina; significant interstate highway coverage

Are there any special programs or incentives for companies wanting to move to this region? (Y/N): See incentives section

If you answer YES to the question above, please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:* Y, through the South Carolina Department of Commerce.

If you answer YES to the question above, please list the contact information for the site selection assistance:
<http://sccommerce.com/> 803-737-0400

Is there any extraordinary information that you would like to add about this region?

Region Three

Name of Region (This can include nicknames such as Silicon Valley): Lowcountry

Does this region have a designated web site? (Y/N): N

If you answered YES to the question above, what is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto): Southeastern portion of the state, includes the city of Charleston

What industry or industries are prominent in this region?

- Aerospace
- Biomedical
- Military
- Shipping
- Tourism

What are some unique aspects of this region? *Could include information about transportation, education, weather etc...:*
Atlantic coast beaches, historic towns and cities with antebellum architecture, Marine Corps Recruit Dept, Parris Island

Are there any special programs or incentives for companies wanting to move to this region? (Y/N): See incentives section

If you answer YES to the question above, please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:* Y, through the South Carolina Department of Commerce.

If you answer YES to the question above, please list the contact information for the site selection assistance:
<http://sccommerce.com/> 803-737-0400

Is there any extraordinary information that you would like to add about this region?

AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees "Truth in Advertising" regulations including promotion or disclosure of products displaying "Made in USA" labeling. FTC requires products advertised as "Made in USA" be "all or virtually all" made in the U.S. "all or virtually all" means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does the state have any specific requirements for labeling products "Made in USA"? (Y/N): N

If you answered YES to the question above, what are the requirements for labeling products "Made in USA":

Is there pending legislation regarding these requirements? (Y/N): N

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): Y, for agricultural products

If you answered YES to the question above, What are the requirements for labeling products "Made in YOUR STATE": Certified SC Grown - Logo Shall only be used on first quality products, grown in South Carolina, that meet the US #1 Quality Grade Standard, or higher U.S. Grade Standards, whichever is the accepted USDA industry grade standard for that commodity. The logo shall not be used on secondary labels or cull products.

Certified SC Product - Logo Products that are eligible for inclusion in the program are value added products, manufactured food products, and other agricultural products that may be further sorted, graded, blended, processed and packaged in South Carolina. In addition, specialty agricultural food businesses located in South Carolina may have an exclusive recipe manufactured in another state, under the South Carolina address and company label, and be eligible for membership in the program.

Is there pending legislation regarding these requirements? (Y/N): N

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Is there an organization or entity that monitors state labeling? (Y/N): For agricultural products, the South Carolina Department of Agriculture

If you answered YES to the question above, please provide the name and contact information for the the organization or entity: South Carolina Department of Agriculture, Ansley Rast Turnblad, 803-737-2207

Date of Submission

Thank you for your time. Please email your responses to ireed@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org