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State of South Carolina  
**Department of Revenue**  
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

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SC INFORMATION LETTER #95-29 (TAX)

**SUBJECT:** ADMINISTRATIVE PRONOUNCEMENT  
Enterprise Zone Question and Answer Document  
(Enterprise Zone Act)

**DATE:** December 19, 1995

**REFERENCE:** Act No. 25, House Bill 3534 (Enacted 1995)

**AUTHORITY:** S.C. Code Ann. Section 12-4-320 (Supp. 1994)  
SC Revenue Procedure #94-1

**SCOPE:** An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements are **official advisory opinions** of the Department.

On April 4, 1995, the Governor signed the Enterprise Zone Act of 1995. This Act provides for the establishment of enterprise zones and the availability of tax incentives to businesses locating or expanding in these areas.

On December 5, 1995, the South Carolina Coordinating Council for Economic Development approved an Enterprise Zone "Question and Answer Document" that addresses frequent questions about the benefits provided in the Enterprise Zone Act. The Department of Revenue assisted the Coordinating Council in developing the answers contained in the document and the Department will follow the conclusions reached in the attached "Question and Answer Document." (See SC Information Letter #95-16 for a summary of this legislation.)

## ENTERPRISE ZONE QUESTIONS

### GENERAL QUESTIONS

1. What qualifications must a business meet to be eligible for enterprise zone benefits?

To qualify for enterprise zone benefits, the business must:

- (1) be located within an enterprise zone as designated by the State Budget and Control Board;
- (2) (a) be primarily engaged in one of the following activities:
  - (i) manufacturing (SIC Codes 20-39)
  - (ii) Certain tourism functions,
  - (iii) processing,
  - (iv) warehousing,
  - (v) distribution,
  - (vi) research and development,
  - (vii) corporate office facility, or

(b) be primarily engaged in providing medical, surgical, and other health services to persons. Establishments of associations or groups, such as HMO's, primarily engaged in providing medical or other health services to members are included, but those which limit their services to the provision of insurance against hospitalization or medical costs are not included. (See Standard Industrial Classification (SIC) Code 80 in the Standard Industrial Classification Manual, 1987 Edition);
- (3) provide a benefits package to full-time employees that includes health care;
- (4) receive certification from the Coordinating Council for Economic Development (Council) that the available incentives are appropriate for the project, and the total benefits of the project exceed the costs to the public. Cost benefit analysis is not required for applicants seeking retraining of production employees.

For approval, the business must:

- a) complete an Enterprise Zone Application, available through the Council;
- b) pay the appropriate application fee of either \$2,000 for new job creation and capital investment projects (referred to as job development fee [JDF]) or \$500 for retraining projects;

- c) receive approval from the Council before eligible costs/expenditures are incurred.
- (5) Additionally, applicants must enter into a revitalization agreement or training agreement with the Council depending upon the incentives sought. (See question 2 for exceptions to the revitalization agreement.

*Reference: Code Sections 12-10-30, 12-10-50 and 12-7-1220*

- 2. When is a revitalization agreement or certification from the Council needed for businesses seeking enterprise zone incentives?

One of the requirements for a business to qualify for the enterprise zone benefits is that it must enter into a revitalization agreement approved by the Council. The Council and the business will negotiate the amount of enterprise zone benefits to which the business will be entitled.

The statute, however, also provides that a revitalization agreement is not required for a business (1) to obtain its fee-in-lieu benefits set forth in Code Section 4-29-67; (2) to use special source revenue bonds set forth in Code Section 4-29-68; and (3) to retain \$500 from the withholding of production employees being retrained. Since the statute makes no other exceptions, a revitalization agreement is required for a business seeking all other enterprise zone incentives, such as a business seeking only an enterprise zone job tax credit. Whether or not a business is required to have a revitalization agreement, it must meet the other requirements listed in Question 1.

*Reference: Code Sections 12-10-50, 4-29-67, 4-29-68 and 12-10-80(D)*

- 3. What fee is charged to apply for enterprise zone incentives?

The Council has established a nonrefundable \$2,000 fee for JDF projects and a non-refundable \$500 fee for projects which only involve retraining of production employees.

This fee must be included with each application at the time it is submitted to the Council.

