

Job Development Investment Grant (JDIG)

N.C. Gen. Stat. § 143B 437.50 to § 143B-437.63

PURPOSE/ DESCRIPTION – Seeks to stimulate economic activity and create 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

CREATED – 2002, first grants were awarded in 2003; authority to award new grants expires January 1, 2016

GOVERNANCE – Overseen by the Economic Investment Committee, which consists of five members (Secretary of Commerce, Secretary of Revenue, Director of the Office of State Budget and Management, and two private sector members appointed by the North Carolina General Assembly's House and Senate)

ELIGIBILITY – Awards must:

- Be competitive with another state/country and necessary for the project to local or expand in North Carolina
- Pass an economic model that demonstrates a net benefit to North Carolina, as based on projected tax revenues
- Be provided to a business (retail & sports teams are not eligible, except for motor sports racing) that provides health insurance, has no willful serious Occupational Safety & Health Act violations, and creates a minimum number of jobs (based on the county's tier designation; Tier 1 is 10, Tiers 2 or 3 is 20)
- The amount of a grant associated with any specific eligible position, may not exceed \$6,500 in any grant year

TERMS & AGREEMENTS

- A grant term cannot exceed 12 years. The total amount paid out in any single grant year to all companies awarded a grant in the same calendar year cannot exceed \$15 million
- Community Economic Development Agreement (CEDA):
 - “is binding and constitutes a continuing contractual obligation of the State and the business”
 - “is a binding obligation of the State and is not subject to State funds being appropriated by the General Assembly”
 - Contains recapture provisions (e.g. in the event that a business would not maintain operations at the project location, or at another approved site, for at least 150% of the term of the grant)
 - Must be reviewed and signed by the state Attorney General

PROCESS – Before grant disbursement,

- The grantee must file a Grantee Annual Report (GAR) by March 1 for the preceding calendar year, with a \$1,500 filing fee
- The grantee must achieve at least an 80% compliance rating (calculated by job creation, average wage, and investment criteria)
- The Department of Revenue must certify:
 - That the business has no overdue tax debts, and
 - the amount of withholdings received in the preceding year from the business on eligible positions

FUND HISTORY – \$27.4 M Recurring Appropriation, adjusted by the General Assembly as based on Commerce’s Annual Funding Study (April 1st). Office of State Budget & Management cash flows the grant payments to Commerce for disbursement to companies.

Fiscal Year	<i>Actual</i> 2009-10	<i>Actual</i> 2010-11	<i>Actual</i> 2011-12	<i>As of 1/31/13</i> 2012-13
Appropriation	19,000,000	20,800,000	15,400,000	20,900,000
Grant Payments	14,414,934	15,138,118	15,256,989	17,056,834
Transfer to Utility Account	5,147,850	4,699,327	4,694,826	5,169,453

The Industrial Development Fund’s Utility Account receives 25% of the value of every grant payment earned by companies for projects located in Tier 3 counties and 15% of the value of every grant payment earned by companies for projects located in Tier 2 counties. Funds in the Utility Account are then made available for infrastructure projects in North Carolina’s more distressed counties.

FUND ACTIVITIES

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Number of Grants Awarded	18	14	16	24	21
Total Grant Liability	\$174,010,975	\$57,323,000	\$148,541,000	\$104,556,000	\$128,994,600
Average Grant Amt.	\$9,667,276	\$4,094,500	\$9,283,813	\$4,356,500	\$6,142,600

One North Carolina Fund (One NC)

N.C. Gen. Stat. § 143B-437.70 to § 143B-437.75

PURPOSE/ DESCRIPTION – 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”

CREATED – 1993 (as the Governor’s Industrial Recruitment Competitiveness Fund)

GOVERNANCE – Commerce Finance Center recommends funding to Governor, who determines the final allocation. In the Governor’s absence & at the director of his Office, the Secretary of Commerce may prepare and send the award letter.

ELIGIBILITY

- A local unit of government must agree to equally match the One NC award amount
- Companies must:
 - Agree to meet an average wage test, ensuring that the average wage of all full-time workers meets or exceeds the county’s wage standard (Tier 1 counties excluded)
 - Be looking to relocate or expand to another region, therefore making this award competitive
- Purposes:
 - Installation or purchase of equipment
 - Structural repairs, improvements, or renovations of existing buildings to be used for expansion
 - Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings (new buildings are eligible for manufacturing & industrial operations)

TERMS & AGREEMENTS

- The amounts committed in any single fiscal year cannot exceed \$14 million (Fiscal Year 2012–13)
- Company Performance Agreement (between a local government & business):
 - Creates or retains a specific number of jobs, within a specific salary range, over a certain period of time
 - Contains recapture provisions (e.g. in the event that a business would not maintain at least 90% of jobs for one to two years after grant closes)
 - Outlines a disbursement schedule

TERMS & AGREEMENTS

- Local Government Grant Agreement (between State & local government):
 - Specifies match commitment, which can take a variety of forms (including combinations): cash, fee waivers, in-kind services, donation of land/buildings/assets, or provision of infrastructure
 - Contains recapture provisions
 - Outlines a disbursement schedule (usually over 3 years in four increments after proof of job creation/retention has been submitted to Commerce)

PROCESS – Allocation decisions are based on information submitted by the company, including:

- Average wage
- Job creation/ retention & associated timeline
- Investment
- Record of health insurance coverage & environmental practices

FUND HISTORY – \$9 M Recurring Appropriation (Fiscal Year 2012–13) and Annual Funding Study (April 1st). Office of State Budget & Management cash flows the grant payments to Commerce for disbursement to companies.

