



North Carolina Incentives

Targeted, performance-based incentive programs complement North Carolina’s competitive cost structure. The Economic Development Partnership of North Carolina assists companies navigate the incentive process.

Job Development Investment Grant (JDIG)

JDIG is a performance-based, discretionary incentive program that provides cash grants to new and expanding businesses to help offset the cost of locating or expanding a business facility in North Carolina. Companies can qualify for a JDIG based on the project location, number of jobs, and average wage. The grant amount is based on a percentage of the personal income tax withholdings associated with the new jobs. For **high-yield projects** that invest \$500+ million and create 1,750+ jobs, JDIG can provide a grant worth up to 100% of personal income tax withholdings for up to 20 years. For **transformative projects** that invest 4 billion+ and create 5,000+ jobs, JDIG can provide a grant worth up to 100% of personal income tax withholdings for up to 25 years. A company can use JDIG funds for any purpose. Companies can qualify for a JDIG based on the minimum set of requirements as outlined below:

Project Location	Minimum Number of Jobs	Minimum Average Wage
Tier 1 County	125 jobs	105% of the county average wage
Tier 2 County	150 jobs	110% of the county average wage
Tier 3 County	200 jobs (250 jobs in major market counties, currently, Durham, Mecklenburg, and Wake Counties)	115% of the average county wage or the state average wage (whichever is lower)

One North Carolina Fund (One NC)

One NC is a discretionary cash-grant program that requires a local match. Awards are based on the number of jobs created, investment level, project location, and economic impact of the project. Awards may be used for improvements such as installation or purchase of equipment, structural repairs and renovations, and construction or improvements to utility lines and associated equipment. Companies can qualify for One NC based on the minimum set of requirements as outlined below:

Project Location	Minimum Number of Jobs	Minimum Average Wage	Match Requirements (Local:State)	Typical per Job Incentive Amount
Tier 1 County	20 jobs	100% of the county average wage	1:3	\$3,000
Tier 2 County	20 jobs	100% of the county average wage	1:2	\$2,000
Tier 3 County	40 jobs	110% of the average county wage or the state average wage (whichever is lower)	1:1	\$1,000

Public Infrastructure and Transportation Programs

North Carolina offers a number of different programs to fund public infrastructure development, including the Community Development Block Grant Economic Development Program, Utility Account, Rural Division’s Economic Infrastructure Program, NCDOT’s Rail Industrial Access Program, North Carolina Railroad Company’s NCRR Invests program, and the NC Department of Commerce’s Joint Economic Development Program with the NCDOT.

Building Reuse Programs

North Carolina offers two different programs to provide grants to renovate and upfit vacant industrial and commercial buildings, including the Community Development Block Grant Building Reuse Program and the Rural Division’s Building Reuse Program.

Customized Training Program

The Customized Training Program provides customized training assistance in support of full-time production and direct customer service positions. Resources provided may support training assessment, instructional design, instructional costs, and training delivery for personnel involved. North Carolina will also assist with recruiting, screening, and testing services.

Other Incentive Programs

- Foreign Trade Zones
- N.C. Biotechnology Center Economic Development Award
- Recycling Business Development Grants
- Golden LEAF Foundation
- Building Demolition Programs

Contact

For more information about North Carolina, contact the Economic Development Partnership of North Carolina at **919.447.7744** or **clientservices@edpnc.com**.

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North Carolina Taxes

#1 SITE SELECTION

2017
Top Competitive State
(Prosperity Cup Winner)

#1 EY

2016
Lowest State & Local
Business Tax Burden
in the U.S.

#2 Forbes

2016
Best State for
Business & Careers

#5 TAX FOUNDATION

2015
Lowest Effective Tax
Rate for Corporate HQs

Corporate Income Tax

3.0%
Reduced to 2.5% in 2019
Of the 44 states that levy a corporate income tax, North Carolina has the lowest rate.

Singles Sales Factor Apportionment
North Carolina will have single sales factor apportionment beginning in 2018.

Property Tax

In 2017, North Carolina had the 9th lowest commercial and 11th lowest industrial effective property tax rates in the U.S. Real and personal property are taxed by the local government, with a single property tax assessment in each county. The value determined by the county assessor constitutes the basis for all levies, including those of cities and towns on property located within the municipality. Property is assessed at 100% of its appraised value.

North Carolina offers a number of property tax exemptions, including:

- Inventories are exempt from property taxes.
- Recycling equipment and facilities used exclusively for recycling and resource recovery are exempt from property taxes.

Sales and Use Tax

6.75 - 7.5% (State: 4.75%; County: 2 - 2.75%)
North Carolina offers a number of sales and use tax exemptions, for example:

Manufacturing

- Manufacturing machinery and equipment used for manufacturing.
- Fuel, piped natural gas and electricity used for manufacturing.
- Raw materials used for manufacturing.

Large Fulfillment Facility

- Large fulfillment facility equipment (Invests more than \$100 million and creates 400 jobs).

Data Centers

- Electricity and support equipment at a 'Qualifying Data Center' and Computer software at any data center.

Other Exemptions

- Pollution control and abatement equipment.
- Equipment for Research and Development in the Physical, Engineering, and Life Sciences companies (NAICS 54171) and Software Publishers (NAICS 5112).

Franchise Tax

\$1.50 per \$1,000 of the largest base, either:

- Net worth apportioned to North Carolina;
- 55% of appraised value of property in the state subject to local taxation; or
- Book value of real and tangible personal property in the state less accumulated depreciation for tax purposes.

For an S Corporation, the tax rate is \$200 for the first \$1 million dollars of the corporation's tax base and \$1.50 per \$1,000 of the largest tax base that exceeds \$1 million.

Personal Income Tax

5.499%
Reduced to 5.25% in 2019
Flat Rate

Standard Deduction
The standard deduction is \$17,500 (\$20,000 in 2019) for married couples, \$14,000 (\$15,000 in 2019) for head of households, and \$8,750 (\$10,000 in 2019) for single taxpayers and those married filing separately.

Unemployment Insurance (UI)

1.0% (first 2 years) - New Employer Tax Rate
0.060% - Minimum Tax Rate
5.76% - Maximum Tax Rate
\$23,100 - Taxable Wage Base (per employee)