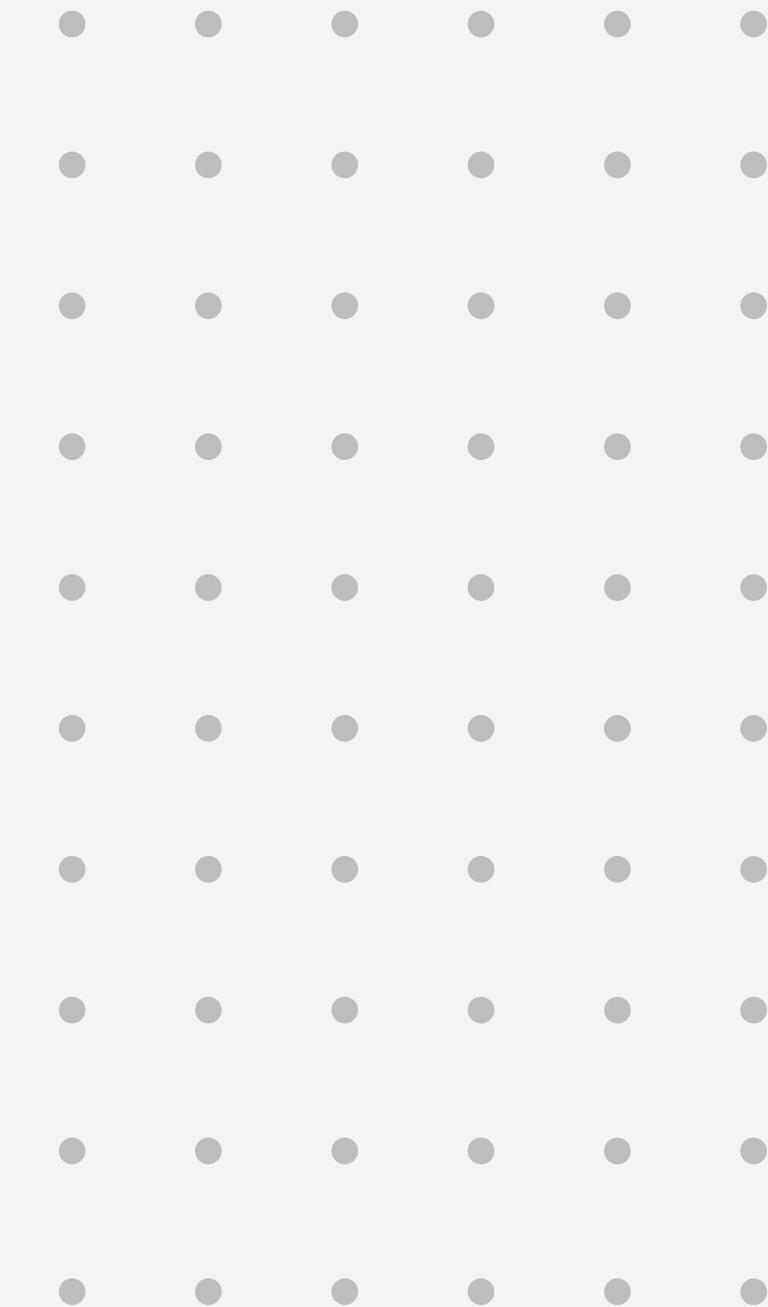


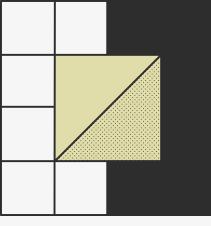
# Chatham County

## Economic Development Incentive Policies

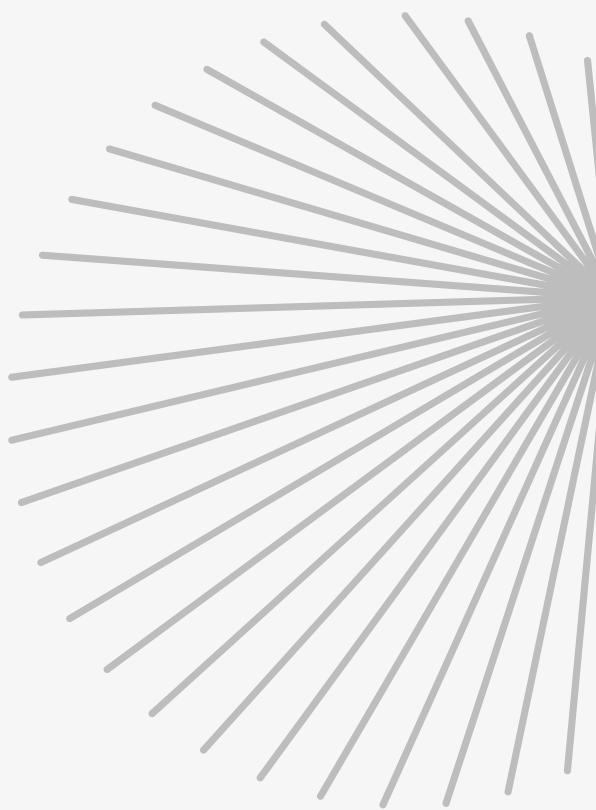
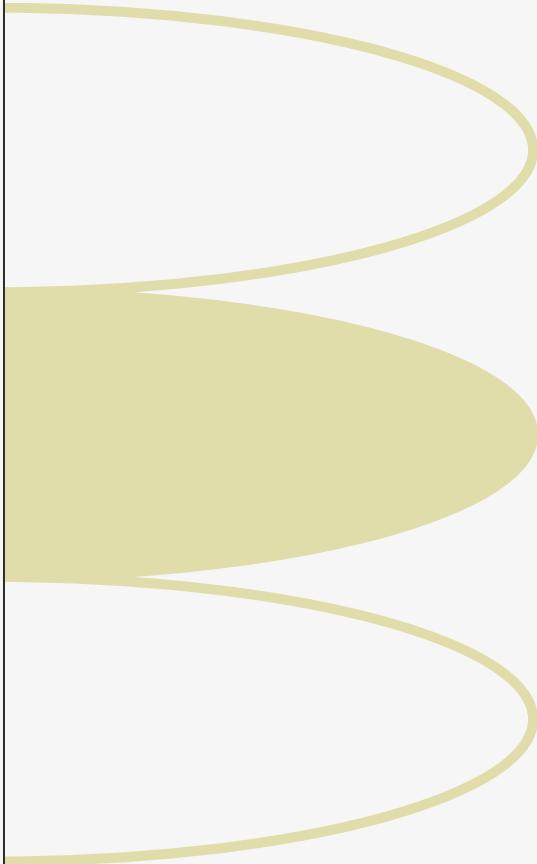
Chatham County BOC  
2026 Retreat

January 7, 2026

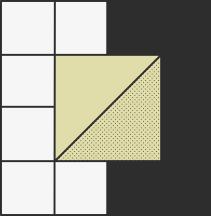




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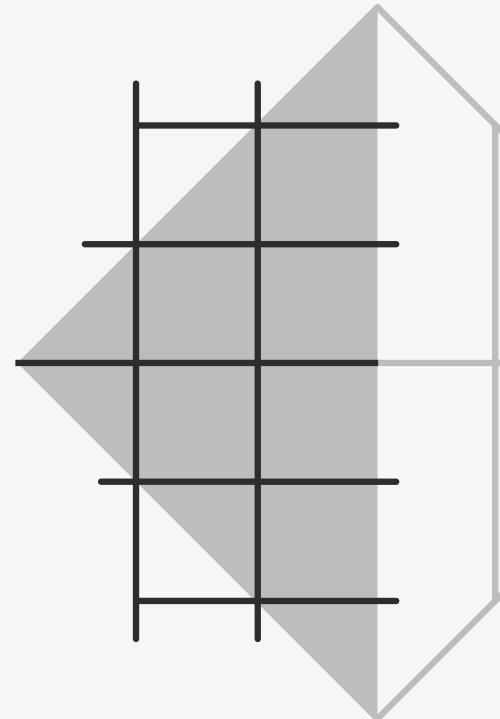


1. Introduction to Incentive Policies
2. Overview of Chatham County Incentive Policies
3. Overview of Incentive Policy Types
4. Traditional Incentive Policy
5. Transformational Incentive Policy



# 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.

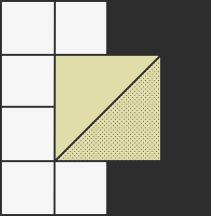


**Legal foundation in North Carolina:** Counties are authorized to support economic development through state law, primarily the Local Development Act (G.S. § 158-7.1 et seq.), which allows public expenditures for several economic development purposes. This authorization hinges on important procedural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