*Reference: Code Section 12-10-100*

- 4. Do employees have to be South Carolina residents for purposes of the enterprise zone job tax credit or the job development fee?

No. An employee is defined as one who works full time as an employee of the qualifying business within an enterprise zone. Since the statute does not set forth any residency requirements, the employee need not be a resident of this State, but must be an

employee whose job was created in South Carolina and subject to South Carolina income tax withholding.

Further, for purposes of the enterprise zone job tax credit, the requirement that at least 51% of the employees hired must reside in an enterprise zone, have a household income of 80% or less of the median county income, or have been a recipient of Aid to Families with Dependent Children (AFDC) payments within the past 12 months, must be met on the date by which the business's project is complete, as specified in the revitalization agreement. For projects which are being completed and staffed in phases, the business must meet the requirements on the completion date of each phase.

*Reference: Code Section 12-10-30(3)*

5. How does the Enterprise Zone Act affect the statutory requirements for fee-in-lieu of property tax benefits?

Under the Enterprise Zone provisions, a business is eligible for fee-in-lieu benefits if it meets one-half of the quantitative investment and job requirements under code section 4-29-67. For companies that enter into a lease agreement with a county prior to January 1, 1996, the table below illustrates the difference in investment and employment requirements for those qualifying under the Enterprise Zone Act as opposed to those qualifying under the standard fee-in-lieu benefit provisions of 4-29-67:

#### QUALIFICATIONS FOR THE FEE-IN-LIEU OF PROPERTY TAXES

Locating in An Enterprise Zone		Not in An Enterprise Zone	
Investment	Jobs	Investment	Jobs
\$10,000,000	200	\$20,000,000	400
\$20,000,000	150	\$40,000,000	300
\$30,000,000	100	\$60,000,000	200
\$42,500,000	0	\$85,000,000	0

For companies qualifying under the Enterprise Zone Act that enter into a fee-in-lieu of property taxes lease agreement on or after January 1, 1996, the minimum investment to obtain the fee-in-lieu of property taxes under Section 4-29-67, is \$45,000,000 and no jobs are required. In addition, for companies entering into a fee-in-lieu lease agreement on or after January 1, 1996, Section 4-12-20 provides a simplified fee-in-lieu of property taxes for companies, whether or not they qualify under the Enterprise Zone Act, investing at least \$5,000,000 but less than \$45,000,000. This simplified fee-in-lieu also does not require any jobs.

Fee-in-lieu of property taxes must be negotiated with the county. local government.  
Reference: Code Sections 4-29-67 and 12-10-70(2)

## **ENTERPRISE ZONE ACT AND ENTERPRISE ZONE JOB TAX CREDITS**

6. Do minimum employment levels required under the regular job tax credit statute apply for enterprise zone applicants?

Yes. The same rules of the regular job tax credit will apply to all enterprise zone applicants unless the Enterprise Zone Act sets forth exceptions.

Code Section 12-7-1220(B) provides that a business must create 10 or more new full-time jobs to qualify for the regular job tax credit. Because each qualifying business is entitled to the enterprise zone job tax credit for the period and in the amount provided in Section Code 12-7-1220(B), each enterprise zone applicant must create at least 10 new full-time jobs at the new or expanding South Carolina facility for the enterprise zone job tax credit, regardless of the county in which the business is locating.

For purposes of the regular job tax credit provided in Code Section 12-7-1220, the credit for each new full-time employee job is \$1000 with a minimum increase of 10 jobs in less developed counties, \$600 with a minimum increase of 18 jobs in moderately developed counties and \$300 with a minimum increase of 50 jobs in developed counties.

Further, a business located in a multi-county industrial park is allowed an additional \$500 regular job tax credit annually for each new full-time employee job for five years beginning with years two through six after the creation of the job. For purposes of the regular job tax credit, a business is deemed to be located in the county participating in the industrial park which qualifies for the largest dollar credit regardless of whether or not it actually is located in another participating county.

As described above, the employment requirements and credit amounts may differ for the enterprise zone job tax credit and the regular job tax credit. For example, a business located in a developed county that creates 20 jobs will qualify for a \$1000 enterprise zone job tax credit, but will not qualify for the regular job tax credit. A business located in a developed county, but participating in a multi-county industrial park with a moderately developed county also participating, will qualify for a \$1000 enterprise zone job tax credit, and will qualify for a \$1100 regular job tax credit (\$600 for being deemed to be located in a moderately developed county and \$500 for being in a multi-county industrial park.)

