

Enterprise Zone Retraining Program

EZone Operating Guidelines

January 1, 2016
(Revised June 2021)

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INTRODUCTION

The EZone Retraining Program's Mission is to provide a financial incentive for companies to remain competitive. It provides a Job Retraining Tax (JRT) rebate, which comes from South Carolina Employee Withholding Taxes.

The Enterprise Zone Act of 1995 with its 2014 revisions, support the qualifying business' ability to recoup sixty-seven percent (67%) of eligible retraining costs; when expending at least one dollar fifty cents (\$1.50) on retraining eligible employees, for every dollar (\$1.00) claimed as a rebate from withholding. The retraining refund cannot exceed \$1,000 per *production employee*, or *technology employee*, per calendar year; or exceed \$5,000 over 5 years.

A qualifying business may negotiate with the appropriate technical college under the jurisdiction of the State Board for Technical and Comprehensive Education (SBTCE) for approval to participate in the program.

Our administrative partner in this program is the South Carolina Department of Revenue (SCDOR). SCDOR will provide EZone/JRT related documents to participating companies. Participation in the program requires a \$250 annual renewal fee which will be billed and collected by the SC Department of Revenue (DOR). Active Retraining Agreements are those that have not been formally withdrawn, terminated, or closed-expired. The fee is due on a per project basis.

QUALIFYING BUSINESS

To qualify for participation, companies must:

- Be located in the state of South Carolina.
- Offer a benefits package to full-time employees at the South Carolina site that includes Health Care, in which the employer contributes a minimum of 50% of the premiums.
- Be industry engaged in one or more of the following activities in the following facility types*:
 - Manufacturing
 - Processing Operations
 - Technology Intensive

*Refer to **GLOSSARY** for specific definitions of facility types.

QUALIFYING EMPLOYEES

In order for the company to be eligible to receive retraining refunds, the employees receiving the retraining must meet the following criteria:

- Continuously on the company's payroll for a minimum of 2 years.
- Full-time production or technology first line employees or immediate supervisors
 - **Production Employee:** An employee directly engaged in manufacturing or processing at a manufacturing or processing facility
 - **Technology Employee:** An employee directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility.

Positions Which Do Not Qualify:

- Temporary or contract employees
- Employees who are subject to a revitalization agreement (JDC) through the SC Department of Commerce-Coordinating Council, including a preliminary revitalization agreement

QUALIFYING RETRAINING

Retraining must be necessary for the business to remain competitive.

Retraining programs eligible for the rebate include, but are not limited to:

- Retraining of current employees on newly installed equipment
- Retraining of current employees on newly implemented technology, such as computer platforms, software implementation and upgrades, Total Quality Management, ISO 9000 and self-directed work teams
- Enabling or increasing export processes
- Registered Apprenticeship Program (must meet all EZone requirements)
- Safety refreshers

The Following Types of Retraining are NOT ELIGIBLE:

- Leadership training
- Executive training
- Management development training
- Career development
- Personal enrichment training
- Cross training of employees on equipment or technology that is not new to the company
- Training for newly hired employees

PROGRAM PARTNERS OVERVIEW

All retraining must be approved by a **technical college** under the jurisdiction of the **State Board for Technical and Comprehensive Education (SBTCE)**. The technical college may provide the retraining program delivery directly, contract with other training entities to accomplish the required training outcomes or supervise the employer's approved internal training initiatives. The **South Carolina Department of Revenue (SCDOR)** oversees filing requirements, issues tax refunds, and performs audits.

TECHNICAL COLLEGE ROLE AND RESPONSIBILITIES

Role and responsibilities include, but are not limited to, the following:

- Actively promote EZone in their service area
- Educate their companies on the program
- Work with each company to develop a Training Plan to meet the criteria of the SBTCE for this program and may provide any combination of the following:
 - Provide the retraining itself (subject to the retraining program)
 - Contract with other training entities to provide the required retraining
 - Supervise the company’s approved internal retraining program
- Assist companies with Application Package and Course Addition processes
- Ensure program compliance prior to submitting all documentation to the SBTCE
- Conduct – Complete – Report Yearly Training Plan Review with Company Assertions on each company by January 31st of each year
 - Instructions are found in **GENERAL PROGRAM INFORMATION**
- Provide ongoing support for companies participating in EZone
 - Encourage companies to expand their Training Plan
 - Remind companies of SCDOR filing requirements and deadlines
 - Assist companies with required documents for SCDOR audits as needed
 - Assess companies’ interest in renewing applications for continued program participation

COLLEGE ADMINISTRATIVE FEE

The technical college may charge an administrative fee up to 20% based on the refund amount earned by the company. The fee is separate from training cost and cannot be used in the company reaching the \$1.50 amount (per employee) to qualify for the retraining rebate. The amount charged will be based on services provided to the company.

