

Chatham County

Economic Development Incentive Policies


Chatham County BOC
2026 Retreat

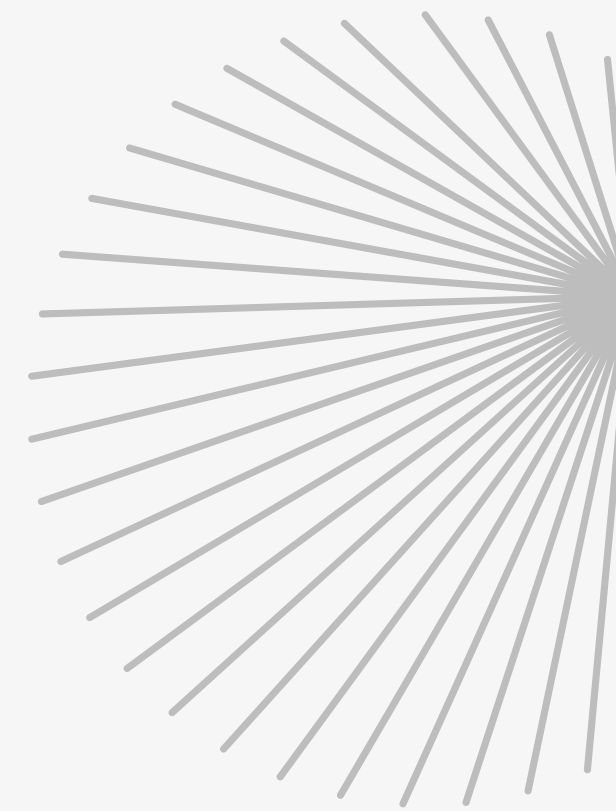
January 7, 2026





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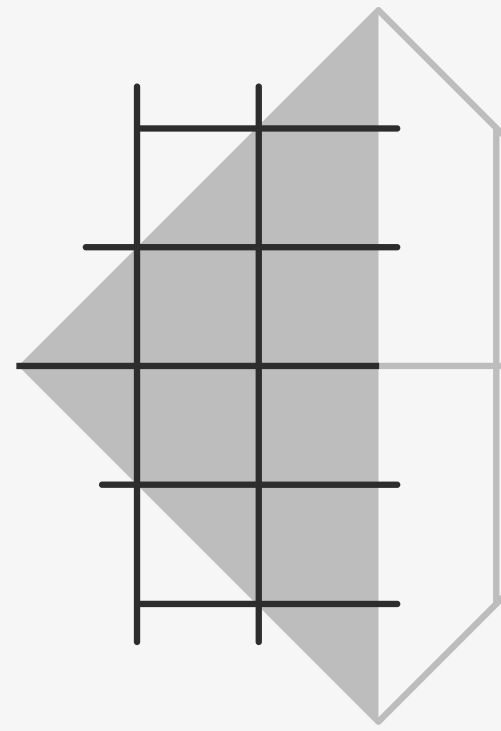
Introduction to Incentives

Why they exist: Local governments use economic development incentives as tools to encourage private investment that produces clear public benefits, most commonly job creation, tax base growth, and economic diversification.

Legal foundation in North Carolina: Counties are authorized to support economic development through state law, primarily the Local Development Act (G.S. § 158-7.1 et seq.), which allows public expenditures for several economic development purposes. This authorization hinges on important procedural requirements.


Constitutional limits: Incentives must serve a public purpose and cannot function as gifts to private entities; public benefit and accountability are required.

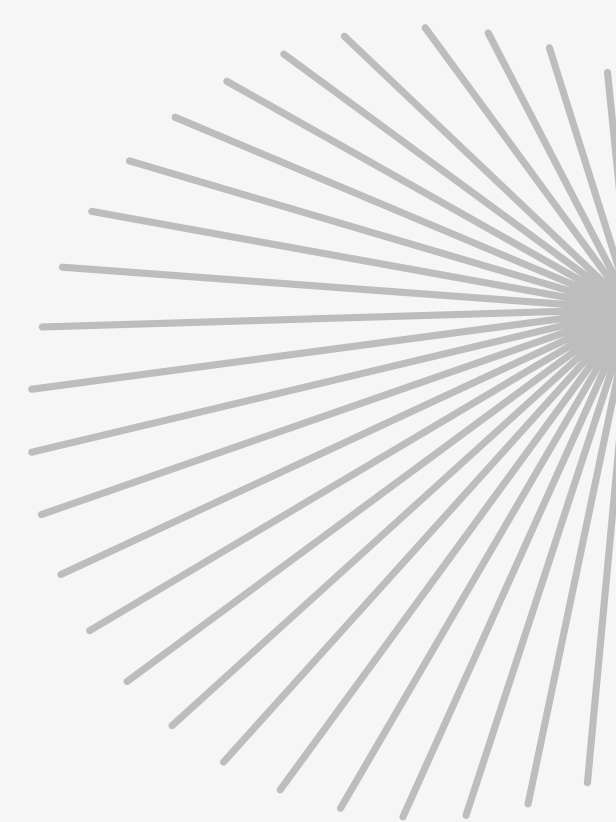
Judicial clarity: North Carolina courts have affirmed that incentives are permissible when the primary benefit flows to the community, not the private recipient.





