



REQUEST FOR COUNCIL ACTION

City of Greenville, South Carolina

Agenda Item No.

15c

TO: Honorable Mayor and Members of City Council
FROM: John F. McDonough, City Manager

Ordinance/First Reading Ordinance/Second & Final Reading Resolution/First & Final Reading Information Only

AGENDA DATE REQUESTED: October 25, 2021

ORDINANCE/RESOLUTION CAPTION:

ORDINANCE ADOPTING CHAPTER 8, ARTICLE II, OF THE CODE OF ORDINANCES OF THE CITY OF GREENVILLE TO PROVIDE FOR CERTAIN ECONOMIC DEVELOPMENT STIMULUS INCENTIVES, AND MATTERS RELATED THERETO

SUMMARY BACKGROUND:

This Ordinance creates a new program of economic development stimulus grants for certain businesses (the "Program"). The amount of the grant is calculated based upon a percentage of businesses license taxes paid over a period of time. The Program is in addition to, and not in lieu of, the City's other economic development efforts.

IMPACT IF DENIED:

The Program will not be implemented.

FINANCIAL IMPACT:

Foregone business license tax revenue in the form of the grants.

REQUIRED SIGNATURES

Department Director

DocuSigned by:
Matt Eby
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City Attorney

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[Signature]
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OMB Director

City Manager

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John McDonough
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A N O R D I N A N C E

ADOPTING CHAPTER 8, ARTICLE II, OF THE CODE OF ORDINANCES OF THE CITY OF GREENVILLE TO PROVIDE FOR CERTAIN ECONOMIC DEVELOPMENT STIMULUS INCENTIVES, AND MATTERS RELATED THERETO

WHEREAS, in September 2020 the South Carolina General Assembly adopted the South Carolina Business License Tax Standardization Act (2020 Act No. 176), now codified at S.C. Code Sections 6-1-400 to 6-1-420 (the “Act”); and

WHEREAS, in order to comply with the Act, the city of Greenville (the “City”) is amending its business license tax ordinances and desires to adopt economic development stimulus incentives for certain businesses as part of that process as specifically contemplated in S.C. Code Section 6-1-400(H)(2); and

WHEREAS, the promotion of artist-related businesses in the Central Business District (the “CBD”), the West End, and the Village of West Greenville will further enhance the cultural fabric of those parts of the City and will add to the vibrance of the City as a whole, it being recognized that art plays a vital role in a diverse community; and

WHEREAS, the promotion of retail businesses within the CBD and the West End will ensure that Downtown continues to provide a diversified offering of shopping experiences which are key attractors of visitors to the City’s Downtown whether they be residents or tourists; and

WHEREAS, it has been recognized that the City contains a number of “food deserts” and the City desires to incentivize retail grocery stores to locate in or adjacent to the City’s Special Emphasis Neighborhoods; and

WHEREAS, the promotion of Corporate Headquarters, manufacturing operations, and any other business that creates new jobs and makes new capital investment in the City serves a vital economic development purpose; and

WHEREAS, the incentivization of the annexation of commercial businesses into the City also serves to further economic development and growth; and

WHEREAS, the promotion of the foregoing businesses through an economic development stimulus program serves a proper and important public purpose, creates jobs, grows the tax base, enhances the quality of life for the City’s residents, and furthers the City’s national reputation as a destination for both tourists and individuals wishing to permanently relocate to the City; and

WHEREAS, in furtherance of the foregoing, City Council desires to adopt an economic development stimulus program as more fully set forth below;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GREENVILLE, SOUTH CAROLINA, Chapter 8, Article II, Division 2 of the Code of Ordinances of the City of Greenville, which is being repealed by Ordinance No. 2021-____, is hereby replaced in its entirety with the following:

Section 1 – Creation of the Economic Development Stimulus Program

The Economic Development Stimulus Program (the “Program”) is hereby established by the city of Greenville (the “City”). The Department of Economic and Community Development and Office of Management and Budget (OMB) shall administer the Program.

Section 2 – Purpose

The purpose of the Program is to provide an economic development grant in an amount equivalent to a portion of business license taxes and/or building permit fees paid by a qualifying business that maintains or establishes a qualifying business within the corporate limits of the City. The Program hereby replaces any business license incentive program previously authorized.

Section 3 – Definitions

(a) “Artist Business” means a business assigned to NAICS codes 711510, 453920, 327110 or 339910 located within the Village of West Greenville, the West End or the Central Business District.

