

Item Title: Business Development Grant Policy Updates

Specific Action Requested:

That the Board of Commissioners approves the updated Wake County Business Development Grant Policy to include a Living Wage Standard, updated guidelines, a new Headquarters Tier, and updates to the Upward Mobility Bonus.

Item Summary:

Purpose: State law authorizes counties to make appropriations for economic development purposes. The appropriations must be determined by the governing body to increase population, tax base, employment, and overall business prospects for the County. Wake County's Business Development Grant policy governs County appropriations for economic development incentives paid to companies expanding or locating in Wake County.

Background: The County adopted a Business Investment Grant policy in 2005 and amended it in 2013, 2016, 2018, and 2019. In 2023, the commissioners established a Key Strategic Action to "review and update economic incentive policies that encourage and achieve equity and socially responsible business practices." The Economic Strength Committee reviewed the policy and discussed proposed updates to the policy in April and October 2023. The full board discussed proposed changes and provided feedback during the November 13, 2023 work session.

Board Goal: This action supports Economic Strength Goal 3: Support economic development efforts to bring diverse jobs, talent, businesses, and visitors to Wake County.

Fiscal Impact: Any budgetary impacts will be calculated on a project basis, with each agreement approved by the Board of Commissioners.

Additional Information:

Policy Objectives

The proposed policy adds language to include the promotion of economic mobility and sustainable business practices as objectives of the policy.

Living Wage Standard

The proposed policy establishes the Wake County Living Wage as the minimum wage for all jobs in an economic development project for the company to be eligible for a Business Development Grant. This new minimum applies to all tiers within the policy. The wage rate will be calculated annually by the County and based on the four-year average housing cost of a One Bedroom according to the U.S. Department of Housing and Urban

Development's (HUD) Fair Market Rents in the Raleigh MSA. The rate will be set on July 1st each year.

The current Wake County Living Wage is \$43,971 annually, or \$21.14 per hour. Wake County pays a Living Wage to all regular employees. The County's minimum is \$19.64 per hour, or \$40,851 annually, which includes a \$1.50 credit to adjust for the County's health insurance benefit offerings.

New Policy Guidelines

The Business Development Grant Policy includes a set of guidelines the Board of Commissioners use when considering whether to offer companies an incentive. The proposed policy includes new guidelines focused on socially and environmentally responsible companies. The new guidelines include:

- *Business practices, such as employee benefits offered, wellness and health benefits, leave policies, community involvement practices, or other innovative programs to support economic mobility and employee health and wellbeing.*
- *Business practices, such as LEED certification, WELL Building Standard, or other sustainability initiatives.*

Wake County Economic Development (WCED) has created new project intake forms to collect information from companies about their practices in these areas. WCED will collect this information to share with commissioners as they consider whether to offer incentives to companies interested in locating or expanding in Wake County.

Upward Mobility Bonus Structure

In September 2019, the Board of Commissioners added the Upward Mobility Bonus to incentivize companies with business practices that reduce barriers to economic mobility and employment and promote the health and wellbeing of their employees. The bonus is an additional five percent of new tax revenue growth granted to companies after qualifying for an incentive. The proposed policy includes updates to the structure and eligibility requirements for the bonus aimed at promoting economic mobility.

Under the proposal, qualifying companies must meet the following three requirements:

- Prohibit discrimination.
- Offer health insurance to employees and dependents at a level generally considered affordable.
- Provide leave policies that accommodate vacation, sick, bereavement, and parental leave.

The company must also provide other programs that reduce barriers to employment and economic mobility, including at least two of the following:

- Program(s) that offset costs to employees associated with childcare.
- Program(s) that offset costs to employees associated with transportation.

- Program(s) that offset costs to employees associated with tuition or related educational expenses that increase employee skills and opportunities for advancement.
- Second chance hiring practices, including removal of prior conviction checkoffs.

Headquarters Tier

The proposal establishes a new tier within the incentive policy specifically intended to recruit headquarters to Wake County. The minimum job requirements and investment thresholds are included in the table below. A headquarters is defined as a corporate or national headquarters. Regional headquarters serving as a company’s headquarters for a multi-national region are also eligible. Wake County Economic Development will assess the headquarters status and qualifications.

Minimum Investment	Minimum Jobs	Average Salary Minimum	Incentive Percentage	Maximum Payout Years
\$5 million	35	120% of County Average	35%	5

Wage Thresholds: Standard Grant Category

The standard category of the Business Development Grant policy currently requires average wages of at least 120 percent of the Wake County average wage to be eligible for an incentive, except for Tier 1, or “Super Jobs” projects that required 200 percent of the County average. The current Wake County average wage is \$72,743, and 120 percent of that is \$87,292.

The proposal lowers the wage threshold to qualify for an incentive under the standard grant category from 120 to 110 percent of the County average. The 200 percent requirement for the Super Jobs Tier remains unchanged under the proposal. The job and investment requirements for each tier also remain unchanged.

Tier	Current Wage Threshold (% of County Average)	Proposed Wage Threshold (% of County Average)
Tier 1 (Super Jobs)	200%	200%
Tier 2	120%	110%
Tier 3	120%	110%
Tier 4	120%	110%
Tier 5	120%	110%

Attachments:

1. Presentation
2. Proposed Business Development Grant Policy
3. Wake County Business Development Grant Policy (Amended September 3, 2019)