

Item Title: Public Hearing and Consideration of Business Development Grant Agreement for Apple Inc.

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Apple Inc. subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Pursuant to State law, counties are authorized to expend funds for purposes of locating industrial and commercial facilities in the County. On April 26, 2021, Apple Inc. announced it will construct a new research and development facility in Wake County and create 3,000 new jobs with an average salary of \$187,000 and an estimated \$1,500,000,000 in new investment.

Background: Apple Inc. is an American multinational technology company that specializes in consumer electronics, computer software, and online services. Apple is the world's largest technology company by revenue. As of 2021, Apple is the world's fourth-largest PC vendor by unit sales, and fourth-largest smartphone manufacturer.

Apple leads the world in innovation with iPhone, iPad, Mac, Apple Watch, and Apple TV. Apple's five software platforms — iOS, iPadOS, macOS, watchOS, and tvOS — provide seamless experiences across all Apple devices and empower people with breakthrough services including the App Store, Apple Music, Apple Pay, and iCloud.

Apple's new campus and engineering hub at RTP will accommodate the company's growing research and development and engineering teams, among others.

It will measure more than 1 million square feet and initially house 3,000 employees working in machine learning, artificial intelligence, software engineering and other cutting-edge fields. Like all Apple facilities, the new campus will run on 100% renewable energy.

Partners:

- Wake County Government;
- Greater Raleigh Chamber;
- Wake County Economic Development;
- Research Triangle Foundation;
- Capital Area Workforce Development Board;
- Wake Technical Community College;
- N.C. Community College System;

- N.C. State University;
- N.C. Department of Commerce;
- Economic Development Partnership of N.C.
- North Carolina General Assembly

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: The County agrees to an economic development grant of 50% of new tax growth over 30 years. The grant is separated into three time periods of 10 years each. The first investment of \$500,000,000 is estimated to have a \$15,000,000 impact.

Additional Information:

On April 19, 2021, the Wake County Board of Commissioners met in closed session and authorized the County Manager to negotiate a business development grant agreement for the project.

Apple Inc. qualifies for a special consideration grant consistent with a Tier 1 Grant of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Apple Inc., must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. Completed new investment (> \$500,000,000)
2. New job creation (at least 3,000 new jobs with average wages of 120% of Wake County's average wage)
3. Payment in full of Wake County property taxes for all previous and current years in which taxes are owed
4. Qualification for JDIG payment

Based on the draft contract, Apple Inc. would receive their first grant payment upon submittal of appropriate documentation to the Wake County Tax Administrator. The first payments would likely be for tax year 2033 when the new investment exceeds \$500,000,000 and all other terms of the agreement are met. The following chart is for illustration purposes only. The actual business development grant annual amount will be based on new annual assessed valuations as determined by the Wake County Tax Administrator.

Wake County Tier 2 Business Investment Grant

<u>Tax Year</u> -	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.0060 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
1	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
2	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
3	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
4	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
5	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
6	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
7	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
8	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
9	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
10	\$ 500,000,000	\$ 3,000,000	50%	\$ 1,500,000
Total		\$ 30,000,000		\$ 15,000,000

Apple Inc. was awarded an \$845,800,000 grant from the State of North Carolina.

Attachments:

1. Presentation
2. Wake County/Apple Inc. Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended September 3, 2019)