The company must send the Course Info and Roster from **Step 5 of the Master EZA Spreadsheet to the college.*

Factors to consider in determining the amount of fee:

- Complexity of project
- Level of administrative support provided

LEVEL OF SUPPORT PROVIDED BY COLLEGE	ASSOCIATED FEES TO BE NEGOTIATED BETWEEN TECHNICAL COLLEGE AND COMPANY
<p><u>Basic Administrative Support</u> Basic approvals, reviews & supervise</p>	10% of refund amount
<p><u>Complex Administrative Support</u> Basic approvals, reviews & supervision for a large/complex Training Plan. Maintain support of company paperwork, tracking/calculating spreadsheet, coordinate & schedule training.</p>	20% of refund amount

SOUTH CAROLINA DEPARTMENT OF REVENUE (SCDOR) ROLE AND RESPONSIBILITIES

Role and responsibilities include, but are not limited to, the following:

- Verify Federal Identification and SC Employee Withholding Numbers
- Send company payroll department an EZA Withholding Certification letter with information related to the EZA program
- Perform audits every three years on businesses who claimed the job retraining rebate, solely for the purpose of verifying proper sources and uses of the rebates

SCDOR ADMINISTRATIVE FEES

- A \$250 Renewal Fee is assessed for each retraining project based on the fiscal year
 - The fee will continue to be assessed annually until a project is withdrawn from the retraining program
 - The fee is assessed even if the company is claiming \$0 in rebates and it will be assessed during the 2nd quarter
- Per statute, the SCDOR is required to audit companies at least once every three years
 - If the company claims more than \$40,000 in retraining rebates during any calendar year, the SCDOR will invoice the company \$1,000 to offset the SCDOR's cost of performing an audit.
 - This fee will be invoiced regardless of whether the SCDOR conducts its three-year audit of the company that particular year
 - The fee is assessed during the fourth quarter

COMPANY ROLE AND RESPONSIBILITIES

To enter an EZone agreement with the state of South Carolina a qualifying business must submit an Application Package for approval by the appropriate technical college under the jurisdiction of the SBTCE.

All requests for course additions/revisions to the training plan must be submitted to the technical college for review and to ensure program compliance prior to submitting to SBTCE.

Please note that the technical college and the SBTCE must approve all submissions prior to training being conducted and are not considered approved until the company receives notification from the SBTCE.

It is the responsibility of the company to meet all legislative requirements of the SBTCE and SCDOR throughout the 5-year life of the Application Agreement.

Approved Application and Training Plan will expire 5 years from the approved start date.

ON-THE-JOB TRAINING

On-the-job training (OJT) consists of an instructor working with one (1) or more trainees operating production equipment in which they are solely responsible. Whereas, hands-on training is an instructor working with one (1) or more trainees on equipment, but an independent/different operator is responsible for the job.

For specialized training components such as those required on high tech processes so unique to a company and its equipment that neither the technical college nor a third party is capable of providing the training, employees of that company may qualify as on-the-job instructors if:

- OJT will be documented and structured using written training plans that define learning objectives, learning activities, methods of assessment that learning outcomes have been achieved, and time frames (beginning and ending dates).
- OJT training will be related to a new line of equipment or new process being introduced to enhance productivity.
- OJT will be relevant to remaining competitive.
- Company provided trainers will have completed an approved Train-the-Trainer course and be technically proficient or have qualifications approved by the technical college.
- Core competencies or learning outcomes will be clearly developed for the OJT training hours.
- OJT training related to normal routine cross training, new hire training, or normal professional development progression training for employees is prohibited.

FEES

Company must pay all applicable fees for EZone Retraining Program participation:

- Administrative Fee (10 – 20% of refund amount assessed by Technical College)
 - The company must send the Course Info and Roster from **Step 5** of the Master EZA Spreadsheet to the college
- Annual Renewal Fee (\$250 assessed by SCDOR)
- Audit Fee (\$1,000 assessed by SCDOR if claiming more than \$40,000 during any calendar year)

COMPANY REPORTING AND FILING REQUIREMENTS

SCDOR WITHHOLDING TAX REBATE INFORMATION

The refund for retraining is based upon the direct cost of instruction:

- Direct costs of retraining include instructor salaries, development of retraining programs, purchase or rental of materials and supplies, textbooks and manual, instructional media, such as video tapes, presentations, equipment used for retraining only (not to include production equipment), and reasonable travel costs as limited by the state's travel expense reimbursement policy
- When travel is necessary for the retraining, it needs to be discussed with the technical college prior to travel occurring
- When company is using an in-house instructor, the cost is calculated based on the average wage of the instructor, excluding benefits
- Keep all attendance rosters, invoices, etc. for reporting and auditing purposes

Company or *designee* tracks and calculates refund for each **approved** training course based upon the following formula:

- Total *direct cost of instruction* divided by total number of attendees to get per person cost
- Per person cost multiplied by number of *eligible employees* in course to get cost per eligible employee
- *Cost per eligible employee* multiplied by 67% to get credit/refund amount

Track the cost of retraining by the individual:

- Individual employees must be tracked to be sure authorized monies are being used as the SC Code provides
- This tracking is also to ensure that adequate, but not excessive monies are requested based on actual training costs

The company must expend at least one dollar and fifty cents (\$1.50) in retraining eligible employees, for every dollar (\$1.00) claimed as a rebate from withholding for the retraining.

- All retraining costs in excess of the retraining rebate, are the responsibility of the company
- All money due to the technical college will be paid in full and on time
- Withholding rebate may not exceed \$1000/year per retrained production or technology first line employee or immediate supervisor
- Withholding rebate may not exceed \$5,000 over five (5) consecutive years for each eligible employee
- The company is responsible for requesting the proper refund amount from the SCDOR
- Annual Report of Claims (summary of claims) is required by each company and due June 30th each year for the previous calendar year (even if you are claiming \$0 in rebates)

SCDOR FILING

Please refer to the Withholding Certification letter provided by SCDOR for detailed information and requirements.

The company must submit quarterly and annual tax returns *electronically* via *MyDORWAY.dor.sc.gov* to the SCDOR stating the total amount of withholdings it has submitted as well as the amount of retraining rebate(s)/refund(s).

