



# **William S. Lee Act: A 10-Year Look Back**

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# Year 1996

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- Governor's Economic Development Board
  - Incentives should be tailored to meet specific economic policy goals
  - Incentives should be fiscally responsible and accountable
- Policy Goals
  - High quality jobs
  - Widely shared prosperity



# Bill Lee Act Credits

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- ❑ Expansion of Jobs Tax Credit to all 100 Counties
- ❑ New Credit for Worker Training Expenses
- ❑ New Credit for Increasing Research Activities
- ❑ New Credit for Investment in Machinery and Equipment



# Goal: High Quality Jobs

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- ❑ Business Eligibility Requirements:
  - Manufacturing or processing
  - Warehousing or distributing
  - Data processing
- ❑ Wage Eligibility Requirements:
  - Jobs must pay at least 10% above the average weekly wage in the county where the job created



# Goal: Widely Shared Prosperity

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- ❑ Created Five Enterprise Tiers
  - Tiers based upon three factors: per capita income, unemployment rate, and population growth
  - Ten poorest counties = Tier 1
  - Next 15 poorest counties = Tier 2
  - Remaining 75 counties divided evenly among Tiers 3, 4, and 5
- ❑ Lower the Tier, more Favorable the Credit



# Goal: Fiscally Responsible

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- ❑ Credits may be taken against either the franchise tax or the income tax
- ❑ Credits may not exceed 50% of the tax against which they are taken
- ❑ Any unused credit may be carried forward for five years
- ❑ Forfeiture Provisions
- ❑ Sunset



# Bill Lee Act Credits

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- Jobs Tax Credit
  - Tier 1 = \$12,500 per job
  - Tier 5 = \$500 per job
- Worker Training Tax Credit
  - Tier 1 = \$1,000 per worker
  - Tier 5 = \$500 per worker
- Investment in M&E Tax Credit
  - Tier 1 = No threshold requirement
  - Tier 5 = \$1,000,000 threshold requirement



# Year 1997

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- ❑ Expanded Types of Eligible Businesses
  - Air courier services
  - Central administrative office (must create at least 40 new jobs)
- ❑ Expanded M&E Credit to include Leased Property
- ❑ Expanded Tier 1 Counties -- Maintain Tier 1 status for at least 2 years
- ❑ Changed Wage Standard
  - Tier 1 = Average weekly wage for that county, instead of 110% of the average weekly wage





# Year 1998

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- ❑ Expanded Tax Election for Credit for Central Administrative Office to include the Insurance Gross Premiums Tax
- ❑ Expanded C/F Period for Investments > \$150,000,000 from 5 years to 20 years
- ❑ Created of State Development Zones
  - Economically distressed areas within municipalities
  - Treat as Tier 1 County



# Year 1999

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- ❑ Expanded Types of Eligible Business
  - Passenger air carrier training centers
  - Electronic mail order houses (must create at least 250 jobs in a Tier 1 or 2 county)
  - Customer service centers (must be located in a Tier 1 or 2 county)
- ❑ Expanded Tier 1 Status to Smaller Counties
- ❑ Expanded Tax Election to Gross Premium Tax
- ❑ Created Technology Commercialization Credit
- ❑ Enhanced Eligibility Standards
  - Provide 50% health insurance premiums for FT jobs
  - Meet environmental, safety, and health standards



# Year 2000

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- ❑ Expanded Types of Eligible Businesses
  - Aircraft maintenance facilities
- ❑ Expanded CF Period for Technology Commercialization Credit from 5 years to 20 years



# Year 2001

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- ❑ Expanded Types of Eligible Businesses
  - Allow credit for customer service centers and electronic mail order houses located in Tier 3 counties (was Tier 1 and 2 only)
- ❑ Created New Credit for Substantial Investment in Other Real Property
  - Investment > \$10,000,000 over a 3-yr period
  - Create > 200 new jobs
  - Credit = 30% of eligible investment amount
  - 20-year CF
- ❑ Expanded Tier 1 Status to more Smaller Counties



# Year 2002

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- ❑ Eliminated Wage Standard in Tier 1 and 2 Counties (and Development Zones)
- ❑ Eliminated Wage Standard for Worker Training Tax Credit
- ❑ Scaled Back the M&E Tax Credit for Tiers 3, 4, and 5
- ❑ Created New Eligibility Requirement: No Overdue Tax Debt
- ❑ Created JDIG



# Year 2003

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- ❑ Extended Bill Lee Act Sunsets for Eligible Major Industries
  - Invest > \$100,000,000 in facility engaged in bioprocessing or pharmaceutical and medicine research
- ❑ Eliminated Wage Standard for JDIG



# Year 2004

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- ❑ Amended Formula for Tier Placement
- ❑ Created Enhanced BLA Credit for Major Computer Manufacturing Facility
  - No wage standard
  - Jobs tax credit = \$4,000
  - No M&E threshold and credit = 7% of investment
  - Worker training credit = \$1,000
  - Credit for substantial investment in other property



# Year 2005

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- ❑ Expanded Tier 1 Status to Sites within Certain Industrial Parks
  - Site located in an industrial park created by interlocal agreement
  - Park located in at least 4 contiguous counties
  - At least 2 of the counties designated as Tier 1
  - Park owned by 4 or more units of local gov't
  - Park has at least 300 developable acres
  - Total population of counties < 200,000
  - At least 16.8% of population in each county Medicaid eligible in 2003-2004





# Year 2006

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- ❑ Article 3J enacted as a replacement of the BLA
- ❑ Article 3J
  - Three development tiers
  - Wage standard calculated differently
  - UP zones and AG zones
  - Business-type eligibility differs
  - Credits differ