(b) “Corporate Headquarters” means a facility or portion thereof from which a legal entity, regardless of corporate form (e.g., corporation, limited liability company, etc.), or subsidiary of said entity functioning as a separate business unit, maintains a physical presence within the corporate limits of the City meeting the following criteria: (1) a majority of the staff employees are physically present and employed on a full-time basis with a permanent headcount of no fewer than twenty-five (25) employees under the direction of principal executive officers, the majority of whom are physically present at the facility or a portion thereof on a full-time basis; (2) a majority of the financial, personnel, planning, legal, information technology, or other headquarters-related functions are handled on a regional, national, or global basis; and (3) the facility or portion thereof is the regional, national or global headquarters of the entity or the subsidiary. For purposes of this definition, the term “principal executive officer” shall mean chief executive officers, chief operating officers, chief financial officers, or other senior-level officers whose primary responsibility is managing the day-to-day affairs of the entity or subsidiary, but does not include individuals primarily engaged in non-management related activities. The term “regional” shall mean a physical presence in the State of South Carolina and at least one other state.

(c) “Grocery Store” means any retail grocery store NAICS Code 445110 located in or adjacent to a City Special Emphasis Neighborhood; this definition does not include any general merchandise discount stores that may also sell grocery items (NAICS code 452319).

(d) “Manufacturing Business” means a business assigned to NAICS series 31000, 32000, or 33000 with one or more manufacturing facilities located within the corporate limits of the City.

- (e) “Priority Investment Areas” means the Wade Hampton Corridor, the Augusta Street Corridor, the Laurens Road Corridor, the Pleasantburg Corridor, the Pendleton Street Corridor, the Haywood Road Corridor, and the Stone Avenue Corridor.
- (f) “Qualifying Business” means the following businesses: (a) Artist business, Retail Business, Manufacturing Business, Grocery Store, or Corporate Headquarters (all as specifically defined herein) or (b) a commercial business annexed into the City of Greenville after the effective date of this ordinance.
- (g) “Retail Business” means a business located within the Central Business District or the West End assigned to one of the following NAICS codes: 424330, 446120, 448110, 448120, 448130, 448140, 448150, 448190, 448210, 448310, 448320, 451110, 451120, 451211, 452000, 452210, 453110, 453220, 453910.
- (h) “Special Emphasis Neighborhoods” means areas identified by the Community Development division as higher proportion of low to moderate income residents and which are majority minority neighborhoods. At the time of ordinance adoption, this includes the specified areas of Brutontown, Greater Sullivan, Green Avenue, Greenline Spartanburg, Haynie Serrine, Nicholtown, Pleasant Valley, Southernside, Sterling, Viola Street, West End and West Greenville.
- (i) The “Augusta Street Corridor” means that area along Augusta Street within the corporate limits of the City from the intersection of Vardry Street to the City limits (past the intersection of Mauldin Road).
- (j) “The Central Business District” means that area within the boundaries of the former Downtown Infrastructure Fund or Central Business District Tax Increment Financing District, with the addition of property located between Broad Street, Church Street, Falls Street and McBee Avenue as well as property located between Church Street, East North Street, Beattie Place and Main Street that had not been previously included in the Downtown Infrastructure Fund boundaries.
- (k) The “Haywood Road Corridor” means that area along Haywood Road within the corporate limits of the City from the intersection of Laurens Road to the intersection of Pelham Road.
- (l) The “Laurens Road Corridor” means that area along Laurens Road within the corporate limits of the City from the intersection of I-385 to the intersection of Innovation Drive.
- (m) The “Pendleton Street Corridor” means that area along Pendleton Street within the corporate limits of the City from the intersection of South Main Street to the intersection of Saco Street.

(n) The “Pleasantburg Drive Corridor” means that area along Pleasantburg Drive within the corporate limits of the City from the intersection of Piney Mountain Road to the intersection of Mauldin Road.

(o) The “Stone Avenue Corridor” means that area along Stone Avenue within the corporate limits of the City from the intersection of I-385 to the intersection of Rutherford Street.

(p) “The Village of West Greenville” means that area bounded by Textile Avenue, Traction Street, Perry Avenue, Lois Avenue to the Railroad Tracks, and Pendleton from Textile Avenue to the corporate limits of the City.

(q) The “Wade Hampton Boulevard Corridor” means that area along Wade Hampton Boulevard within the corporate limits of the City from the intersection of East Stone Avenue to the intersection of North Pleasantburg Drive.

(r) “The West End” means that area within the boundaries of the former West End Tax Increment Financing District.

Section 4 – Economic Development Stimulus Grant for Qualifying Businesses

(a) As a form of economic development stimulus, the Qualifying Business shall be eligible, upon application and approval, for a grant in an amount based upon the calculations and schedule set forth. Upon approval of the application, the City will make this reimbursement to the grantee within 30 business days of the City’s receipt of payment of the City’s yearly business license taxes due from the grantee. Reimbursement and the calculation of the amount of reimbursement shall not include any late payment of taxes or any amount paid as penalties.