- EZA tax return WH-1605Z – Q1 – Q2 – Q3
 - The company will send the SCDOR the quarterly employee withholding reconciliation report (WH-1605Z), which will include the amount the company is due from its employee withholdings on line 2(d) and on the refund line (5).
- EZA tax return WH-1606Z – Q4

By June 30th of each year, an Annual Report of Claims must be submitted to the SCDOR summarizing retraining rebates claimed during the prior calendar year. All companies--even if claiming \$0 in rebates--must do the following:

1. Perform an internal audit of compliance to determine whether the amount claimed each quarter was correct and identify any amendments that may need to be made to the rebate claimed.
2. Complete the SCDOR Annual Report of Claims for each participating facility.
3. Submit the Annual Report of Claims to the SCDOR by June 30th. The report may be mailed to:

South Carolina Department of Revenue Withholding EZA/RDA
PO Box 125
Columbia, South Carolina 29214-0865

The company may also **email** the completed form to:
Nichole Hayes, EWH Project Coordinator, **Nichole.Hayes@dor.sc.gov**
William "Ed" Watson, JDC Specialist Withholding Tax, **William.Watson@dor.sc.gov**

SCDOR will bill and collect \$250 for projects continuing each year once a company has been participating a full calendar year by July 1.

SCDOR AUDITS

Company must keep the following items on file for an SCDOR retraining audit:

Documents received from SBTCE	Documents submitted to SCDOR	Company Records
<ul style="list-style-type: none"> • Letter of Approval • Approved Training Plan(s) • Approved EZone Application with Signed Company Assertions • Approved Course Addition Form(s) • Yearly Training Plan Review Notification Email (with attached documents) 	<ul style="list-style-type: none"> • SCDOR Quarterly EZA Returns • Annual Report of Claims 	<ul style="list-style-type: none"> • Payroll and other records supporting eligible employees (to include position title and hiring date) • Class roster(s) • Class date(s) • Cost of retraining* <ul style="list-style-type: none"> ○ Internal: instructor wage, class hours taught ○ Vendor: invoice from vendor (cost of training only) ○ College: invoice from college

**A Master EZA Spreadsheet template has been developed by the Tech System. When properly used, the majority of data required in an audit will be made available. Employee records, course costs, and invoices will be pulled and reviewed during an SCDOR audit. Access to this Master EZA Spreadsheet template is available through the local technical college.*

The following is an example of the audit letter that may be sent by SCDOR:

Dear Mr./Mrs.[]:

The South Carolina quarterly withholding tax returns (Forms WH-1605Z and WH-1606Z) filed by your company have been assigned to me for the purpose of conducting a limited audit on the Job Retraining Credits portion of the returns. The period of examination will be the quarters ending 03/31/2017 through 12/31/2019.

Please be advised that I will need the following information in order to conduct the audit:

1. All payroll worksheet information used as a basis for the job retraining credit computation.
2. Quarterly payroll data in an **EXCEL SPREADSHEET FORMAT** with the following information for each employee:
 - Names of eligible employees
 - Employee ID number
 - Work location address
 - Hire date / re-hire date / termination date
 - Employee designation (FTE, PT, or Contract)
 - Compensation status (Salary or Hourly)
 - Job Titles
 - Approved courses and course additions approved both by the Technical College and the SBTCE
 - Class Dates
 - In-house retraining documents (course plans, attendance rosters, sign-in sheets, grades for participants, etc.)
 - Invoices to support the costs of classes
 - Cost per employee
3. Copies of any Annual Reports filed with the SC State Board for Technical and Comprehensive Education during the audit period.

After reviewing the above information requests, please advise if you have any questions. The information can be provided to me by email or CD, whichever method you prefer. I will also send you a secure mail invitation to upload your electronic data into our GoAnywhere Secure Server.

Please be advised that I will need the following information in order to conduct the audit:

ADDITIONAL INFORMATION COMPANY MUST PROVIDE (when applicable):

Mergers:

Following a merger, consolidation, or reorganization of a taxpayer (company), a retraining program implemented by the previous organization may continue, subject to certain limitations. All requirements of the statute will apply, except for the requirement that employees must be employed for 2 years. Employees will be eligible for retraining if they have been continuously employed for 2 years, even if a portion of those 2 years was with the previous entity, and a portion is with the new entity. SCDOR will make the ultimate determination regarding applicability of the rebate.

- **Within 3 months** of the merger/consolidation/reorganization, the new entity must submit a new application by following the SBTCE process (EZone Portal)
- If a company's Federal Identification Number changes, a new Business Tax Application must be submitted to the SCDOR to request a new state withholding number
- When the new withholding number has been given, the SCDOR form C-278 must be submitted to the SCDOR to close out the old account

Company Name Change/Address Change:

- The SBTCE must be notified following the SBTCE process (EZone Portal)
- SCDOR form SC8822 must be submitted to the SCDOR

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION (SBTCE) ROLE AND RESPONSIBILITIES

Role and responsibilities include, but are not limited to, the following:

- Establish policies and procedures to provide the oversight and review provisions of the program
- Annually review all programs and training
- Submit Statewide Aggregated Report detailing utilization of the retraining credit and SBTCE's activities in regard to oversight
 - Due by November fifteenth each year
 - Published on website maintained by the SBTCE

GENERAL PROGRAM INFORMATION

CLAIMING RETRAINING INCENTIVE PROCESS (SCDOR SPECIFIC)

1. The SBTCE and the technical college approve the Application for Qualification of Enterprise Program Retraining Incentives.
2. The SBTCE and the Company enter into a final Retraining Agreement.
3. The SBTCE notifies the Department of Revenue that the company is allowed to request a refund for **eligible** courses and jobs under the Retraining incentive.
4. The Department of Revenue sends the company appropriate quarterly and fourth-quarter annual tax return forms – **WH-1605Z** and **WH-1606Z**, respectively.
5. The company contracts **and pays for** courses per invoices from the company's associated technical college or for internal training maintains and provides necessary records to support retraining request.
6. The company submits quarterly tax return, **WH-1605Z**; to the Department of Revenue stating the total amount of withholdings it has submitted as well as the amount of retraining rebate /refund. (line2d and line5)
7. The Department of Revenue will issue a refund check to the company, which will take up to 90 days.

