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MBREDC E-Newsletter



Job Tax Credits Rise for Rural South Carolina Counties

The economic development incentives the Carolina Panthers were offered to move their offices and practice facilities to South Carolina received a great deal of attention, but the enabling legislation was not only about luring the NFL team.

The General Assembly included language in the bill that increased job tax credits for numerous rural counties.

“Job tax credits can make up a significant portion of the total dollar value of the incentives that may be available to companies,” said Stephanie Yarbrough, a partner in the Charleston office of Womble Bond Dickinson LLP.

To determine job tax credits, South Carolina divides its counties into four groups, based on unemployment rates and per-capita income:

Tier I (the state’s most prosperous counties): Anderson, Beaufort, Berkeley, Charleston, Dorchester, Greenville, Lexington, Richland, Spartanburg and York

Tier II: Aiken, Florence, Georgetown, Greenwood, Kershaw, Lancaster, Laurens, Newberry, Oconee, Pickens, Saluda and Sumter

Tier III: Abbeville Calhoun Cherokee Chesterfield Colleton, Darlington, Edgefield, Fairfield, Hampton, Horry, Jasper and McCormick

Tier IV: Allendale, Bamberg, Barnwell, Chester, Clarendon, Dillon, Lee, Marion, Marlboro, Orangeburg, Union and Williamsburg

Tier III and IV counties are primarily rural. Prior to the change, Tier I counties could offer \$1,500 per new job created, Tier II \$2,750, Tier III \$4,000 and Tier IV \$8,000. With the change, credits for Tiers I and II remain the same, but Tier III jumps to \$20,250 and Tier IV to \$25,000.

“It strengthens an existing tool that is already in our tool kit,” said Will Williams, president and chief executive of the Economic Development Partnership, which serves Aiken, Edgefield, McCormick and Saluda counties.

Generally, the credits are applied against South Carolina state income tax, but can also be applied against bank or insurance premium taxes. State law allows a number of different types of entities to claim the credits, provided they create qualifying jobs. These

businesses range from manufacturing and logistics to corporate headquarters and R&D facilities. Generally, retail and service facilities are ineligible.

“It does help, but it’s very specific,” said Gregg Robinson, Orangeburg County’s economic development director.

In November 2018, Orangeburg attracted Gnotec Group, a Volvo supplier. The company pledged to invest \$5.9 million and create 78 jobs.

“That will be a nice incentive for them,” Robinson said.

South Carolina’s 5% corporate income tax rate is one of the lowest in the country.

“Although the potential JTC can be very high on paper, most of time the company is unable to use this credit,” said George Kosinski, economic development director in Clarendon County.

Companies will simply run out of tax liability.

“Quite honestly, we’re going to give you more credits than you can use,” Robinson said.

Yarbrough, who assists numerous businesses with economic development incentive packages, agreed that companies will often max out their job tax credits.

“The credits can eliminate 50% of state income tax liability in a given year, with a 15-year carryforward,” she said.

Both Robinson and Kosinski said they’d also like to see an increased Job Development Credit. That credit returns employee income tax withholdings to reimburse companies for establishing or expanding a facility.

“That’s something that should be a priority,” Robinson said.

Rural economic development received increased attention during this year’s legislative session. The General Assembly also passed a \$65 million Rural School District Economic Development Closing Fund. Championed by Gov. Henry McMaster, the fund would help pay for infrastructure associated with economic development projects in poor, rural school districts.

“The Rural School District Economic Development Closing Fund proposed in my executive budget and included in this budget will provide the ‘spark’ for recruiting jobs and investment into our state’s most impoverished school districts,” McMaster said in a May

letter to the General Assembly. “This funding will enhance recruitment of companies in areas of the state which they might not otherwise consider.”



Article by Ross Norton

Tariffs — even tariff talk — is no good for business, according to several people intimate with industrial development in the area and state.

Hundreds of companies had signed up to testify last week before the Office of the U.S. Trade Representative in hopes of preventing more tariffs. According to reports in the Washington Post, President Donald Trump proposed expanding tariffs to another \$300 billion in Chinese trade goods.

Tariffs — both implemented and threatened — already have affected the Upstate economy, John Lummus, president and CEO of Upstate SC Alliance, told an audience of business leaders at a GSA Business Report Power Event.

