



State of North Carolina Business Incentives

Article 3J Tax Credits

Article 3J Tax Credits offer several types of tax credits to eligible taxpayers that undertake qualifying initiatives. These credits may be used to offset up to 50% of the taxpayer's state income and/or franchise tax liability, and unused credits may be carried forward for up to five years.

For Guilford County, Article 3J offers credits for:

- **Creating jobs** – Companies that create at least 15 jobs during the taxable year may claim a **\$750 credit** for each job created.
- **Investing in business property** – Companies can claim a credit based on **3.5%** of the cost of capitalized tangible personal property that is placed in service during the taxable year, in excess of \$2 million threshold.
- **Urban Progress Zones** - Projects located within the City of Greensboro's Urban Progress Zones are eligible for enhanced credits. An **additional \$1,000 credit** per job created is available (for a total of \$1,750 per job). Also, the credit for investing in business property increases to **7%** with no minimum threshold.

Job Development Investment Grant (JDIG)

The Job Development Investment Grant (JDIG) is a **discretionary incentive that provides sustained annual grants to new and expanding businesses** measured against a percentage of withholding taxes paid by new employees. The program stimulates economic activity and creates new jobs by promoting the expansion of existing business and industry and by recruiting and attracting new business and industry.

Program Requirements: A proposed project must meet a rigorous set of criteria. The Economic Investment Committee must find:

- The project will result in a significant net increase in employment (usually at least 200 new jobs).
- The project will increase opportunities for employment and strengthen the state's economy.
- The project will be consistent with the economic development goals of the state and of the area in which it is located.
- The project will be competitive with another state(s) or country.
- The grant is necessary for the completion of the project in the state.

One North Carolina Fund

The One North Carolina Fund helps recruit and expand quality jobs in high value-added, knowledge-driven industries. It also provides financial assistance to those businesses or industries deemed vital to a healthy economy that are making significant efforts to expand in North Carolina.

The fund currently consists of nonrecurring appropriations made by the N.C. General Assembly for companies seeking to undertake new expansion or locate new operations in the state. The fund is

competitive and the location or expansion must be in competition with another location outside the state.

Research and Development Tax Credit

Credit is based on a percentage of qualified research expenses with the highest amounts for research performed by North Carolina universities. Businesses with qualified North Carolina research expenses are allowed a credit equal to a percentage of those expenses. The allowable credits are determined by:

- **Small business (annual receipts less than \$1 million):** Qualified businesses on the last day of the taxable year are allowed a credit of 3%.
- **Low-tier research:** For expenses for research performed, a business is permitted a credit of 3%.
- **Other research:** For expenses not covered above, refer to the table below for qualified research expenses during a taxable year:

Qualified Expenses	Rate
\$0-\$50 million	1%
\$50 - \$200 million	2%
More than \$200 million	3%

A business with **North Carolina university research expenses** for the taxable year is allowed a credit equal to 15% of those expenses.

N.C. Ports Tax Credit

Businesses who pay North Carolina state income tax and use North Carolina ports can qualify for tax credits and outbound cargo.

The credit is earned on cargo wharfage and handling fees paid to the N.C. State Ports Authority, which exceed the average for over three tax years. The credit applies to taxes due to the state - **up to 50%** of the total tax liability for each tax year. Any unused credit may be carried forwarded up to five years for a total credit of up to **\$2 million**.

For more information about North Carolina state incentives, visit www.nccommerce.com.
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