COMPLIANCE

After meeting all the requirements of SBTCE, the company may proceed with training. All money due to the technical college will be paid in full and on time. All training costs in excess of the retraining rebate are the responsibility of the company. **The rebate may not exceed \$1000 per eligible employee per calendar year and \$5,000 per eligible employee in a 5-year period.**

The training and the withholding must occur in the same calendar year and the funds should be requested in the same quarter as the training completion date. **It is extremely important that the company not delay in gathering and submitting data on the quarterly report.** The company is responsible for requesting the accurate rebate amount from the SCDOR.

- NOTE: Remember to track the cost of training by the individual, to be sure of the amount of withholding you are entitled to have returned. Individual employees must be tracked to be sure authorized monies are being used as the SC Code provides. This tracking is also to ensure that adequate, but not excessive monies are requested based on actual training costs. Please be sure to keep all invoices, etc. for reporting and auditing purposes.
- See page 9 for simple refund formula under SCDOR WITHHOLDING TAX REBATE INFORMATION.

NON-COMPLIANCE

Failure to complete and submit the following reporting and filing requirements will result in the SCDOR barring the company from receiving refunds from their withholding account:

- Quarterly Filings
- Annual Report of Claims
- \$250 Annual Renewal Fee
- Yearly Training Plan Review – Consequently, the company will not be able to submit new course additions

Non-compliant status will be lifted once all requirements are satisfied.

YEARLY TRAINING PLAN REVIEW

Every year a **Training Plan Review** must be conducted between the service area EZone Representative and each participating company.

The following must be completed:

- Company must review and sign the *Company Assertions* (provided by technical college)
- Company must verify contact information for Training Manager and Payroll Contact
- Company must review Training Plan with technical college and submit additional courses as needed (Instructions found in the *EZone Portal Company User Guide*)
- College will question if company has met the following legislative requirements:
 - Annual Report of Claims for the prior year was submitted to the SCDOR in June
 - EZA Returns were filed for each quarter (even if \$0 claimed)
 - Claims were filed for approved completed courses
 - Amendments can be made for prior quarters (time limits apply)
- College will submit Yearly Training Plan Review to the SBTCE on behalf of the company (EZone Portal)
 - Due on or before January 31st each year

Once the review is complete, the company and technical college will receive an official notification from the SBTCE. This notification email, with attached documents, must be retained for auditing purposes. The SCDOR will assess and collect \$250 for projects continuing each year.

SBTCE SUBMISSION PROCESSES

The EZone Portal is an electronic workflow system that allows companies and colleges to submit program documentation to the SBTCE for approval. The Portal is a way to move documents between users. It does not retain or store files. All submissions to the SBTCE will be done through the Portal.

All emails generated by the Portal and attached approved documents should be kept and saved for SCDOR auditing purposes.

The following resources may be made available as needed:

- EZone Portal College Quick Guide
- EZone Portal College User Guide
- EZone Portal Company Quick Guide
- EZone Portal Company User Guide
- How-to Videos for completing an Application and initiating a Course Addition

APPLICATION

All companies must apply through their local technical college; the college will review and approve the Application and attached courses.

Upon approval the program will be forwarded to the SBTCE.

The SBTCE:

- Will approve the application and training plan and determine eligibility and accuracy for compliance with the Enterprise Zone Act Legislation and program guidelines
- Has the discretion to approve the application in whole or in part
- Will assign an effective approval date, at which time, retraining may begin.
- Will send an approval letter and approved documents to the company and the technical college through the EZone Portal

No document is considered approved until the company and college receive notification from the SBTCE.

The application remains in effect for five (5) years. After the 5-year period, a new application must be submitted.

The local technical college will assist the company in completing the application process. Please refer to the New Application Checklist on the EZone Portal Company Quick Guide for details on the information to be collected.

The completed Application Package to be submitted must include the following:

- Application for Qualification
- Copy of Withholding Tax Form WH-1606 or EZA WH-1606Z from previous quarter (to verify FEI and SCW numbers, may redact dollar amount)
- Course Addition (at least one) with supporting documents as needed
 - All approved Course Additions will be automatically added to the Training Plan

- Terms to be read and signed by the company
 - Representations and Warranties
 - Certification and Signature
 - SCDOR Compliance Guidelines
 - Company Assertions
- Company Letter of Proposal (template will be provided to the company)
- College Letter of Support (provided by technical college)

Course Additions for Training Plan

Prior to the application being submitted to the SBTCE for approval, applicants must work with their local technical college to develop a specific training plan. The company will be assisted in developing a comprehensive training plan that will meet the EZone criteria. The technical college must approve the company's training plan prior to submitting it to the SBTCE for final approval.

The technical college may develop and deliver existing or customized training for the company, or the company may conduct internal training, or use outside vendors to accomplish the desired training outcome. Most training plans will consist of a combination of these.

No document is considered approved until the company and college receive notification from the SBTCE.

