Overview of the Economic Development Inventory

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Fiscal Research Division
Joint Select Committee on Economic Development Incentives
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Economic Development Inventory

• What is an Economic Development Inventory?
• What is included in an EDI?
• What data will be collected?
• What will be in the report?
• Challenges
Economic Development Inventory

What is an Economic Development Inventory?

– A picture of the state’s total spending on economic development
  • Present state spending data in a concise format
  • Describe what programs and commitments the state undertakes
  • Provide data on the state’s economic development efforts
  • Compare changes in economic development spending over time
Economic Development Inventory

What spending is included in the EDI?

– All state spending on economic development
  • Two types of spending:
    – Direct incentives
    – Support
  • Four spending program areas:
    – Education
    – Transportation
    – Commerce
    – Tax expenditures
Education Programs

Community Colleges

Direct Incentives
- Customized Industry Training
- Focused Industrial Training
- New and Expanding Industry Training

Support
- Small Business Centers
- Hosiery Tech Center
- Textile Center
- Military Business Center
Education (cont.)

Universities –

– Development centers and extension service programs
– Small Business and Technology development centers
Transportation*

Direct Incentives
- Rail Industrial Access Program
- Short Line Infrastructure Program
- Transportation Improvement Program (directly related to economic development projects)

Support
- Public Access Fund
- Small Construction
- SB 1005 Discretionary Funding (not a current program)
- Highway Fund Economic Development
- Public Access Fund
- Contingency Fund

* Often public roads and accesses are improved as a direct result of a development project, yet may not always be targeted directly to assist a specific business
Commerce Programs

Direct Incentives:
• JDIG
• One NC
• One NC Small Business
• Job Maintenance & Capital Development Fund
• Green Business Fund
• Industrial Development Fund

Support:
• Regional Offices
• Economic Development Information System (EDIS)
• Office of International Trade
• Finance
• Executive Aircraft
Recurring State Funding to Non-profits:

- Rural Economic Development Center
- Regional Economic Development Partnerships
- Council of Government (COG) Funds
- Biotechnology Center
- NC Institute of Minority Economic Development

Non-GF Funding to Non-profits

- Golden LEAF
Tax expenditures

Off-budget spending such as the William S. Lee Act/Article 3J tax credits

– Sales & Use Tax exemptions and refunds

– Corporate & Personal Income Tax deductions and credits

– Franchise Tax deductions and credits
Data Collection

What data will be collected?

– On-budget and Off-budget expenditures
  • Appropriated and actual expenditures
  • Tax credits and deduction granted and taken
  • Grants awarded and disbursed
– Other state expenditures and economic data
– Expenditure data from FY2002-03 going forward
Data collection (cont.)

NC Community College System
NEW AND EXPANDING INDUSTRY TRAINING (NEIT)

Created in 1958, the NEIT program provides customized training assistance in support of new, full-time production positions created in the State of North Carolina. Resources may support training, assessment, program development, instructional costs, and training delivery.

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General Statute Authorization: G.S. 115D-5.1

Eligibility: Companies creating 12 or more production jobs in excess of their previous 3-year maximum employment level are eligible for assistance through NEIT. Eligible trainees include new front-line personnel involved in the direct production of goods and services and their first-line supervisors.
The Economic Development Inventory Report

What will be in the report?

- Annualized summary of economic development spending
- Timeline of spending growth and how priorities may have changed
- Comparison with other state spending programs
- Spending in relationship with the size of the state’s economy
Economic Development Inventory

Challenges

– Defining economic development spending
– Identifying all development spending by the state
  • Is the purpose economic development?
  • Is the spending actually state spending?
– Some spending may not be identified or quantified
– Consistently account for spending over time
– Produce a valuable tool for understanding the state’s economic development efforts