



# ECONOMIC DEVELOPMENT INCENTIVE POLICY

## OVERVIEW

San Joaquin County (County) desires to stimulate economic activity and the creation of jobs, thereby broadening its collective tax base (property, sales, and transient occupancy) and improving the quality of life for its citizens. On January 23, 2018, the San Joaquin County Board of Supervisors approved, and authorized the immediate implementation of its Economic Development Incentive Policy (EDIP) to enhance the County's competitiveness in attracting new capital investment that supports its goals of:

- Creating new private sector employment opportunities,
- Increasing revenues to support County service delivery,
- Diversifying the economic base, and
- Facilitating public infrastructure development.

The EDIP will make available financial incentives to qualifying businesses that meet specific eligibility requirements. In addition to the aforementioned eligibility requirements financial incentives will only be offered to business enterprises or projects primarily engaged in one of more of the following industry categories:

- Manufacturing
- Warehousing & Distribution
- Health & Wellness
- Transportation, Telecommunications & Technology
- Infrastructure
- Agriculture
- Tourism/Hospitality
- Retail/Wholesale

The County may, in its sole discretion, consider incentives to support Large Scale Speculative Industrial Development in certain Targeted Investment Areas and will lead to additional job creation and development opportunities. Finally, to retain an existing business that is contemplating relocating to another city, county, or state the County may consider offering financial incentives that would help offset cost differentials making the non-County location viable.

The EDIP was designed to be impactful and efficient and thus condenses all of the potential inducements into a single incentive, the **Job Creation Dividend (JCD)**. Projects that will create full-time, permanent living wage jobs will be prioritized and the amount of the incentive payment will be framed by the new Net Tax Revenues (NTR) received by the County. The NTR will be determined through the preparation of an Economic Impact Analysis (EIA) that will calculate the tax revenues (property, sales, or transient occupancy or combination thereof) and other benefits of the proposed Project.

Most incentive applications can be evaluated, and if recommended for approval, presented to the Board of Supervisors for final consideration within ninety (90) calendar days. The County will typically evaluate applications on a first-come, first-served basis, but may, in its sole discretion consider time-sensitive requests that require immediate attention, particularly those projects that create in excess of 250 new jobs and make a capital investment in excess of \$50,000,000.

From time to time, the County may add additional incentives to the EDIP which may be financial regulatory in nature. While the County has multiple goals and objectives that it intends to pursue, the EDIP is intended to be business-friendly and adaptable to changing economic conditions.

## HOW IT WORKS

To appropriately direct the County's incentive resources, each applicant will be scored on each of the following key metrics. Besides the quantitative factors below, the County may, in its sole and absolute discretion, award five (5) bonus points to an application or project that offers certain extraordinary qualitative benefits.

| Capital Investment        | Points |
|---------------------------|--------|
| <\$4,999,999              | 15     |
| \$5,000,000-9,999,999     | 20     |
| \$10,000,000-\$24,999,999 | 25     |
| \$25,000,000-\$49,999,999 | 30     |
| \$50,000,000 and Above    | 40     |
| Total Points Possible     | 40     |

| Number of New Jobs    | Points |
|-----------------------|--------|
| 5-10                  | 5      |
| 11-49                 | 15     |
| 50-149                | 17     |
| 150-249               | 20     |
| 250 and Above         | 25     |
| Total Points Possible | 25     |

| Wage Level of New Jobs          | Points |
|---------------------------------|--------|
| Less than MSA Average           | 0      |
| MSA Average                     | 5      |
| Greater than MSA <State Average | 10     |
| State Average                   | 15     |
| Above State Average             | 20     |
| Total Points Possible           | 20     |

| Percentage of County Residents Hired | Points |
|--------------------------------------|--------|
| 0-10%                                | 2      |
| 11-25%                               | 5      |
| 26-50%                               | 7      |
| 51-75%                               | 9      |
| 76% and Above                        | 10     |
| Total Points Possible                | 10     |

| Policy Priorities                       | Points |
|---|--------|
| Targeted Industry Representation        | 2      |
| Targeted Industry Retention             | 1      |
| Speculative Industrial Park Development | 2      |
| Excess Infrastructure Capacity          | 1      |
| Total Points Possible                   | 5      |

Each applicant or project will be assigned a point score in each of the aforementioned metrics and a composite numerical score will be determined. That numerical score will be used to establish the amount and term of the potential incentive award. For example, if an applicant or project scored 60 points it would fall into Tier III (See the Incentive Matrix below) and be eligible for an incentive term of five years and the **JCD** would equal 60% of the Net Tax Revenue the County received from the business in Year 1, followed by 50% in Year 2, and so on.

### Incentive Matrix

| Year                    | Tier I | Tier II | Tier III | Tier IV | Tier V |
|-------------------------|--------|---------|----------|---------|--------|
| 1                       | 50     | 55      | 60       | 70      | 75     |
| 2                       | 40     | 45      | 50       | 60      | 75     |
| 3                       | 30     | 35      | 40       | 50      | 75     |
| 4                       | 20     | 25      | 30       | 40      | 75     |
| 5                       | 10     | 15      | 20       | 30      | 75     |
| 6                       |        |         |          | 20      | 50     |
| 7                       |        |         |          | 10      | 50     |
| 8                       |        |         |          |         | 50     |
| 9                       |        |         |          |         | 50     |
| 10                      |        |         |          |         | 50     |
| Minimum Threshold Score | 40     | 50      | 60       | 80      | 90     |

Successful EDIP applicants will be required to enter into a Performance Agreement with San Joaquin County. This agreement will set forth the obligations of both parties and the amount and term of incentive payments.

For more information or to apply for incentive consideration, please contact Steven Lantsberger, CED, Economic Development Director, at the San Joaquin County Employment & Economic Development Department at (209) 468-3615. The complete EDIP can be found at [www.sjgov.org/business](http://www.sjgov.org/business).