ADDITIONAL PROCESSES

After the initial application has been approved, the EZone Portal will be used to initiate and complete the following workflows as needed:

- Course Addition
 - When adding more courses to the Training Plan
 - If the scope of a previously approved course changes, a new Course Addition must be submitted
- Yearly Training Plan Review
- Company Name Change
- Company Withdrawal

Company Terms

Must be signed electronically by Company via EZone Portal



REPRESENTATIONS AND WARRANTIES

Except as reflected in adequate reserves or as stated in an attachment hereto, the Company hereby makes the following representations and warranties and acknowledges and agrees that such representations and warranties have been material to the SBTCE's determination that the Company is a qualifying business which meets the criteria of S. C. Code Section 12-10-50 and further agrees that such representations and warranties shall be true, accurate and complete as of the date of execution and delivery hereof and (where Job Retraining Credits are involved) as of the date of any claim of Job Retraining Credits.

To the best knowledge of the Company, there is no pending action or proceeding affecting the Company before any court, governmental agency or arbitrator which, in any case, may materially and adversely affect the financial condition, operations or business prospects of the Project or the Company as a whole, or which questions the validity of any Revitalization Document or any material action taken or to be taken pursuant thereto except as otherwise reflected in adequate reserves;


The Company is not in any material default (i) under its corporate organization or governing documents or under any statute, license, rule or regulation, (ii) under any order, writ, injunction, award or decree of which it has notice of any court, arbitrator, administrative agency or other governmental authority binding upon or affecting it by which any of its properties is bound or (iii) under any material indenture, mortgage, contract, agreement or other undertaking or instrument to which it is a party or by which it or its property is bound; and nothing has occurred which would materially adversely affect the ability of the Company to carry on its business or perform its obligations under any of the foregoing;

The Company possesses, or will possess prior to the date of the initial claim of the Job Retraining Credit, all licenses, permits, authorizations and rights necessary for the acquisition and operation of the project substantially as contemplated in this Application and, where applicable, the Revitalization Agreement, without any known material conflict with any rights of others;

All federal and South Carolina tax returns and reports of the Company required by law to be filed have been duly filed and all taxes, assessments, fees and other governmental charges upon the Company or upon any of its respective properties, assets, income or franchises which are due and payable pursuant to such returns and reports, or pursuant to any assessment received by the Company have been paid, other than those which may be presently payable without penalty or interest (except to the extent that any such tax or assessment is being contested in good faith and as to which adequate reserves have been set aside); and

The Company is not subject to any corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company has or is expected in the future to have a material adverse effect on the business, assets, financial condition or business prospects of the Project or the Company as a whole; the Company is not a party to any contract or agreement which in the judgment of the Company has or is expected to have any materially adverse effect on the business of the Company as a whole, except as otherwise reflected in adequate reserves.

Accepted By: Date:



CERTIFICATION AND SIGNATURE

Applicant hereby certifies under penalties of perjury that all information contained above and in addendums and exhibits attached hereto is true to his/her best knowledge and belief and are submitted for the purpose of obtaining financial assistance from the State of South Carolina through the State Board for Technical and Comprehensive Education.

NOTICE TO APPLICANT

The evaluation and approval of this application is solely at the discretion of the State Board for Technical and Comprehensive Education (SBTCE). The SBTCE reserves the right to request additional information.

The Company authorizes the SBTCE to share and release to the SC Department of Revenue, SC Department of Commerce and the local Technical College any information relevant to the request for Enterprise Program incentives and further authorizes the SC Department of Revenue to release to the SBTCE, SC Department of Commerce, and the local Technical College information about the request for Job Development Credits and the claiming of Job Development Credits. The information authorized for release by the Company includes any information that may be described in Section 12-54-240 of the code.

Accepted By: Date:

Company Assertions Regarding Compliance – Enterprise Zone Retraining Program (EZone)

Application Package


Participation in EZone requires compliance with all relevant statutes and regulations, to include; Section 12-10-95 SC code of laws (as amended), and the Policies and Guidelines of the State Board for Technical and Comprehensive Education (SBTCE):

1. Only Companies engaged in manufacturing, processing, or technology intensive activities at manufacturing, processing, or technology intensive facilities are eligible to participate.
2. Company must offer benefits/health care at a minimum of 50% of the premium.
3. The Company is the entity submitting the EZone Application to the State Board for Technical and Comprehensive Education (SBTCE), and if approved to participate, the Company will assume all obligations and responsibilities under the agreement.
4. If applicable, the Company will notify the SBTCE of a name change or change of ownership.
5. Company will maintain a record-keeping system that achieves the reporting requirements of the program.
6. Company will only claim retraining credits for eligible employee types: *Full time production and technology intensive first line employees or their immediate first line supervisors, who have been on the company payroll for a minimum of two years.*
7. Company will obtain course approval(s) by both the designated local technical college and the SBTCE prior to claiming retraining credits. *Retraining courses eligible for credit includes, but not limited to: training on newly installed equipment, newly implemented technology, new processes, new Standard Operating Procedures (SOP), Total Quality Management, self-directed work teams and safety refreshers.*
8. Company will not claim more than \$1.00 of total retraining cost, for every \$1.50 spent for retraining eligible employees, and will be able to document all expenses.
9. Company will not claim more than \$1,000 per eligible employee, per year, maximum.
10. Company will not claim retraining credits for any positions covered by an Enterprise Zone preliminary or final Revitalization Agreement, otherwise known as Job Development Credits (JDC), and will not "double dip" with respect to any employee or position.
11. Company will properly calculate claims, and file quarterly 1605Z and 1606Z returns with the Department of Revenue (DOR), even if \$0 claimed. See also, DOR Compliance Guidelines.

