



North Carolina Department of Commerce

Roy Cooper, Governor

Machelle Baker Sanders, Secretary

MEMORANDUM

To: Chairs, Joint Legislative Economic Development and Global Engagement Oversight Committee
N.C. General Assembly – Fiscal Research Division

From: Mark N. Poole, Director, Commerce Finance Center
N.C. Department of Commerce

Date: September 1, 2022

Re: Annual Report – Increase in Qualifying Project Funding in Randolph County

Statutory Requirement:

Pursuant to Session Law 2022-74, Section 11.13, provided (i) the condition regarding election in Section 11.19(c) of S.L. 2021-180 imposed on the manufacturer is met and (ii) the manufacturer agrees to, no later than December 31, 2034, both create at least 4,500 eligible and expansion positions in, and invest at least four billion seven hundred million dollars (\$4,700,000,000) in private funds in, this State, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of two hundred twenty-five million dollars (\$225,000,000).

On September 1 of each year funds appropriated in that section or in Section 11.19 of S.L. 2021-180 remain unexpended until all funds have been expended, the Department of Commerce shall report on the use of such funds to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance criteria, remedies, and safeguards required by the Department for the funds, a description of the current status of the project, the amount that was paid in the prior fiscal year, for what purpose the amount was paid, and the total amount that has been paid under the agreement.

Executive Summary:

The Department has entered into an agreement with the manufacturer, Toyota Battery Manufacturing, Inc., for the funds appropriated in S.L. 2021-180 under which the Department of Transportation received one hundred million dollars (\$100,000,000) for site work and associated wetlands mitigation at the project site to be performed on the manufacturer's behalf for Phase I of the Project, and the manufacturer

is eligible to be reimbursed for an additional one-hundred eighty-five million dollars (\$185,000,000) of site work expenses if the manufacturer elects to proceed with Phase II of the project. Phase I requires the manufacturer to create 1,750 new jobs and invest one billion dollars (\$1,000,000,000) in private funds. Phase II requires the manufacturer to increase those commitments to 3,875 new jobs and three billion dollars (\$3,000,000,000). At the time of this report, the manufacturer has only committed to Phase I of the project and the Department has not entered into an agreement for the funds appropriated in S.L. 2022-74.

Remedies and Safeguards:

For the Phase I funds, if the manufacturer fails to create at least 1,488 new jobs by December 31, 2029, the agreement requires that all Phase I funds must be repaid. If the manufacturer creates less than 1,750 jobs but more than 1,488, then a proportionate amount of the funds must be repaid.

For the Phase II funds, if the manufacturer fails to create 3,875 new jobs by December 31, 2034 then the agreement requires that the manufacturer repay a proportionate amount for every job short of 3,875.

Current Status:

Funds have been expended for Phase I of the project, but no Phase II or S.L. 2022-74 funds have been paid.

Amount Paid

Fiscal Year	Purpose	Amount
FY '21-22	Site work and associated wetlands mitigation at the project site undertaken by DOT	\$100,000,000
	Funds provided to DOT for roadwork and associated wetlands mitigation within Randolph County in support of the project	\$35,000,000

Total Amount Paid: \$135,000,000
