

TOWN OF HILLSBOROUGH ECONOMIC DEVELOPMENT INCENTIVE POLICY

The following sections define the economic development incentives policy for the Town of Hillsborough.

GOALS

The goals for economic development in Hillsborough derive from our vision and mission as defined in our [Strategy Map](#). Our vision for Hillsborough is a prosperous town, filled with vitality, fostering a strong sense of community, which celebrates and preserves its unique heritage and small-town character. Our mission as the local government is to serve as stewards of the public trust who exist to make the vision for Hillsborough a reality. We manage and provide the infrastructure, resources and services that enhance the quality of life for the living beings and land within our Town. Economic development is an important strategic priority of the Town Board.

Fundamentally, economic development should enhance the quality of life for Hillsborough's citizens. We wish to attract, retain, and expand clean, environmentally friendly industry that protects our natural and cultural resources. Economic development should broaden employment opportunities and increase the ratio of commercial to residential property tax base.

ECONOMIC DEVELOPMENT INCENTIVES

The Town of Hillsborough offers financial and other kinds of incentives to attract, retain, and expand existing businesses.

Tax Grants

A tax grant reduces the local property tax rate up to 75% of taxable value of improvements for up to five years. A tax reduction schedule may be based on the amount of new capital investment and number of new employees. Tax grants are intended to support these economic development goals:

1. Jobs development that increases employment opportunities.
2. Business development that expands existing businesses.
3. Infrastructure development that improves municipal infrastructure.
4. Targeted district development that invests in specific areas within Hillsborough, including the Cornelius Street Corridor, Churton Street Corridor, Entrance Ways, Transit Oriented Development District, and Economic Development District.
5. Energy/Water conservation improvement that reduces energy or water consumption.

Non-financial Incentives

The Town of Hillsborough may offer additional non-financial incentives, including the following:

1. Delay of annexation for up to three years.

2. Expedited review and approval process.

ELIGIBILITY

Industry and business, as used herein, shall mean any art, profession, business or commercial enterprise that employs labor and/or capital in furtherance of commerce beneficial to the Town's general population.

To be eligible for economic development incentives, the business must:

1. Provide substantially non-residential capital investment.
2. Be taxable.
3. Invest within Hillsborough's corporate limits or volunteer to be annexed.

REQUIREMENTS AND MEASURES

All economic development incentives offered by the Town of Hillsborough will be based on the business meeting specific measurable objectives. Requirements and performance measures will be considered individually for each agreement, and be documented in a legally-binding agreement between the business and the town. The agreement may include the following kinds of provisions:

Employment and wage standards: Requirements may be based on the number of new employees and their compensation. The Town of Hillsborough may require a minimum number of full-time employees to added and maintained over a specified period of time. A full-time employee is defined as a person who is employed by the company for at least 35 hours per week, whose wages are subject to withholding, and who works within Hillsborough. The median wage/salary for the new employees must equal or exceed the median for Orange County.

Investment standards: Requirements may be based on the cumulative amount of capital investment over a specified period of time.

Community involvement: It is expected that any entity that receives public funds by way of an incentive, will be involved in the community or local non profits, either actively or financially. The entity shall become a member of the Hillsborough Chamber of Commerce for at least as long as the incentive payments are being granted. The industry will encourage its employees to become involved in community organizations and programs. Companies receiving incentives are strongly encouraged to hold job fairs in Hillsborough to employ as many Hillsborough citizens as possible to fulfill their employment needs.

Performance monitoring: The Town Manager will request annual performance reports from businesses provided with incentives during the performance period included in the legally-binding agreement. Performance reports will include all objective data used by the Town Manager to determine the amount of the grant award, including number and type of new jobs, wage and benefit structure, cumulative amount of investment to date, description of actual improvements (buildings and equipment), and water and sewer usage.

Indemnity: The agreement may include a requirement to indemnify the Town of Hillsborough.