Accepted By: Date:

Company Terms (Continued)

Must be signed electronically by Company via EZone Portal



State of South Carolina
Department of Revenue
300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

C-459 (Rev. 9/29/12) 6371

Enterprise Zone Act (EZA) - Retraining Credits

COMPLIANCE GUIDELINES

The purpose of this document is to inform companies of the compliance guidelines for claiming the Retraining (JRT) credits. A company may begin claiming JRT credits after it meets all of the requirements set by the State Board for Technical and Comprehensive Education (SBTCE).

Overview

- No capital investment or job creation required
- Partially reimburses retraining costs for existing eligible employees
- Requires the approval of the South Carolina Technical College System
- Benefits begin immediately after approval and last 5 years

South Carolina Department of Revenue (SCDOR) will no longer mail EZARDA tax returns to companies. SCDOR will mail certified companies an "EZA Withholding Certification" letter with information related to the EZA program.

What you need to do:

- You must report SC Withholding tax and Retraining credits on the EZARDA quarterly tax returns (WH-1605Z or WH-1606Z).
- You must file EZARDA tax returns every quarter, even if no retraining credit is claimed.
- You can pay and file EZARDA tax returns electronically at MyDORWAY.dor.sc.gov.
- You must complete and mail the Annual Contact Update Sheet and JRT Annual Report to SCDOR.

Quarterly Tax Returns

WH-1605Z – use for first, second, and third quarters only
WH-1606Z – use for fourth quarter and annual reconciliation

EZA worksheets must be completed when claiming retraining credits on the EZARDA quarterly tax returns. Each project eligible to claim a credit must be listed separately.

Quarterly tax returns are due on the last day of the month following the end of the quarter as follows:

1 st quarter	Jan-Feb-Mar	Due April 30 th
2 nd quarter	Apr-May-June	Due July 31 st
3 rd quarter	July-Aug-Sept	Due Oct 31 st
4 th quarter	Oct-Nov-Dec	Due Jan 31 st

Failure to file the returns timely may result in penalties & interest being assessed or possibly a lien being filed against the company.

If your approval date is prior to the end of a quarter, you are required to submit an EZA return for the quarter even if a credit is not claimed.

Example: JRT project approved on 03/31/20

This is the last day of 1st quarter → A WH-1605Z must be submitted for quarter ending 03/31/20 even if a project or company has no retraining credit to claim.

Fees

A \$1,000 Annual Audit Fee will be assessed for each retraining project where claims exceed \$40,000 during a calendar year. The fee is assessed during the fourth quarter.

A \$250 JRT Renewal Fee is assessed for each retraining project based on the fiscal year. The fee is assessed even if you are not claiming credits and it will be assessed during the 2nd quarter. The fee will continue to be assessed until a project is withdrawn from the retraining program.

Annual Reports

An annual report must be submitted to the SCDOR for each retraining project. The report must be submitted no later than June 30th for the previous calendar year.

You must file an annual report even if you did not claim any credits during the previous calendar year.

SCDOR will verify that the amounts reported on the annual report are the same as the JRT claims on the EZARDA quarterly tax returns.

Failure to file the annual reports and pay appropriate fees in an accurate and timely manner will result in termination from the program and/or disallowance of retraining credits.

Please sign, keep a copy for your file, and mail to:

South Carolina Dept. of Revenue
Withholding – EZARDA
Columbia, SC 29214-0865

Accepted By: Date:

Company Letter of Proposal

Template will be provided by Technical College

ENTERPRISE ZONE RETRAINING PROPOSAL - TO BE PROVIDED BY COMPANY
(EXAMPLE)

Must be on Company Letterhead

Date _____

<Local Technical College>
Address _____
City, State, ZIP _____
Attn: <contact person>

Ref: Enterprise Zone Retraining Program Proposal for Participation

<<Company Name>> is applying for qualification to participate in the Enterprise Zone Retraining Program through our local technical college, and State Board for Technical and Comprehensive Education (SBTCE).

<<Briefly describe the company and its history, who your primary customers are, identify the products and services you produce, and describe the geographical location in which you operate.>>

Participation in this program will assist in our company's efforts to remain competitive, by providing a tax incentive for the on-going retraining of full time production or technology first line employees or immediate supervisors who have been continuously on our company payroll for a minimum of two years; so long as the retraining is on newly installed equipment, or newly implemented processes, and newly implemented technology.

This program reinforces <<Company Name's>> commitment to:

- Provide a safe and productive work environment for our employees
- Provide quality products, on time, as specified, to our customers
- <<feel free to add to list>>

Sincerely,

(Signature and date)required

STREET ADDRESS, CITY, ST ZIP CODE
T (123) 456-7890 U WWW.COM/PANY.COM

College Letter of Support

Template for Technical College use

College Letter of Support-MUST BE ON COLLEGE LETTERHEAD

<<Month dd, yyyy>>

State Board for Technical and Comprehensive Education (SBTCE)
Attn: Enterprise Zone Retraining Program Manager
111 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Dear Michelle Fehr,

<<Technical College>> is submitting the attached *Enterprise Zone Retraining Application Package* to the SBTCE for consideration, on behalf of <<Company>> who's plant site is located in <<county>>, <<state>>. This company is a, <<type of industry and facility, with a brief description of product>>.

The college has assisted in the development of the attached Training Plan, with supporting Course Addition Form(s), and has approved the initial Provider(s) of the training. Representatives of <<Company>> and <<Technical College>> agree; the attached Training Plan identifies retraining necessary for the company to remain competitive, or to introduce new technologies, as legislated in this program.

All parties will follow the Enterprise Zone Retraining Program processes and guidelines. This is in accordance with the South Carolina Enterprise Zone Act of 1995 (as amended in 2014).

