



Business Incentives: Relocation EDS Case Studies



ADP's Economic Development and Location Advisory Team worked with the client to determine the best course of action. After due diligence from both ADP and the client, a suitable location just over the border in South Carolina, and less than 10 miles from the existing NC location, was chosen. This was largely due to the negotiated \$62 million incentive package. The package primarily included cash grants, tax credits and infrastructure improvements, valued over 15 years. The client was able to get money up front, as well as deliver long-term value. The South Carolina location provided the alternative needed to retain the existing workforce while significantly lowering costs through the use of strategic government incentives. The package was made up of these components:

MOVING 10 MILES PROVIDES MORE SPACE AND \$60 MILLION IN SAVINGS

- **Project Parameters:**
 - o Areas Under Consideration: FL, IL, NC, SC
 - o Project Location: Lancaster County, SC
 - o Type of Project: Relocation & Expansion of Fortune 500 Divisional HQ
 - o Capital Investment: \$150+ Million
 - o Impact on Employment: Relocation of 450 jobs, Addition of 500 jobs
- **Issues:**
 - o Outgrown facility in Charlotte, NC with continued aggressive growth
 - o Retention of current employees is high priority in site selection
 - o Top priority to reduce operating costs
- **Results:**
 - o New location in SC, 10 miles from old facility
 - o \$62 Million incentive package
 - o One of the first LEED-certified Green buildings in South Carolina

| Incentive Package | Credit Value |
|-----------------------------------|---------------------|
| Job Development Credit | \$20,274,221 |
| Jobs Tax Credit | \$26,125,000 |
| Corporate Headquarters Credit | \$10,000,000 |
| Negotiated Property Tax Reduction | \$619,304 |
| Special Source Revenue Credit | \$700,000 |
| Cash Grants for Infrastructure | \$1,200,000 |
| Road Beautification Grants | \$3,600,000 |
| Total | \$62,518,525 |

One of ADP's clients located in Charlotte, NC was faced with a challenge many businesses experience during its life cycle. The client was on the brink of outgrowing its facility in Charlotte, NC, and to further complicate matters, the organization was projecting an aggressive future growth strategy. A new site selection decisions needed to be made. Clearly retention of the firm's labor force and reduction of operating costs were top priorities, therefore incentives were going to play a very big factor in the site selection decision.

ADP NEGOTIATES LEGISLATIVE CHANGES TO CAPTURE A \$40 MILLION INCENTIVE PACKAGE FOR A MAJOR CONSUMER PRODUCTS MANUFACTURER

- **Project Parameters:**

- o Areas Under Consideration: North Carolina, Virginia
- o Project Location: Richmond, VA
- o Type of Project: Relocation of Corporate Headquarters
- o Capital Investment: \$300 million dollars
- o Impact on Employment: Net gain of 450 jobs

- **Issues:**

- o Client wanted to relocate corporate headquarters from NYC to Virginia
- o Chosen VA site did not qualify for key grants and credits
- o Needed to adjust legislation so client would qualify

- **Results:**

- o Enacted legislative changes so that the company qualifies for lucrative credits (Fed EZ and Virginia VIP)
- o \$40 Million incentive package

Issues:

A major consumer products manufacturer was interested in relocating its corporate headquarters from New York City to Virginia.

ADP's client needed to maintain absolute confidentiality and to keep their company name out of the media, as there were significant political ramifications attached to this project. The quicker the project was done, the less chance there was for leakage of information. As a result, the client imposed a strict deadline to complete the incentive negotiations.

The client's chosen site was not located in an enterprise zone, however, they wanted the benefits associated with the program. The client's project also did not meet the minimum requirements necessary to qualify for Virginia's largest and most lucrative incentive program, the VIP Grant. Therefore, in order for the client to qualify to participate in the Enterprise Zone Program and the VIP Grant Program, ADP needed to enact legislative changes and zone boundary changes prior to announcement of the project.

Results:

ADP assisted with the negotiation of a multi-million dollar incentive package on the company's behalf. ADP was involved with the enactment of legislative changes specifically designed to allow the client's project to qualify for a more lucrative incentive package. ADP was instrumental in negotiating the expansion of an enterprise zone's boundaries in order to ensure the client was eligible for the enterprise zone programs benefits. Currently, ADP is administering the entire incentives package to guarantee that our client is in compliance and receives the negotiated incentives. Our client was so impressed with the value that ADP was able to bring to the table they re-engaged ADP to assist with the incentive negotiations for a \$200+ million dollar manufacturing facility upgrade.

The \$40 million dollar package includes the enactment of new legislation to give them a cash grant, the movement of an enterprise zone to include their new facility, tax credits, training grants, machinery and tools tax abatements, and infrastructure grants.

| Incentive Package | Credit Value |
|------------------------------------|---------------------|
| VIP Grant | \$25,000,000 |
| State Grant | \$3,000,000 |
| Country Grant | \$1,000,000 |
| City Grant | \$2,000,000 |
| Enterprise Zone Tax Credits | \$7,500,000 |
| Major Business Facility Tax Credit | \$400,000 |
| Recruitment and Training Grants | \$450,000 |
| Refurbishment Grant | \$30,000 |
| Total | \$39,380,000 |



Tax Credit Services