*Reference: Code Sections 12-7-1220 and 12-10-70*

7. What are the dollar amounts of the enterprise zone job tax credit per employee?

A business is entitled to the enterprise zone job tax credit of \$1000, providing employment is increased by 10 or more, and all other statutory requirements are met. In order to meet these requirements, at least 51% of the full-time employees hired for the project must:

- a) live in an enterprise zone at the time of employment or,
- b) have a household income that is 80% or less of the county median household income or,
- c) have been a recipient of AFDC within the past twelve months.

Further, a business may qualify for an additional credit of \$500 in years 3, 4, and 5 for employees who were AFDC recipients within twelve months of being hired.

See Question 9 for the period, amount, and limitations of the enterprise zone job tax credit and the regular job tax credit.

*Reference: Code Sections 12-10-70 and 12-7-1220(B)*

8. What is a business's "first year" for purposes of the enterprise zone job tax credit available under the Enterprise Zone Act?

The "first year" of a business' enterprise zone job tax credit allowed under the Enterprise Zone Act will be the same as for the regular job tax credit.

A "new job" means a job created at the time a new facility is initially staffed.

*Reference: Code Sections 12-7-1220(B, H-I) and 12-10-60*

9. How many years is the enterprise zone job tax credit allowed?

The enterprise zone job tax credit will be determined and applied in the same manner as the regular job tax credit. Therefore:

1. Both the regular and enterprise zone job tax credits allow credits for each new full-time employee job for five years, beginning with year two after the creation of the job.
2. Both the regular and enterprise zone job tax credits claimed, but not used, in a taxable year may be carried forward 10 years from the close of the taxable year in which they are earned. See Question 7 concerning the dollar amounts of the enterprise zone job tax credits.

3. Both the regular and the enterprise zone job tax credits are limited to 50% of the business's income tax liability.
4. Both the regular and enterprise zone job tax credits allow additional credits and require the loss of credits as a result of employment fluctuations.

*Reference: Code Sections 12-10-70 and 12-7-1220*

10. How will a business qualifying for a \$2500 job tax credit (a \$1000 regular job tax credit, a \$500 multi-county industrial park regular job tax credit, and an \$1000 enterprise zone job tax credit), for example, compute the credit amount?

See Example 1 for a computation of the credit amount. For illustrative purposes, it is assumed that:

- \* The business meets all the statutory requirements of the Enterprise Zone Act and Code Section 12-7-1220;
- \* A total of 25 full-time employees are hired in year 1, 175 in year 2, and 500 in year 3;
- \* The business is located in a multi-county industrial park with a less developed county participating; and,
- \* No recipients of AFDC are employed.

*Reference: Code Section 12-7-1220 and Enterprise Zone Act*

JOBS CREDIT	PRIOR YR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	
TAX YEAR ENDING	12/31/91	12/31/95	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	TOTALS
JAN			25	175	500						
FEB			25	500	500						
MAR			175	500	500						
APR			175	500	500						
MAY		25	175	500	500						
JUN		25	175	500	500						
JUL		25	175	500	500						
AUG		25	175	500	500						
SEP		25	175	500	500						
OCT		25	175	500	500						
NOV		25	175	500	500						
DEC		25	175	500	500						
TOTAL JOBS		200	1800	5676	6000	6000	6000				
MONTHLY AVERAGE*		25	150	473	500	500	500				
PRIOR YEAR AVERAGE	0		25	150	473	500	500				
INCREASE		25	125	323	27	0	0	500			
			YEAR2	YEAR3	YEAR4	YEAR5	YEAR6				
YR 1 INCREASE-\$2500 <sup>(A)</sup>			25	25	25	25	25				125
YR 2 INCREASE-\$2500				125	125	125	125	125			625
YR 3 INCREASE-\$2500					323	323	323	323	323		1615
YR 4 INCREASE-\$2500						27	27	27	27	27	135
NUMBER NEW JOBS			25	150	473	500	500	475	350	27	2500
JOBS CREDIT EARNED			\$62,500	\$375,000	\$1,182,500	\$1,250,000	\$1,250,000	\$1,187,500	\$875,500	\$67,500	\$6,250,000

\*MONTHLY AVERAGE IS  
TOTAL JOBS DIVIDED BY  
MONTHS IN OPERATION

(A) The \$2500 Job Tax Credit Is Composed  
Of a \$1500 Regular Job Tax Credit And a \$1000  
Enterprise Zone Job Tax Credit.