Therefore, I recommend approval of <<Company's>> application for participation in [this retraining incentives](#) program.

Please direct further comments or concerns to <<Tech College contact name>> at <<telephone number>>.

Sincerely,

<<Signature of Tech College Contact>>,
Enterprise Zone Representative and
<<Title and contact information>>

EZA / RDA Quarterly Tax Returns (WH-1605Z and WH-1606Z)
Available online and must be submitted to SCDOR via MyDORWAY.dor.sc.gov

2002001
3338

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
QUARTERLY TAX RETURN
EZA/RDA

WH-1605Z
(Rev. 12/4/02)
3338

SC WITHHOLDING NO. PERIOD COVERED

FEI NO. OR SS NO. DUE ON OR BEFORE

FOR OFFICE USE ONLY

Use black or blue ink only
You CANNOT use Telefile to file an EZA/RDA return.

QUARTERLY SC STATE INCOME TAX INFORMATION:

1. Total SC state income tax withheld from all sources \$

2. a) Maximum EZA/RDA credit \$

b) Allowable EZA/RDA Credit (Enter amount on both lines) <\$ >

c) State Rural Infrastructure (Line 2a less 2b) \$

d) Allowable Retraining Credit <\$ >

3. Total lines 1 thru 2d (Line 1 minus 2b and 2d) \$

4. SC state income tax deposits or payments \$

5. Net SC REFUND \$

6. Net SC TAX DUE \$

7. Penalty and interest due \$

8. Net SC state income tax, penalty, and interest due \$

NOTE: A "zero" return MUST BE filed if no state tax has been withheld during the quarter to keep the account open and prevent a delinquent notice.

FEDERAL INFORMATION:
Monthly Summary of Federal Tax Liability *

9. (a) First month FEDERAL liability \$ * Monthly and Semi-weekly depositors: Complete Lines 9(a) through 9(c).

(b) Second month FEDERAL liability \$

(c) Third month FEDERAL liability \$

FOR FIELD USE ONLY

I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments, and related tax matters with the preparer. Yes No

When signing this form, it is important that the information contained in your report be correct and complete. To willfully furnish a false or fraudulent statement to the Department is a crime.

Sign Signature _____ Name _____
Here Telephone _____ Title _____ Date ____/____/____

Mail to: South Carolina Department of Revenue, Withholding, Columbia, SC 29214-0004.

2002001
3340

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
RECONCILIATION OF INCOME TAX WITHHELD
EZA/RDA

WH-1606Z
(Rev. 12/4/02)
3340

Mail To: SC Dept of Revenue, Withholding, Columbia, SC 29214-0004.
 Use black or blue ink only
 You CANNOT use Telefile to file an EZA/RDA return.

SC WITHHOLDING NO. PERIOD COVERED

FEI NO. DUE ON OR BEFORE

FOR OFFICE USE ONLY

4TH QUARTER SC STATE INCOME TAX INFORMATION ONLY:

1. Total SC state income tax withheld from all sources \$

2. a) Maximum EZA/RDA credit \$

b) Allowable EZA/RDA Credit (Enter amount on both lines) <\$ >

c) State Rural Infrastructure (Line 2a less 2b) \$

d) Allowable Retraining Credit (Line 2a less 2b) <\$ >

3. Total lines 1 thru 2d (Line 1 minus 2b and 2d) \$

4. SC state income deposits or payments \$

5. Net SC REFUND \$

6. Net SC TAX DUE \$

7. Penalty and interest due \$

8. Net SC state income tax, penalty, and interest due \$

NOTE: A "zero" return MUST BE filed if no state tax has been withheld during the quarter to keep the account open and prevent a delinquent notice.

FEDERAL INFORMATION:
Monthly Summary of Federal Tax Liability *

9. (a) First month FEDERAL liability \$ * Monthly and Semi-weekly depositors: Complete Lines 9(a) through 9(c).

(b) Second month FEDERAL liability \$

(c) Third month FEDERAL liability \$

ANNUAL SC STATE RECONCILIATION INFORMATION

10. Total SC state income tax withheld from all sources \$

11. a) Maximum EZA/RDA credit \$

b) Allowable EZA/RDA Credit (Enter amount on both lines) <\$ >

c) State Rural Infrastructure Amount (Line 11a less 11b) \$

d) Allowable Retraining Credit (Line 11a less 11b) <\$ >

12. Total lines 10 thru 11d (Line 10 minus 11b and 11d) \$

13. Total SC wages reported \$

14. Number of wage and tax statements attached (W-2s and 1099s with state tax withheld) 14-0009

I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments, and related tax matters with the preparer. Yes No

When signing this form, it is important that the information contained in your report be correct and complete. To willfully furnish a false or fraudulent statement to the Department is a crime.

Sign Signature _____ Name _____
Here Telephone _____ Title _____ Date ____/____/____

Annual Report of Claims
Provided by SCDOR and must be submitted to SCDOR

1350
dor.sc.gov

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
JRT ANNUAL REPORT

WH-1682
(Rev. 3/20/21)
3537

Due by June 30th of the following year

Participating Enterprise Zone Company:

Legal Name: _____

Doing Business As (DBA) Name: _____

Name on Retraining Application Agreement: _____

Project Number: IR _____ Federal Tax ID: _____

Prior Project Number (if applicable): IR _____ SC Withholding Tax ID: _____

Contact Information: List individuals responsible for reporting Retraining (JRT) Credits and/or filing the Withholding Quarterly Tax Returns. These individuals must be employed with your company.