Chatham County Incentive Policies

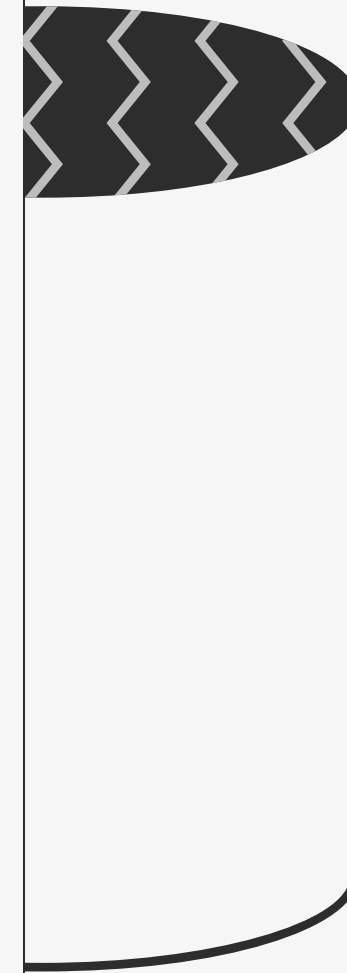
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- Chatham County has two adopted economic development incentive policies that guide the use of incentives (Traditional vs Transformational).
 - Incentives are structured as grants based on a percentage of annual property taxes paid, awarded annually over a designated period pursuant to parties meeting contractual agreements and timeline requirements.
 - Each policy uses a different scoring methodology, which will be reviewed in subsequent slides.
 - The Board of Commissioners retains full discretion and is not obligated to award an incentive, even if an application meets policy criteria.
 - The Chatham Economic Development Corporation (EDC) typically conducts scoring reviews for closed-session discussion with the Board prior to any incentive approval.





Types of Chatham County Incentive Policies

Traditional Policy



The traditional Chatham County Incentive Policy was adopted in 2012 and reflected the County's priorities at the time, typically involving proposed capital investments of \$25 million or less, including:

- Supporting the creation of quality jobs
- Expanding the local tax base
- Directing growth to designated areas
- Protecting the natural environment
- Targeting identified industry clusters

Transformational Policy

The Chatham County Incentive Policy for Transformational Projects was developed to attract major capital investments, typically \$500 million or more, and support projects with the potential to deliver significant long-term economic and community benefits for Chatham County.



Traditional Policy

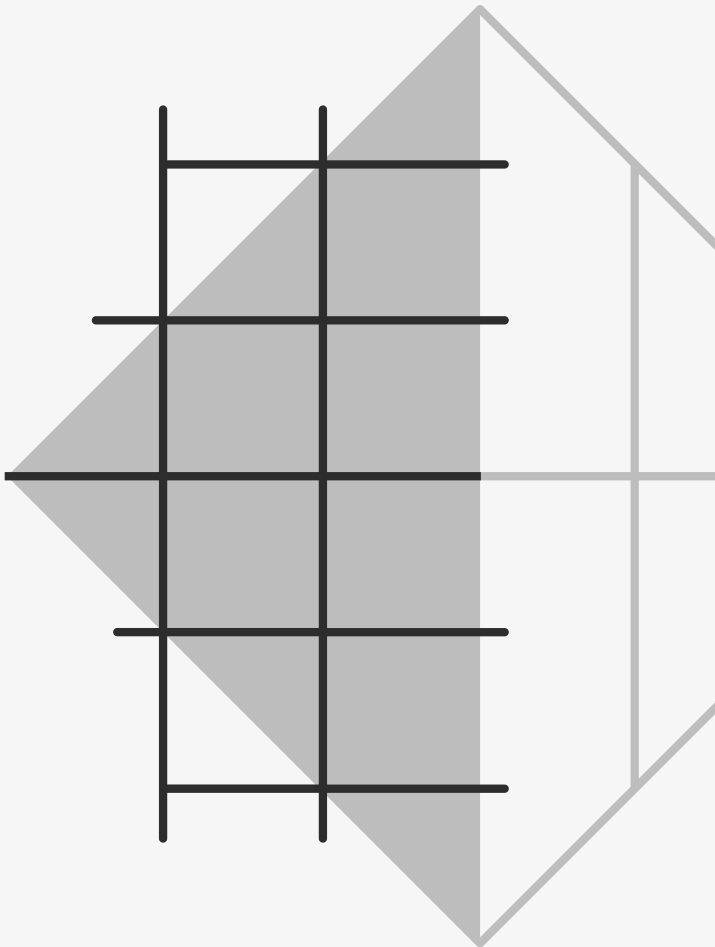
Traditional Policy - Model

This table illustrates the property tax–based incentive grant model outlined in the Traditional Incentive Policy. Incentive levels correspond to a percentage of annual property taxes paid, with grant percentages stepping down over a five–year period. Each incentive level is unlocked if the project meets or exceeds the associated minimum score.