Voluntary annexation: The agreement may include a requirement for the applicant to seek voluntary annexation into Hillsborough.

Claw-back provisions: The agreement may require that the applicant refund and forfeit monetary incentives if performance standards are not met.

POLICY GUIDELINES

The Town of Hillsborough will consider all applications for economic development incentives on a case-by-case basis. Evaluation of applications will be based on a number of factors including:

- Type of business, relative to current tax base
- Types of new jobs
- Reputation and financial vitality of the company
- The presence of competition for the project
- Whether the company provides benefits to its employees
- Increase of marginal tax base versus increase in marginal water and sewer usage
- Job training incentives
- Potential for expansion
- Impact on the quality of life for Hillsborough citizens
- Green technology/environmental impact
- Whether incentives are already being paid to the company for the same parcel or project

Financial information, employment profiles, site plans, etc., submitted to the Town of Hillsborough for the town's review and consideration of applications for economic development incentives will be kept strictly confidential. Review of required submittals and the actual application for incentive funds shall be limited to designated representatives of the town staff and the Town of Hillsborough Board of Commissioners. No information related to an application for incentive funds will be made available for public review unless disclosure is approved in writing by the Town Manager and the designated representative of the business making application to the town for incentive funds, unless such disclosure is otherwise required by North Carolina statute.

These policy guidelines are not retroactive to any project which has been announced prior to the adoption of these policy guidelines. These guidelines are in effect until such time as amended by the Hillsborough Town Board of Commissioners.

DISCLAIMER

Appropriations for economic development incentives are not made as a matter of right but are made as a privilege to the industry or business in the sole discretion of the Hillsborough Town Board of Commissioners. Even if the industry or business meets all the requirements, the Town is not obligated to give an incentive. Changes in economic conditions may necessitate the Hillsborough Town Board of Commissioners to modify, amend, or even terminate the incentive policy, subject to compliance with any incentive agreements in effect at the time. This policy will be reviewed for possible updates at least every two years. Applications for incentives are evaluated and negotiated on a case by case basis.

PROCESS

This section defines the process for administering economic development incentives.

1. A request for economic development incentives shall be directed to the Town Manager.

2. The Town Manager should request from the business, at the appropriate time, the following information (to be handled confidentially when so requested):
 - a. An industry, business or company profile stating the history of the company, what business it is engaged in, a current financial statement, and a statement regarding its economic and employment philosophy;
 - b. Employment numbers for the immediate preceding five years, the number of jobs that will be generated by the new industry or business along with the median wage, benefits and health insurance offered to employees;
 - c. The industry's or business' water and sewer needs and the amount and type of hazardous waste or byproducts used, generated or discharged by the industry;
 - d. A list of all governmental grants and/or incentives received by, applied for, to be applied for or offered to the industry or business;
 - e. The amount of capital investment (facility and equipment) to be made by the industry or business;
 - f. Any other information deemed appropriate by the Town Board, Town Manager or Town Attorney.
 - g. Voluntary petition for annexation, if the improvement is not within the Town of Hillsborough corporate limits.
3. The Town Manager shall review the request and information with the Town Board and Town Attorney together with the Manager's recommendation thereof.
4. The Town Manager shall prepare a cost-benefit analysis.
5. After economic incentives are negotiated, but prior to being consummated by a legally-binding agreement, a public hearing shall be held in accordance with N.C.G.S. § 158-7.1, et seq. and other applicable law; and when no public hearing is required, then a public comment period shall be held.
6. An agreement with the applicant shall be adopted by the Town Board.
7. The assessed value of new investment shall be confirmed by the Orange County Revenue and that all property taxes are paid prior to providing a grant payment.
8. If there is a clerical or administrative difficulty or error solely caused by the Orange County Tax Assessor's Office that impacts the determination of the first year value for purposes of interpreting this policy, then the Town Manager may recommend the adjustment of the appropriate first year calculation to ensure fair and accurate compliance with this policy.