Primary Contact Person

Name: _____ Title: _____
 Phone: _____ Email: _____

Secondary Contact Person

Name: _____ Title: _____
 Phone: _____ Email: _____

Retraining (JRT) Credits Claimed by Company during Reporting Period
 Unless an amendment is needed, amounts should reflect JRT credits claimed on EZA tax returns during the reporting period.
 INDICATE THE CALENDAR YEAR IN THE YEAR COLUMN.

Year	Quarter	Original Amount Claimed by Company	Final Amount Claimed by Company (including amendments)	Date Amended (if applicable)	Reasons for Amendment (if applicable)
	1	\$	\$		
	2	\$	\$		
	3	\$	\$		
	4	\$	\$		
	Total:	\$	\$		

Total cost of eligible training courses: _____ (approved courses found on Training Plan)

Total number of eligible employees retrained: _____

Under penalty of law, I certify that this information is correct, true, and complete to the best of my knowledge.

Printed Name of Company Official _____ Title: _____
 Signature of Company Official _____ Date: _____

Mail to: SCDOR, Withholding EZA/RDA, PO Box 125, Columbia, SC 29214-0065

CONTACTS

State Board for Technical and Comprehensive Education – Enterprise Zone

Dr. Tim Hardee	System President	803-896-5280	hardeet@sctechsystem.edu
Dr. Rosline Sumpter	VP for Academics, Student Affairs & Research	803-896-7161	sumpterr@sctechsystem.edu
Brad Neese	VP for Economic Development	803-896-5376	neese@sctechsystem.edu
Michelle Fehr	Enterprise Zone Program Manager	803-463-5863	fehrm@sctechsystem.edu
Karmen Hewitt	Enterprise Zone Program Coordinator	803-587-3932	hewittk@sctechsystem.edu
Takeisha Williams	Enterprise Zone Data/Reporting Coordinator	803-896-9713	taylorlta@sctechsystem.edu
Robert Crenshaw	Enterprise Zone Outreach	803-553-5116	crenshawr@sctechsystem.edu

South Carolina Department of Revenue – Enterprise Zone – Special Withholding

David Caldwell	Revenue Manager	803-898-1634	david.caldwell@dor.sc.gov
Jerilynn VanStory	Legal Counsel	803-898-5557	jerilynn.vanstory@dor.sc.gov
Brian Vrana	Withholding Tax Supervisor	803-896-1186	brian.vrana@dor.sc.gov
Nichole Hayes	EWH Project Coordinator	803-896-1388	nichole.hayes@dor.sc.gov
William “Ed” Watson	JDC Specialist Withholding Tax	803-898-3872	William.Watson@dor.sc.gov
William “Morgan” Dandridge	EZA Auditor	843-953-0994	William.Dandridge@dor.sc.gov
Rodger Watson	EZA Auditor	843-519-1422	rodger.watson@dor.sc.gov
Antonio Williams	EZA Auditor	803-898-5665	antonio.williams@dor.sc.gov
Michael Lewis	Misc Tax Manager	803-898-5771	michael.lewis@dor.sc.gov

GLOSSARY

Export Employee: An “export employee” enables the company to export or increases its ability to export its products. For retraining purposes, this can include logistics, regulatory, and administration areas connected to the company’s export process and that allows a qualified company to maintain or expand its business in this State.

First Line Supervisor of Production and Operating Workers: A first-line supervisor directly supervises and coordinates the activities of production and operating workers, such as inspectors, precision workers, machine setters and operators, assemblers, fabricators, and plant and system operators.

Full-time Employee: “Full-time” means a job requiring a minimum of thirty-five hours of an employee’s time a week for the entire normal year of company operations or a job requiring a minimum of thirty-five hours of an employee’s time for a week for a year in which the employee was hired initially for or transferred to the South Carolina facility.

Manufacturing Facility: An establishment where tangible personal property is produced or assembled.

Processing Facility: A “processing facility” is an establishment that prepares, treats, or converts tangible personal property into finished goods or another form of tangible personal property. The term includes a business engaged in processing agricultural, aquacultural, or maricultural products and specifically includes meat, poultry, and any other variety of food processing operations. It does not include an establishment in which retail sales of tangible personal property are made to retail customers.

Production Employee: An employee directly engaged in the actual making of tangible personal property at a manufacturing or processing facility. For the purposes of this program, “production employee” is the full-time production line employee or immediate supervisor who has been continuously employed by the business for a minimum of two years.

Remain Competitive: Programs eligible for the credit include the retraining of current employees on newly installed equipment, newly implemented or improved technology, or newly implemented or improved products or processes.

Retraining Agreement: A “retraining agreement” means an agreement entered into between a business and SBTCE in which a qualifying business is entitled to retraining rebate pursuant to Section 12-10-95.

Retraining Credit: A “retraining credit” means the amount that business may claim as a credit against withholding pursuant to Section 12-10-95 and the retraining agreement. For the purposes of this program, the terms “credit,” “refund,” and “rebate” mean the same thing.

- Lower amount of the following:
 - The retraining credit for the applicable withholding period; or
 - Withholding paid to the State for the applicable withholding period

Technology Employee: A “technology employee” is defined as an employee at a technology intensive facility who is directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility.

Technology Intensive Facility: A “technology intensive facility” is defined as a firm engaged in the design, development, and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge. [Section 12-6-3360M (14)] Included in this definition are the following North American Industrial Classification System (NAICS) codes published by the Office of Management and Budget of the Federal Government:

- Database and Directory Publishers
- Software Publishers
- Computer Systems Design Services & Related Services
- Custom Computer Programming Services
- Space Research and Technology
- Research and Development in the Physical, Engineering and Life Sciences
- Data Processing, Hosting, and Related Services