



The League of Women Voters® of the Columbia Area
Post Office Box 12541 Columbia, SC 29211

ISSUE PAPER
TO DEFINE AND CLARIFY A CRITICAL GOVERNMENTAL ISSUE

COMPETING FOR JOBS:
“Industrial Location Incentives”

To attract new firms with high-paying jobs and satellite suppliers, tax breaks and other incentives are available.

State Tax Incentives

- Credit against corporate income tax (for at least 10 full-time jobs).
- Credit against insurance premium taxes.
- Firms retain some of employees’ personal income tax withholding for training cost and facilities, real estate, improvements to utility and transportation systems, or compliance with environmental laws and regulations.
- Specialized tax credits for investing in an economic impact zone.

County Property Tax Breaks

- 5-year exemption from ordinary property tax (but not school) if \$50,000 + investment.
- Fee In Lieu Of Taxes (FILOT) – fixes annual payment liability for 20-37 years – assessment rate of 4 to 6% compared to 10.5% usual industrial property tax.
- Must negotiate with county, which determines what millage rate will be applicable.

Other Incentives

- Worker training
- Purchase of land
- Road improvements
- Other public services or assistance in getting the firm up and running.

Who Decides the Incentives?

Several agencies or groups may be involved in negotiations, such as:

County Council
Highway Department
Technical School
Department of Commerce
School District
Municipal Government

Supporters of Incentives Say:

- Incentives can help bring industry to poorer counties.
- Incentives bring industries that would otherwise not come to South Carolina.
- Extra revenue from the industry and their workers is a bonus.

Critics of Incentives Say:

- Incentives allowed are excessive.
- Extra revenue is less than costs for state and local government services.
- Mill rates on other taxpayers may rise during period of an agreement while staying fixed for the industry.

The League of Women Voters recently started a study of this issue. The intent of this paper is to encourage understanding and discussion of this use of tax money.