



Financing Tools for North Carolina Recycling Businesses

*N.C. Recycling Business Assistance Center
Division of Environmental Assistance and Customer Service
Department of Environmental Quality*

The Recycling Business Assistance Center (RBAC), a partnership with the Division of Environmental Assistance and Customer Service and the Economic Development Partnership of North Carolina, offers a variety of financial tools and incentives for recycling businesses in North Carolina including tax credits, grants, loans and incentive programs.

Tax Incentives

The **N.C. Recycling Property Tax Exemption** offers a property tax exemption on equipment and facilities used exclusively for recycling and resource recovery. For more details and application information, please visit the Solid Waste Section of the N.C. Department of Environmental Quality website at <https://deq.nc.gov/conservation/recycling/recycling-business-assistance-center/financing/tax-incentives>.

The **N.C. Sales and Use Tax Exemption** offers an exemption from sales and use tax on the purchase of recycling equipment. Purchases that qualify for sales tax exemption are outlined in [N.C. General Statute 105-164.13 \(5k\)](#) and include equipment, fuel, piped natural gas and electricity purchased by recyclers.*

*The statute refers specifically to secondary metals recyclers; however a secondary metals recycler is defined in [N.C. General Statute 105-164.3 \(37g\)](#) as a person that gathers, obtains and converts metals *and items that have served their original economic purpose*. According to the N.C. Department of Revenue, the italicized clause broadens the applicability to recyclers of any material. For more information, see the N.C. Department of Revenue's Important Notice about the July 1, 2018 change at <https://www.ncdor.gov/taxes-forms/other-taxes-and-fees/certain-machinery-and-equipment-tax> or contact the Sales and Use Tax Division at 877-252-3052.

Grants

In an effort to divert materials from the waste stream while supporting business growth and job creation in North Carolina, RBAC offers Recycling Business Development grants to eligible private sector and nonprofit organizations. Funds are typically used towards sustainable investments in equipment and buildings necessary to increase the capacity of a recycling business to divert more materials from disposal and into economic use. Funding is made available through an annual Request for Proposal process that begins in early Fall. Applicants may request a maximum of \$40,000* and must provide at least a 50% cash match of the requested amount. Please visit the Grants section of the RBAC website at:

<https://deq.nc.gov/conservation/recycling-business-assistance/financing/grants>

*The availability of grant funds is contingent on appropriations from the North Carolina General Assembly.

Loans

A variety of loans may be available to recycling businesses. While RBAC does not lend money directly, it does provide information on a range of loan types and agencies available to recycling businesses.

| Name of Loan | Loan Description | Businesses Assisted | Loan Amount |
|--|--|--|---|
| Self-Help Credit Union https://www.self-help.org/business/loans/all-business-loans/environmental-loans | Supports fledgling businesses until they become bankable and qualified for full service private sector funding | Paper; scrap metal; construction and demolition debris; plastics; wood | \$10,000-\$1million+ (\$75,000 average) |
| Natural Capital Investment Fund https://www.ncifund.org/ | Financing for recycling companies focused on the sustainable use of natural resources | Recycling | \$25,000-\$750,000 |
| Mountain BizWorks http://www.mountainbizworks.org/ | Provides business planning courses, technical support and training | Small businesses | Up to \$50,000 |
| Small Business Administration Loans https://www.sba.gov/funding-programs/loans | Guarantor of loans made by private and other institutions | Small businesses | |

Major Recycling Facility Tax Credits



An owner that purchases or leases machinery and equipment for a major recycling facility (at least \$300 million investment and at least 250 new, full-time jobs) in the state during the taxable year is allowed a tax credit. The credit is equal to 50 percent of the amount payable by the owner during the taxable year of purchase or lease of the machinery and equipment.

State Discretionary Incentive Programs

The **Job Development Investment Grant (JDIG)** is a performance-based, discretionary incentive program that provides cash grants directly to new and expanding businesses to help offset the cost of locating or expanding a business facility in the state. These cash grants are not tied to qualified expenses or other such requirements.

The **One North Carolina Fund** consists of nonrecurring appropriations made available to the governor as a flexible and discretionary tool allowing North Carolina to respond quickly to enable job creation and/or retention for projects competitive with other locations. Awards are based on jobs created, economic impact of the project, the importance of the project to the state, quality of industry and environmental impact.

Additional information on financial incentives offered by the NC Department of Commerce can be found at <https://edpnc.com/relocate-or-expand/incentives/>.

| Name of Incentive | Incentive Description | Tier Designations |
|--|--|---|
| <p>Job Development Investment Grant (JDIG)*</p>  <p><i>*Program specifications and allocations contingent on appropriations from the North Carolina General Assembly.</i></p> | <p>Discretionary incentive program to help offset the cost of locating or expanding a facility in the state. The amount of the grant is based on a percentage of the personal income tax withholdings associated with the new jobs.</p> <p>The award is calculated by weighing several factors, including location, county tier designation, number of new jobs, wages compared to the county average, level of investment and whether the industry is one of the state’s targeted industry sectors. Grant funds are disbursed annually, for up to 12 years, to approved companies following the satisfaction of performance criteria set out in grant agreements.</p> | <p>-Tier 1 County: 100% of the annual grant is paid to the company</p> <p>-Tier 2 County: 90% of the annual grant is paid to the company and 10% is transferred to the Utility Account, a state program to fund infrastructure projects in Tier 1 and Tier 2 counties</p> <p>-Tier 3 County: 75% of the annual grant is paid to the company, and 25% is transferred into the Utility Account</p> |
| <p>One North Carolina Fund (OneNC)*</p>  <p><i>*Program specifications and allocations contingent on appropriations from the North Carolina General Assembly.</i></p> | <p>Discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project and the importance of the project to the state and region.</p> <p>Awards are allocated to local governments as part of a negotiated challenge grant. By statute, a local government must provide an incentive to match the OneNC funding. The required local match depends on the tier designation of the county.</p> | <p>-Tier 1 County: local government must provide no less than one dollar for every three dollars provided by One NC</p> <p>-Tier 2 County: local government must provide no less than one dollar for every two dollars provided by One NC</p> <p>-Tier 3 County: local government must provide no less than one dollar for every one dollar provided by One NC</p> |

For more information about financial tools and incentives for recycling businesses in North Carolina, please visit <https://deq.nc.gov/conservation/recycling-business-assistance/financing> or contact Wendy Worley at 919-707-8136.