Tariffs aren't keeping new business from coming to the state, but they're causing some hesitancy, Lummus said. The Upstate SC Alliance represents the region to companies considering an investment in the area.

“I think tariffs have affected us over the last year,” Lummus said. “It’s not so much specific tariffs; it’s just the uncertainty that they cause. If they (an international company) are going to put a facility here in South Carolina, they don’t know what might happen down the road.”

Appearing on a two-person panel with Lt. Gov. Pamela Evette, Lummus pointed out that a couple of proposed trade agreements the United States had been working toward with other countries, TPP and TTPP – the Trans Pacific Partnership and the Transatlantic Trade and Investment Partnership – had been put aside before tariff rhetoric ramped up.

“And just the rhetoric makes companies nervous as they’re looking at South Carolina,” he said. “We are a manufacturing exporting state. We export 275,000 BMWs a year, we export everything overseas so we are a global economy in South Carolina, so when you start disrupting that cycle — those supply chains — it does affect.”

Lt. Gov. Evette pointed out that some international companies are moving forward with plans, even if delayed, to invest in the United States, so South Carolina economic developers, including the state government, need to do what they can to make that location the Palmetto State.

“We have a governor who has a very open relationship with the White House and so he is constantly talking with them to make sure he protects South Carolina business and letting them know where businesses stand,” she said.

South Carolina’s four biggest trading partners, Lummus said, are Canada, Germany, Mexico and China, and those countries have been the ones most targeted by tariffs and tariff rhetoric.

To read more [Click Here](#)



We want to let our readers learn more about our partners and their businesses/organizations in Horry County. Email us so we can set up a time to stop by to visit and highlight your company.

Email us at ssteele@mbredc.org

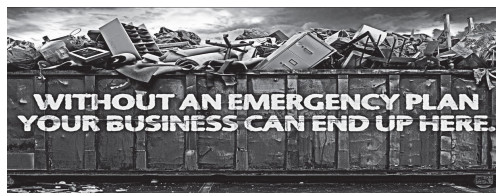


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Upcoming Events



Hurricane Preparedness: is your business ready?



Thursday, July 25th

8:45AM Networking & Breakfast

9:00AM Event Begins

HGTC Grand Strand Campus

950 Crabtree Lane

Myrtle Beach, SC 29577

Sponsored by [HTC](#)

[RSVP for this Event](#)

Economic Development: What it Means for Horry County



Thursday, August 29th

Marina Inn at Grande Dunes

11:45AM Networking & Lunch

12:00PM Event Begins

Sponsored by [McLeod Health](#)

[RSVP for this Event](#)

Member News

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If you are a MBREDC member and have news to share we would love to hear it! Please send link to Ssteele@mbredc.org

Partner Spotlight



This month we highlight MBREDC partner [Anderson Brothers Bank](#).

Anderson Brothers Bank has been a partner of the MBREDC since 2012. Their history dates back to 1933, Mr. Ernest Anderson and his brother, Mr. Bishop Bonar Anderson, responded to the needs of several tobacco ware-housemen from Mullins who requested financial assistance. The two brothers established Anderson Brothers Bank in the back of the Anderson Warehouse in Mullins. This small office was used to loan money to ware-housemen so they could issue checks to farmers immediately following the sale of tobacco. Warehouse loans were paid off as tobacco companies such as Reynolds, American and Imperial paid the warehouses several weeks later for the tobacco purchased. The small office evolved into a depository and eventually moved to Main Street, across from the Bank's present main office in Mullins.

Today, under the leadership of Mr. Ernest Anderson's grandsons, Anderson Brothers Bank remains family-owned and operated. David E. Anderson serves as President/CEO, joined by his brothers Neal, Chairman of the Board, and Tommy, Vice President. These heirs and their children are vitally interested in the bank and maintain it as a family-owned and operated bank.

Anderson Brothers Bank was opened in 1933 with the passion of helping families and businesses in the community. Today, their commitment to customers and communities

remains unwavering and strong. Anderson Brothers Bank has built a reputation of helping individuals, families and businesses as they journey along life's path. Community banking isn't something to which they merely aspire - it's something they do, day in and day out. While big banks continue to acquire smaller banks, Anderson Brothers Bank remains family-owned, a place where employees know customers by name and business is often conducted on the strength of a handshake.

New & Renewing Partners

New Partners

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[Loris Chamber of Commerce](#)

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MBREDC Chairman's Partners



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