Year	Level 1	Level 2	Level 3	Level 4	Level 5
1	70%	75%	80%	90%	90%
2	60%	65%	70%	80%	80%
3	50%	55%	60%	70%	75%
4	40%	45%	50%	60%	75%
5	30%	35%	40%	50%	60%
Minimum Score	50	60	70	80	90

This model approximates the following weights out of a 100 possible points:

Category	Points Possible
Jobs (Number, Quality, Wages, Hiring Residents)	50 points
Capital Investment	20 points
Environmental Impact	15 points
Industry Cluster/Business Type	15 points



Traditional Policy - Scoring Criteria

Jobs:

Number of Jobs			
N	R	Total	Points
		10-20	2
		21-50	5
		51-75	7
		76-100	9
		101-150	12
		150-200	15
		200+	20
Total Possible Points			20

Quality of New Jobs		Points
Partial Employer Paid Health Insurance		1
Entire Employer Paid Health Insurance		3
Retirement Benefits		2
Profit Sharing		2
Employer Paid Vacation		2
Employee-Owned Company		3
Total Possible Points		10

Wage Level of New Jobs		Points
Less than County Average		0
County Average		1
Greater than County Average, But Less than State Average		4
State Average		8
Above the State Average		10
Total Possible Points		10

Number of Existing County Residents Hired			Points
		10-20	1
		21-50	3
		51-75	5
		76-100	7
		101-200	9
		200+	10
Total Possible Points			10

Capital Investment:

Level of Capital Investment		Points
Under \$500,000		1
\$500,000 - \$4,999,999		5
\$5,000,000 - \$14,999,999		10
\$15,000,000 - \$24,999,999		15
\$25,000,000 and Above		20
Total Possible Points		20

Environmental Impact:

Environmental Impact		Points
Reuse of Existing Building		4
Location in Downtown Area		3
Location in Existing Industrial Area, not Central Carolina Business Campus		3
Location in Central Carolina Business Campus		5
Location in LEED Certified Building		4
Other sustainable features (recycling, water reuse, etc.)		4
Total Possible Points		15

Industry Cluster/ Business Type:

Industry Cluster/Business Type		Points
Presence in Identified Attraction Industry Cluster		6
Presence in Identified Retention Industry Cluster		3
Company Headquarters		6
Verified Supply-Chain/Sourcing Relationship with Existing Chatham County		3
Total Possible Points		15



Transformational Policy

Transformational Policy - Model

This table illustrates the property tax–based incentive grant model outlined in the Transformational Projects Incentive Policy. Incentive levels correspond to a percentage of annual property taxes paid, with grant percentages stepping down over a twenty-year period. Each incentive level is unlocked if the project meets or exceeds the associated minimum score.

Year	Level 1	Level 2	Level 3
1	70%	80%	90%
2	70%	80%	90%
3	65%	75%	90%
4	65%	75%	90%
5	60%	70%	80%
6	55%	70%	80%
7	50%	65%	80%
8	45%	65%	80%
9	40%	60%	75%
10	35%	60%	75%
11		55%	75%
12		55%	60%
13		50%	60%
14		50%	60%
15		50%	60%
16			50%
17			50%
18			50%
19			50%
20			50%
Minimum Score	50	65	85

This model approximates the following weights out of a 100 possible points:

Category	Points Possible
Jobs (Number, Quality, Wages, Hiring Residents)	50 points
Capital Investment	20 points
Environmental Impact	15 points
Industry Cluster/Business Type	15 points

Transformational Policy - Scoring Criteria

Jobs:

Number of Jobs* New or Retained	Points
1,000	5
1,000-1,500	10
1,500-2000	15
2,000+	20
Total Possible Points 20	

Quality of New Jobs	Points
Partial Employer Paid Health Insurance	1
Entire Employer Paid Health Insurance	3
Retirement Benefits	2
Profit Sharing	2
Employer Paid Vacation	2
Total Possible Points 10	

Wage Level of New Jobs	Points
Less than County Average	0
County Average	1
Greater than County Average, but Less than State Average	4
State Average	8
Above the State Average	10
Total Possible Points 10	

Environmental Impact	Points
Location in area with public utilities	5
Location in existing Industrial Area	5
Sustainable Building Features	5
Total Possible Points 15	

Capital Investment:

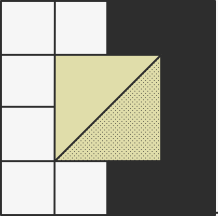
Level of Capital Investment	Points
Under \$500M	5
\$500M-\$1B	10
\$1B-1.5B	15
\$1.5B+	20
Total Possible Points 20	

Environmental Impact:

Environmental Impact	Points
Location in area with public utilities	5
Location in existing Industrial Area	5
Sustainable Building Features	5
Total Possible Points 15	

Business Type:

Industry Cluster/Business Type	Points
Presence in Identified Attraction Industry Cluster	5
Industry Multiplier greater than 2.5	5
Verified Supply Chain/Sourcing Relationship with existing Chatham County business	5
Total Possible Points 15	



Questions/Direction?