

Legislation Text

File #: 15-11821, Version: 1

Public Hearing for Microsoft Corporation Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to Microsoft Corporation, and**
- B. Approve the city's share of a Business Investment Grant to Microsoft Corporation for a total estimated amount of \$664,403 over seven years.**

Staff Resource(s):

Tracy Dodson, Economic Development
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Explanation

- On October 25, 2019, Microsoft Corporation announced a capital investment of \$23,900,000 to expand its presence in Charlotte.
- City Council is being asked to approve a Business Investment Grant estimated to be up to \$664,403 over seven years. Mecklenburg County's share is estimated to be \$816,117, bringing the combined city and county grant estimated total to be \$1,480,520.
 - On August 26, 2019, City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to Microsoft Corporation.
 - On September 4, 2019, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to Microsoft Corporation.
 - In addition to the grant for the expansion, the State of North Carolina also approved a Job Development Investment Grant in the amount of \$7,900,000 and \$559,000 in community college training funds.
- In addition to the \$23,900,000 capital investment, Microsoft Corporation committed to:
 - 430 net new jobs to be hired locally over four years (\$96,250 average wage), and
 - 1,148 current employees in Charlotte to be retained for the term of the grant.
- Additional benefits include:
 - Workforce development partnerships and relationship with Microsoft Corporation can be utilized to connect talent to available positions.
 - The project's alignment with:
 - City Values and Winning Cities Characteristics,
 - Letter to the Community (Good Paying Jobs),
 - Equitable Economic Development and Economic Opportunity,
 - Diversity of jobs on proposed project,
 - Job retention through corporate expansion, and
 - Growth industry with significant job and contracting opportunities.

Background

- Microsoft has had a presence in Charlotte since 1991.
- Microsoft currently has a large regional office in Council District 3 off Arrowood Road, near I-77, that employs 1,148 people.
- This office is primarily sales and support staff serving Microsoft's business and corporate customers

across the Southeast.

- Microsoft has been active in the Charlotte community and involved in:
 - Smart Cities - Corporate partner to the City of Charlotte
 - Goodwill Industries of Southern Piedmont
 - DigiGirlz
 - Junior Achievement
 - Mayors Youth Employment Program

Business Investment Grant

- This request meets the City Council approved criteria for a seven-year term, 90 percent local business expansion grant.
- The general terms and conditions of this grant include:
 - The company will be asked to coordinate job fairs and recruitment events for both temporary and permanent jobs with the city and county. Community organizations and residents will receive ample notice of these employment activities in addition to training opportunities with city job training and placement partnerships.
 - Actual grant payments are based on the value of the investment as appraised by the Mecklenburg County Tax Office.
 - Property taxes due from Microsoft Corporation must be paid before a grant payment is made.
 - If Microsoft Corporation removes the investment from Charlotte during the grant term, the company shall pay back 100 percent of the investment grant paid to date.
 - If Microsoft Corporation moves the investment from Charlotte within seven years of the end of the Business Investment Program (BIP) grant term, a portion of the grant must be repaid as follows:
 - Within one year of the end of the BIP Term - 90 percent of grant payments
 - Within two years of the end of the BIP Term - 75 percent of grant payments
 - Within three years of the end of the BIP Term - 60 percent of grant payments
 - Within four years of the end of the BIP Term - 45 percent of grant payments
 - Within five years of the end of the BIP Term - 30 percent of grant payments
 - Within six years of the end of the BIP Term - 20 percent of grant payments
 - Within seven years of the end of the BIP Term - 20 percent of grant payments

Fiscal Note

Funding: Business Investment Grant