SEE QUESTION 10 for assumptions made in this exhibit.

## **JOB DEVELOPMENT FEE**

11. What defines a "new project" for businesses who want to apply for the JDF? When should a business apply?

For purposes of the JDF, a new project is defined as a company that creates at least ten new full-time jobs and adds capital expansion/investment. A business which applies only for a JDF to retrain production employees is not required to create any new jobs.

A new or existing business undertaking a "new project" who has completed an application, paid the application fee, and entered into a revitalization agreement, or training agreement if applying for retraining benefits, may take advantage of the enterprise zone incentives (See Question 1.) Funds cannot be retained from withholding and expenditures cannot be incurred for purposes of reimbursement from job development fees if a binding contract for such expenditures is entered into before the date of entering into the revitalization or training agreement with the Council. For the purpose of this question, a revitalization agreement may include an initial revitalization agreement from the Council which includes a general description of the project and benefits with the intention of entering into a complete revitalization agreement when details have been finalized. Consequently, for purposes of qualifying expenditures under the job development fee provisions of the Act, applicants may enter into binding contracts or incur expenditures after the date the initial revitalization agreement is executed (also see Question 13.) Funds cannot be retained from withholding and expenditures cannot be reimbursed from the escrow account, until after the final revitalization agreement is executed.

*Reference: Code Section 12-10-100*

12. When are "expenditures incurred" for purposes of the job development fee?

For purposes of the job development fee, an expenditure is incurred if it is accrued under the accrual method of accounting for income tax purposes, without regard to subsection 461 (h) of the Internal Revenue Code. In general, under the accrual method of accounting, an expense or liability is incurred when all the events have occurred that establish the fact of the liability and the amount of the liability can be determined with reasonable accuracy.

Eligible expenditures must be incurred during the term of the revitalization agreement for job development fees to be applied.

*Reference: Code Section 12-10-80(B)*

13. When may the job development fee be retained from withholding?

A qualifying business is entitled to collect a job development fee by retaining an amount of employee withholding. Employers have the option of selecting one of two, but not both, statutorily provided withholding amounts designated for certain expenditures. (See, Question 14 for an explanation of how the amount retained from withholding is computed.)

For New Projects and Expansions:

A business, prior to withholding, must enter into a revitalization agreement, must create at least 10 new, full-time jobs at the new or expanding South Carolina facility, and must meet the other statutory requirements listed above in Question 1.

Upon certification by the Council to the Department, a business may collect a job development fee while under a revitalization agreement. This collection may continue until the termination or expiration of the revitalization agreement, but not more than 15 years. The fifteen year "clock" begins when the company is certified as a qualifying business and as provided in the revitalization agreement; however, it is not at the sole discretion of the employer.

The business must place the amount retained from withholding in an escrow account. These funds may be spent if (a) the expenditures are incurred during the term of the revitalization agreement, (b) the expenditures are authorized by the revitalization agreement, and (c) the expenditures are approved in writing by the Council and the Department prior to expenditure.

For Existing Businesses:

A business is allowed to negotiate with the Council to retain withholding for retraining production employees when necessary for the business to remain competitive or to introduce new technologies. Unlike option 1 above, the qualifying business does not have to enter into a revitalization agreement, or create 10 or more new, full-time jobs. The statute does require a business to match any withholding retained dollar-for-dollar, and to provide the training through a technical college.

*Reference: Code Section 12-10-80*

14. How is the amount retained from withholding computed?

For New Projects and Expansions:

The fee retained from withholding is calculated as a percentage of the gross wages of each new employee, as follows:

Gross Wages Per New Employee	Percentage to Retain
\$ 6.00 to \$ 7.99	2%
\$ 8.00 to \$ 9.99	3%
\$10.00 to \$14.99	4%
\$15.00 to and more	5%

This amount is computed on the hourly wage of each new employee. It is not based upon an average salary.

In complying with the requirements of the Enterprise Zone Act, a qualifying business cannot retain an amount from withholding before entering into a revitalization agreement.

