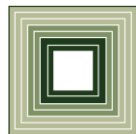


Commerce Finance Center

March 14, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Commerce Finance Center

Administers incentive programs:

- Job Development Investment Grant
- One North Carolina Fund
- Job Maintenance and Capital Development Fund
- Industrial Development Fund & Utility Account
- Community Development Block Grant for Economic Development

Commerce Finance Center

Fiscal Year 2012 - 2013

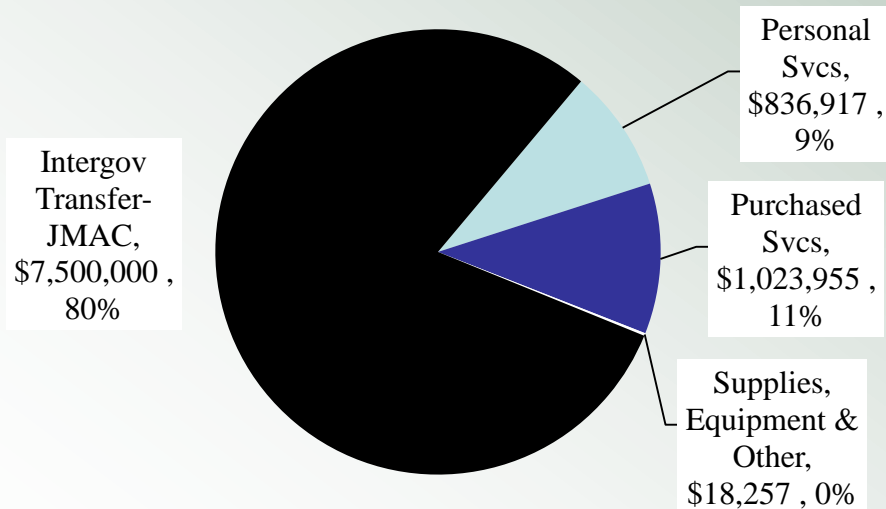
Expenditures: \$9.4 M

Receipts: \$1.5 M

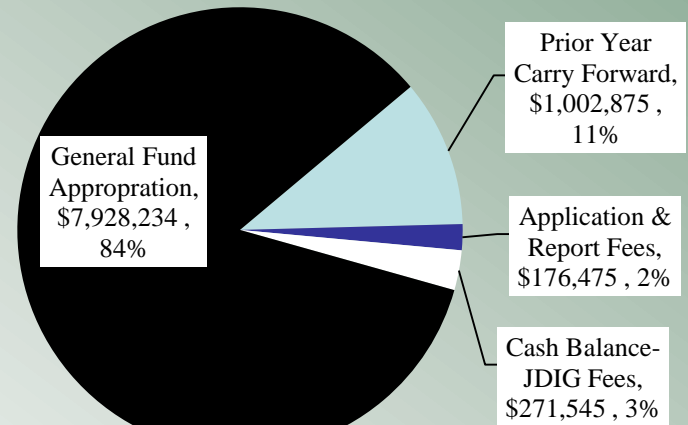
Appropriation: \$7.9 M

9 FTEs

Expenditure of Funds



Source of Funds



Recent NCGA Adjustments

FY 2012-13

- JMAC, \$7.5 M, NR
- One NC
 - Transferred \$45 M in cash balance to General Fund for general availability
 - Appropriated \$9 M, R. Cash flowed by OSBM
 - Capped awards at \$14M per Fiscal Year
 - Required an annual funding study

Recent NCGA Adjustments FY 2011-12

- IDF: Eliminated appropriation, (\$320,107), R
- JMAC, \$6 M, NR
- One NC, \$10 M, NR
 - Permitted use of \$250 K for admin purposes
- Required economic development grant report
- Broadband connectivity incentive for rural areas, \$1M, NR

Job Development Investment Grant

- **\$27.4 M, R** (Adjusted downward on a non-recurring basis & cash flowed by OSBM) FY 2012-2013: **\$20.9 M**
- **Creates new jobs** by providing a discretionary incentive that offers sustained annual grants directly to new and expanding businesses statewide, measured against a percentage of withholding taxes (10% to 75%) paid by new employees
- “is a binding obligation of the State and is **not subject to State funds being appropriated by the General Assembly**”

Job Development Investment Grant

Future Funding Needs

- Annual funding study by April 1st
- Companies are required to submit annual performance reports by March 1st. For reports submitted in 2012, companies over performed, meeting & exceeding target metrics for the first time in the program's history.
- Commerce Finance is currently reviewing 2013 reports and anticipates additional funding (beyond \$27.4 M, R) will be necessary to fulfill obligations

One North Carolina Fund

\$ 9 M, R

- Seeks to stimulate economic activity and create new jobs by providing a discretionary incentive “allocated to local governments for use in connection with securing commitments for **the recruitment, expansion, or retention of new and existing businesses**”
- Requires equal local government match

Industrial Development Fund & Utility Account

- Regular IDF, unfunded
- IDF Utility Account receives 25% of the value of every grant payment earned by companies for projects located in Tier 3 counties; 15% for projects in Tier 2 counties (FY 2011-12 JDIG Transfer: \$4.7M)
- Primarily used for reimbursable infrastructure grants; not for acquiring land or buildings or for constructing new buildings

Job Maintenance & Capital Development Fund

- Seeks to stimulate economic activity, **maintain significant numbers of high-paying jobs, and encourage addition of large-scale capital investment** by providing a discretionary incentive that offers sustained annual grants directly to businesses located in Tier 1 counties
- Eligibility to “Major Employers” (2,000 jobs & \$200M investment) or “Large Manufacturing Employer” (320 jobs & \$65 M investment)
- Governor's Continuation Budget removed \$7.5 M nonrecurring appropriation to JMAC

Federal Community Development Block Grant for Economic Development

- Reimbursable Grants (\$7 M)
 - Building Reuse
 - Local government and private business partnership
 - Max Project Cap of \$750 K
 - Infrastructure
 - Max Project Cap of \$1 M for Tier 1 & 2 Projects; \$750K for Tier 3 Projects
- Revolving Loan Fund (\$16 M). Local government and nonprofit partnership for:
 - Publically owned Shell Buildings: Max Project Cap of \$1 M
 - Site Development: Max Project Cap of \$4 M for Tier 1 & 2 Projects; \$3 M for Tier 3 Projects