(b) For any newly established Qualifying Business, the economic development grant amount set out in this section shall consist of: (i) 100% of the annual business licenses taxes levied on said business and actually received by the City for a period of five years beginning from the date of the initial business license application and (ii) 100% of building permit fees associated with that portion of any facility constructed or renovated to accommodate the newly established business provided said fees are actually received by the City.

(c) For any existing Qualified Business, the economic development grant amount set out in this section shall consist of 50% of the annual business license taxes levied on said business and actually received by the City between the effective date of this ordinance and June 30, 2027.

Section 5 – Economic Development Stimulus Grants for Certain Non-Qualified Businesses

(a) As a form of economic development stimulus, a business that does not meet the criteria of Section 4, but meets one of the criteria set forth below, shall be eligible, upon application and approval, for a grant in an amount based upon the calculations

and schedule set forth below provided the required job creation and capital investment occurs entirely within the corporate limits of the City. Upon approval of the application, the City will make this reimbursement to the grantee within 30 business days of the City's receipt of payment of the City's yearly business license taxes due from the grantee. Reimbursement and the calculation of the amount of reimbursement shall not include any late payment of taxes or any amount paid as penalties.

(b) For a business that creates an additional 10 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least five hundred thousand dollars (\$500,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a one-year period following said job creation and capital investment and (ii) 25% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

(c) For a business that creates an additional 25 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least seven hundred and fifty thousand dollars (\$750,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a two-year period following said job creation and capital investment and (ii) 50% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

(d) For a business that creates an additional 50 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least one million dollars (\$1,000,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a three year period following said job creation and capital investment and (ii) 100% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

(e) For a business located within a designated Priority Investment Area that creates an additional 5 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least two hundred and fifty thousand dollars (\$250,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a one year period following said job creation and

capital investment and (ii) 25% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

(f) For a business located within a designated Priority Investment Area that creates an additional 10 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least five hundred thousand dollars (\$500,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a two year period following said job creation and capital investment and (ii) 50% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

(g) For a business located within a designated Priority Investment Area that creates an additional 15 full-time jobs that meet or exceed the median wage level for Greenville County (as determined by the South Carolina Board of Economic Advisors) and makes a capital investment of at least seven hundred and fifty thousand dollars (\$750,000) in a new or renovated facility, the economic development grant amount set out in this section shall consist of: (i) 100% of business license taxes levied on said business and actually received by the City for a three year period following said job creation and capital investment and (ii) 100% reimbursement of the building permit fees associated with that portion of any facility constructed or renovated to accommodate the new capital investment provided said fees are actually received by the City.

Section 6 – Compliance with Program Requirements

(a) Any business which receives an economic development grant from the Program and subsequently relocates outside of the corporate limits of the City shall repay the grant as follows:

(i) If the grantee relocates within the first three years after receiving the grant, it shall reimburse the City the entire amount of grant funds received;

(ii) If the grantee relocates three or more years but less than five years after receipt of the first grant payment, it shall reimburse the City any grant funds received for two prior years; or

(iii) If the grantee relocates five or more years after receipt of the first grant payment, then no reimbursement is due.

(b) Any grantee that fails to comply with the job creation, median wage or capital investment requirements or does not provide the documentation requested by the City for purposes of verifying said requirements shall be required to reimburse the City the entire amount of grant funds received.

(c) Newly-established business have up to one year from the date of filing of its initial business license application to apply for the Program. Any existing business must apply for the Program on or before March 31, 2023. The application date shall not serve to expand the amount or the term of the grant in any event.

Section 7 – Exclusive Use and Termination of Reimbursement

Eligibility under the Program is specific and personal solely to the grantee, is not assignable to any other entity or person, and terminates immediately upon grantee’s cessation of business within the City or the relocation outside of the corporate limits of the City, provided however, termination is not triggered in the event of reorganizations, mergers, the creation of new companies, or acquisitions by a grantee company so long as the successor or new company otherwise meets the grant requirements. The City reserves the right to modify, amend or discontinue the Program, in whole or in part, at any time. Receipt of grant funds from the Program is in addition to, and not in lieu of, any economic development efforts that may be supported in whole or in part by the City.

Section 8 - Severability

Should any provision, section, paragraph, sentence or word of this ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences, or words of this ordinance as hereby adopted shall remain in full force and effect.

DONE, RATIFIED AND PASSED THIS THE ____ DAY OF _____, 2021.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

REVIEWED:

CITY MANAGER