For purposes of determining the amount that may be retained, a new employee is an employee hired at the time a new facility or expansion is initially staffed. It does not include an employee who is shifted or transferred from an existing South Carolina location to another South Carolina location.

The amount that may be retained is based on new employees' hourly wages. The sum of the amounts determined with regard to each new employee will be the amount allowed to be retained from the total amount of South Carolina wage withholding for all employees, whether or not qualifying as "new" employees. An example best explains this calculation.

EXAMPLE

Gross Wages Per Hour of New Employee	Percentage	Amount Earned During Calendar Quarter by All Employees in Each Pay Range	Tentative Amount to Retain (% x gross wages)
\$ 6.00 to \$ 7.99	2%	\$ 35,000.00	\$ 700.00
\$ 8.00 to \$ 9.99	3%	\$ 40,000.00	\$1,200.00
\$10.00 to \$14.99	4%	\$ 60,000.00	\$2,400.00
\$15.00 or more	5%	<u>\$100,000.00</u>	<u>\$5,000.00</u>
		\$235,000.00	\$9,300.00

Assumption: For purposes of this example, the employer's total South Carolina withholding for all employees in all locations during the calendar quarter is \$15,000.00. In this example, the business may retain \$9,300.00 from the total South Carolina employee withholding since the total South Carolina employee withholding (\$15,000)

exceeds the amount that is calculated to be retained (\$9,300). **In no event, may a business retain more than is withheld from all employees.**

Computation of Hourly Wage:

In order to compute the hourly wages for employees, the business may divide the amount of wages subject to South Carolina quarterly withholding for each new employee by the sum of the hours worked by the employee, plus hours of paid leave (i.e vacation, illness, and other purposes).

In the alternative, the qualifying business may elect to take the total amount of wages subject to South Carolina quarterly withholding for each new employee, and divide it by the number of hours the employee is deemed to work. Each new employee will be deemed to work 40 hours each week he was employed, or 500 hours if he was employed for the entire calendar quarter.

For Existing Businesses:

The qualifying business may retain up to \$500 a year, but no more than \$2000 over five years, for each production employee being retrained. There are no hiring date requirements. The statute requires that the company matches the training dollar-for-dollar and provides the training through the local technical college.

*Reference: Code Sections 12-10-80(C, D)*

15. Do transfers from one facility to another qualify for the job development fee provided in Code Section 12-10-80(C)?

Employees transferred from an existing South Carolina facility to a new or expanding South Carolina facility owned by the applicant which is located in an enterprise zone do not qualify for the job development fee provided in Code Section 12-10-80(C). Transfers from a facility located outside this State to one within this State do qualify.

*Reference: Code Section 12-10-80(C)*

16. Under what circumstances will the Council limit or refuse to grant benefits in abusive situations?

The Council is charged with granting enterprise zone benefits only when there is an economic benefit to the State. The Council will limit the benefits, or will deny any benefits, when an applicant attempts to obtain enterprise zone benefits through an abusive, manipulative or churning transaction. The Council will review whether there is a real new economic benefit to the State after taking into account all of the applicant's

transaction(s) and the activities of any affiliate or unaffiliated party acting with the applicant.

Example 1: Company A has a warehouse in an enterprise zone which has 50 employees. Company A sells the warehouse to Applicant and terminates the 50 employees.

Applicant: hires most of the same 50 employees and continues to warehouse Company A's products and leases space or warehousing services back to Company A. Applicant applies to the Council for enterprise zone benefits, including fee-in-lieu of tax, employee tax credits and job development fees. The Council would deny any benefits under these circumstances because Company A and Applicant merely "churned" the warehouse and employees to obtain enterprise zone benefits in an arrangement where no new money was invested in South Carolina and no new jobs were created or saved.

Example 2: Company B had a warehouse in an enterprise zone which had 50 employees.

Applicant purchased the warehouse for \$1,000,000 after Company B terminated the 50 employees. Applicant incurred \$5,000,000 in capital expenditures to convert the warehouse to a manufacturing facility unrelated to the warehousing activities of Company B. Applicant spent \$10,000,000 for manufacturing equipment which was installed in the former warehouse, and hired 100 new employees to work in the facility and paid an average wage which was 25% greater than the average wage paid to Company B's warehouse employees. The Council would not take the position that Applicant was involved in a churning transaction because of the benefits to the State from the new expenditures and new employment.

