

Commerce Finance Center

T H R I V E

in **NORTH CAROLINA**TM

Evaluating Incentives

- In research conducted by the Pew Center, North Carolina was one of only 13 states nationally that were “leading the way” in analyzing the impact of incentives and working with policy makers on the effectiveness of performance-based tools
- Only three states in this study were east of the Mississippi (NJ, CT) and with the exception of NC, none were in the southeast
- The Pew Center found that states with whom NC competes most reported at best, mixed results, and at worst, were trailing behind in their ability to analyze the effectiveness of incentives

Incentives Oversight

- According to a recent study by Good Jobs First, North Carolina ranks second nationally in terms of accountability and job-creation effectiveness
- If the study were to only take in to account programs run out of the Commerce Finance Center, NC would have led the nation
- The study looked at the extent to which programs use quantifiable performance requirements, such as job creation, retention, wage requirements and investment as safeguards
- Good Jobs First is the nation's leading resource for grass roots groups and public officials seeking to make economic development subsidies more accountable and effective

One North Carolina (One NC)

Performance Based

Statutory Cap/Awards/Fiscal Year-\$14 Million

- Grants range from three to five years
- Payments are based on documented new jobs

Historical Appropriations

Year	One NC
2003-2004	\$0
2004-2005	\$20 million
2005-2006	\$6 million
2006-2007	\$20 million
2007-2008	\$14 million
2008-2009	\$5 million
2009-2010	\$0
2010-2011	11,965,924
2011-2012	\$10 million
2012-2013	\$0

Job Development Investment Grant (JDIG)

Performance Based

Statutory Cap/Calendar Year-\$15 Million

- In any calendar year, the cumulative total of the highest paying year of all grants awarded cannot exceed a \$15 million cap
- Grants can go up to 12 years.

JDIG Award Cap \$15 million For Grantee Payments

Year	Statutory Program Cap	Annual Cap Utilized
2003	\$10,000,000	\$4,382,666
2004	\$15,000,000	\$11,947,521
2005	\$15,000,000	\$5,904,000
2006	\$30,000,000	\$18,888,000
2007	\$25,000,000	\$13,288,000
2008	\$25,000,000	\$13,951,520
2009	\$15,000,000	\$13,237,500
2010	\$15,000,000	\$11,487,000
2011	\$15,000,000	\$12,276,000
2012	\$15,000,000	\$13,870,800
2013	\$15,000,000	\$11,293,000

Historical Appropriations

Year	JDIG
2003-2004	NA
2004-2005	\$4.5 million
2005-2006	\$9 million
2006-2007	\$12.4 million
2007-2008	\$12.4 million
2008-2009	**\$11.7 million carry over
2009-2010	\$19 million
2010-2011	\$20.8 million
2011-2012	\$15.4 million
2012-2013	\$20.9 million

** \$27.4 million appropriated in FY 08-09 was not placed in the JDIG Reserve as a result of mandatory reversion in late May to help with year end shortfall. Funds were not reinstated.

Statutory JDIG Cap-\$15 Million

Example: MetLife Project

Company	Award Date	Avg Wage	Jobs	Term Years	(Annual Cap in Millions)			
					2015	2016-2026	Total	2027
MetLife	3/7/2013	\$81,891	2,622	12	Company	\$5.093	\$7.47	\$87.27
					Utility	\$1.78	\$2.49	\$29.09
					Total	\$6.79	\$9.96	\$116.36

Mecklenburg County 100% county average wage (2013) is \$57,144

Wake County 100% county average wage¹ (2013) is \$48,042

Walden Model

Example: MetLife Project

Net State Revenue Impact (assuming 75% for 12 years)

	2013	2014	2015	2016	2017	2018	<i>Annually</i> 2019-2025	Total
<i>(millions)</i>	\$4.12	\$3.29	\$5.65	\$2.55	\$2.48	\$3.65	\$4.05	\$50.15

Industrial Development Fund (IDF)

Funds for Publicly Owned Infrastructure

- The IDF Utility Account receives its funding through transfers as a result of payments to grantees of the Job Development Investment Grant Program in tiers 2 and 3
- The maximum grant the IDF can offer is \$500,000
- Reimburses local government based upon invoices submitted
- Funding levels
 - FY 2009-10 \$5,147,850
 - FY 2010-11 \$4,699,327
 - FY 2011-12 \$4,694,826

Community Development Block Grants (CDBG)

Funds for Publicly Owned Infrastructure

- Provides federal funding (HUD) for units of local government with projects that involve a private for-profit business creating or retaining jobs
- Commerce Finance Center administers the economic development component of the CDBG
- Reimburses local government based upon invoices submitted

IDF Five-Year Cumulative Impact

- The IDF Utility Account has benefitted from the maturation of the JDIG program and the increased level of funding that has occurred as a result of companies performing well
- Should funding be reduced, some of the more distressed areas in the state will be denied the opportunity to create a level playing field for recruiting companies to their areas
- The Generally Assembly recently reduced the number of qualifying counties from 80 to 65 – in today's economic climate it is believed that allowing all Tier 1 and 2 counties the opportunity to participate is ideal

Community Development Block Grants (CDBG) Five-Year Cumulative Impact

- The historical change that most impacted the CDBG-ED budget was the reduction in the percentage of ED funds from the annual allocation from 20% to 16.23% in 2011
- The 3.77% taken from the ED category was transferred to a small business program managed by the Division of Community Assistance

Representative Projects

County	Company	Program	Jobs	Investment
Davie	Ashley Furniture Industries, Inc.	JDIG, One NC, Utility	550	\$81.8 million
Halifax	Klausner Lumber Two, LLC	One NC, JDIG, CDBG-ED	350	\$110 million
Johnston	Caterpillar, Inc. (Bee)	JDIG , One NC	199	\$33 million
Forsyth	Caterpillar, Inc. (Camo)	JDIG, One NC	392	\$426 million
Lee	Caterpillar Inc. (Butterfly)	JDIG , One NC	325	\$28.3 million
Jones	Green Recycling Solutions	IDF	30	
Jones	Technical Control Consultants	IDF, CDBG-ED	38	\$1 million
McDowell	Rock Tenn, Inc.	CDBG-ED	124	\$18.5 million



Magna Composites (Rowan)

[Economic Development Grant Report](#)

T H R I V E

in **NORTH CAROLINA**™

Representative Projects

County	Company	Program	Jobs	Investment
Nash	Hospira Inc.	One NC	200	\$85 million
New Hanover	Castle Branch,, Inc.	JDIG	420	\$10.25million
Rowan	CanAm Yarns, LLC	JDIG	170	\$51.6 million
Rowan, Catawba, Caldwell	Magna Composites LLC	JDIG	327	\$10 million
Scotland	FCC (North Carolina), LLC	One NC , CDBG-ED	66	\$57.6 million
Wayne	AAR Manufacturing, Inc.	JDIG	500	\$3 million
Yancey	Altec Industries, Inc.	JDIG	350	\$14.4 million



AAR Manufacturing



Altec Industries

T H R I V E
in **NORTH CAROLINA**™