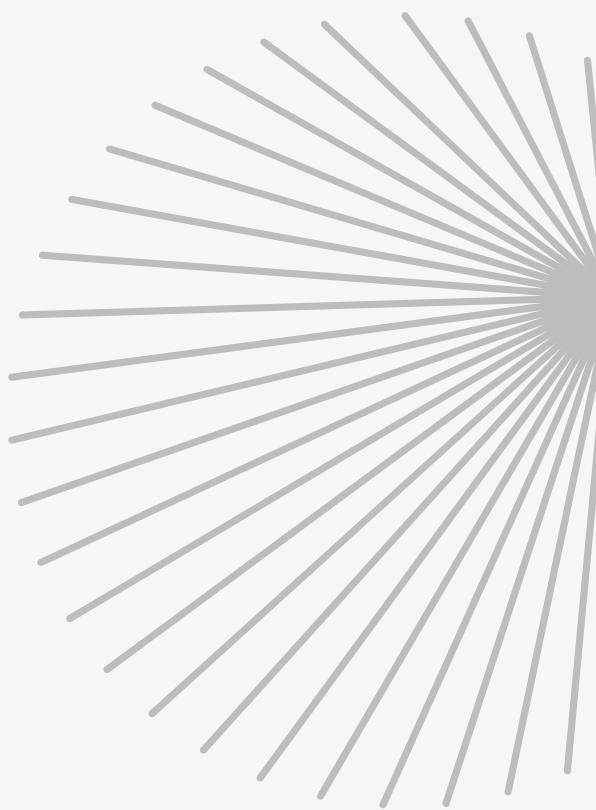


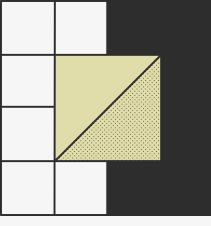


# Chatham County Incentive Policies



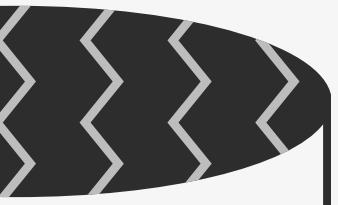
- Chatham County has two adopted economic development incentive policies that guide the use of incentives (Traditional vs Transformational).
- Incentives are structured as grants based on a percentage of annual property taxes paid, awarded annually over a designated period pursuant to parties meeting 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

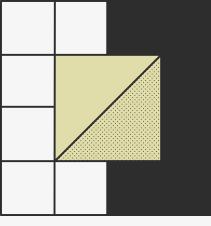


The traditional Chatham County Incentive Policy was adopted in 2012 and reflected the County's priorities at the time, typically involving proposed capital investments of \$25 million or less, including:

- 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
<b>Total Possible Points</b>		<b>20</b>	

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
<b>Total Possible Points</b>		<b>10</b>

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
<b>Total Possible Points</b>		<b>10</b>

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

## Capital Investment:

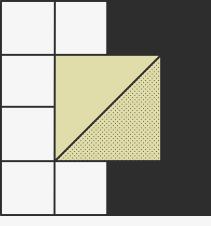
Level of Capital Investment	Points	
Under \$500,000	1	
\$500,000 - \$4,999,999	5	
\$5,000,000 - \$14,999,999	10	
\$15,000,000 - \$24,999,999	15	
\$25,000,000 and Above	20	
<b>Total Possible Points</b>		<b>20</b>

## 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	
<b>Total Possible Points</b>		<b>15</b>

## 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	
<b>Total Possible Points</b>		<b>15</b>



# 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*	Points
New or Retained	
1,000	5
1,000-1,500	10
1,500-2000	15
2,000+	20
<b>Total Possible Points</b>	<b>20</b>

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
<b>Total Possible Points</b>	<b>10</b>

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
<b>Total Possible Points</b>	<b>10</b>

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

## Capital Investment:

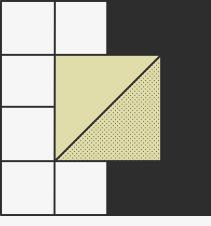
Level of Capital Investment	Points
Under \$500M	5
\$500M-\$1B	10
\$1B-1.5B	15
\$1.5B+	20
<b>Total Possible Points</b>	<b>20</b>

## Environmental Impact:

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

## 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
<b>Total Possible Points</b>	<b>15</b>



# Questions/Direction?