17. Is leased real property a permissible expenditure for the job development fee?

Yes. Expenditures may be for acquiring and improving real estate whether acquired by lease, purchase, installment payment, or otherwise. If the lease qualifies for enterprise zone benefits, the lease must be signed after approval of a revitalization agreement. The Council will closely scrutinize leasing transactions to be sure that the lease is not part of an abusive or churning transaction. Also, the Council will not allow a leasing transaction to obtain a greater enterprise zone benefit than ownership. Therefore, the Council will only allow job development fees to be based on the portion of the lease payments which have the same present value as ownership, dated from the date the applicant enters into the lease and with the present value rate determined by using the same discount rate that the Department of Revenue uses for fee-in-lieu of tax purposes on such date.

Example: Assume the same facts as in the previous example, except that Applicant has the original owner incur the \$5,000,000 in building improvement and then leases the building (after proper and timely approval of Applicant's enterprise zone application) instead of purchasing the improved land and building for \$6,000,000. The initial lease term is 3 years with year-to-year renewals thereafter. Over the 15 year period of Applicant's enterprise zone project, Applicant renews the lease each year and pays \$1,200,000 per year. Assume that the appropriate discount rate is 8%. Assuming all other

enterprise zone qualifications are satisfied, only the lease payments through year 6 (and \$13,882 of the year 7 payment) will qualify for job development fees because the present value of those \$7,213,882 of lease payments is \$6,000,000.

Year	Lease Payment	Total Present Value at 8%	Payments Qualifying for JDF	Present Value of Qualifying Payments
1	\$ 1,200,000	\$ 1,200,000	\$1,200,000	\$1,200,000
2	\$ 1,200,000	\$ 1,111,111	\$1,200,000	\$1,111,111
3	\$ 1,200,000	\$ 1,028,807	\$1,200,000	\$1,028,807
4	\$ 1,200,000	\$ 952,599	\$1,200,000	\$ 952,599
5	\$ 1,200,000	\$ 882,036	\$1,200,000	\$ 882,036
6	\$ 1,200,000	\$ 816,700	\$1,200,000	\$ 816,700
7	\$ 1,200,000	\$ 756,204	\$ 13,882	\$ 8,748
8	\$ 1,200,000	\$ 700,188		
9	\$ 1,200,000	\$ 648,323		
10	\$ 1,200,000	\$ 600,299		
11	\$ 1,200,000	\$ 555,832		
12	\$ 1,200,000	\$ 514,659		
13	\$ 1,200,000	\$ 476,537		
14	\$ 1,200,000	\$ 441,238		
15	\$ 1,200,000	\$ 408,553		
<b>TOTAL</b>	<b>\$18,000,000</b>	<b>\$11,093,084</b>	<b>\$7,213,882</b>	<b>\$6,000,000</b>

*Reference: Code Section 12-10-80(B)*

18. Can job development fees be pledged as repayment of a special source revenue bond?

No. This is not one of the permissible expenditures allowed under Code Section 12-10-80(B).

19. What requirements govern escrow accounts?

In order for the business to obtain a credit against the withholding tax liability, it must deposit the withholding it retains in an escrow account with a bank which is insured by the Federal Deposit Insurance Corporation. The funds may be expended from the escrow account for certain purposes providing:

- a) the expenditures are incurred during the term of the revitalization agreement;
- b) the expenditures from the escrow account are authorized by the revitalization agreement;

- c) the expenditures are approved in writing by the Council and the Department of Revenue prior to expenditure;
- d) the expenditures are for purposes allowed by the Enterprise Zone Act.

Furthermore, in the event of termination of the revitalization agreement, the business will stop spending funds from the escrow account and within 30 days pay over all the funds remaining in the escrow account including earnings thereon to the Department as withholdings taxes.

*Reference: Code Sections 12-10-80(A) (B)*

20. For what purposes may earnings on escrow accounts be used?

Earnings on the escrow account will be treated the same as funds retained from withholdings pursuant to Code Section 12-10-80 as job development fees and may be expended as job development fees providing the total amount expended during the term of the revitalization agreement does not exceed the business' approved eligible costs outlined in the agreement.

*Reference: Code Section 12-10-80(F)*