Fiscal Year	<i>Actual</i> 2007-08	<i>Actual</i> 2008-09	<i>Actual</i> 2009-10	<i>Actual</i> 2010-11	<i>Actual</i> 2011-12	<i>Certified</i> 2012-13
Appropriation	14,000,000	5,000,000	-	12,500,000	10,000,000	9,000,000
Grant Payments	2,611,846	8,231,210	4,607,440	1,441,501	4,262,604	4,376,245

FUND ACTIVITIES

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Number of Awards	37	34	52	73	62
Total Grants Awarded	\$10,157,000	\$8,179,000	\$13,455,590	\$16,422,850	\$19,489,158
Average Award Amt	\$274,514	\$240,559	\$258,761	\$224,971	\$314,341

Job Maintenance & Capital Development Fund (JMAC)

N.C. Gen. Stat. § 143B-437.012

PURPOSE/ DESCRIPTION – 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

CREATED – 2007

GOVERNANCE – Overseen by the Economic Investment Committee, which consists of five members (Secretary of Commerce, Secretary of Revenue, Director of the Office of State Budget and Management, and two private sector members appointed by the North Carolina General Assembly's House and Senate)

ELIGIBILITY – Awards must be provided to a business:

- With at least 2,000 employees that has invested \$200 million in capital improvements or will do so within 6 years (defined as a “major employer”); **OR**
- Converting its manufacturing process to change the product the business manufactures, which has at least 320 employees and has invested \$65 million in capital improvements or will do so within 3 years (defined as a “large manufacturing employer”)

AND

- Meets a wage standard (average weekly wage is at least 140% of county's average wage for all insured private employers), provides health insurance, has no Occupational Safety & Health Act violations, and has not had an environmental disqualifying event

TERMS & AGREEMENTS

- A total of 5 grants may be made under the program. Grants may be made for a term of up to 10 years. The sum of all grants awarded under the program may not exceed \$69 million. The total annual cost of an agreement may not exceed \$6 million.
- Annual grant payments are based on amounts a grantee pays in certain taxes on, or resulting from, new project machinery and equipment and building materials, worker training expenses, and state permitting fees for expansion.

FUND HISTORY – Nonrecurring Appropriation

Fiscal Year	<i>Actual</i> 2008-09	<i>Actual</i> 2009-10	<i>Actual</i> 2010-11	<i>Actual</i> 2011-12	<i>12/31/2012</i> 2012-13
Appropriation	5,000,000	-	6,500,000	6,000,000	7,500,000
Grant Payments		4,954,393	5,891,983	5,745,079	5,614,018

FUND ACTIVITIES

\$67 million and three 10-year grants have been awarded:

- “Major Employer” Bridgestone (\$30 million)
- “Major Employer” Goodyear (\$30 million)
- “Large Manufacturing Employer” Domtar (\$7 million)

Industrial Development Fund (IDF) & Utility Account

N.C. Gen. Stat. § 143B-437.01 & § 143B-437.61

PURPOSE/ DESCRIPTION – “to assist the local government units of the most economically distressed counties in the State in creating and retaining jobs”

CREATED – 1989 (Utility Account began in 2002, with the Job Development Investment Grant)

ELIGIBILITY

- Located in a county with one of the 65 highest development tier rankings
- Businesses:
 - air courier services
 - company headquarters that creates at least 75 new headquarters jobs
 - information technology and services
 - manufacturing
 - warehousing and wholesale trade
- Purposes:
 - Loans for:
 - Purchase or installation of equipment,
 - structural repairs, improvements, or renovations of existing buildings, or
 - Reimbursable grants for:
 - construction of or improvements to new or existing water, sewer, gas, telecommunications, high speed broadband, electrical utility distribution lines or equipment, or transportation infrastructure for existing or new or proposed industrial buildings
 - NOT for acquiring land or buildings or for constructing new buildings

TERMS & AGREEMENTS

- Maximum funding is \$500,000 per project or \$10,000 per job created/retained
- Minimum local government match of 25% for public facility projects (for all but the 25 most distressed counties)

UTILITY ACCOUNT – Same requirements as IDF, except:

- Purposes– Construction or improvements to publically-owned:
 - new or existing water, sewer, gas, telecommunications, high speed broadband, electrical utility distribution lines or equipment, or
 - transportation infrastructure for existing or new or proposed industrial buildings
- To receive an award, the local government applicant must demonstrate that the infrastructure funded by the grant is reasonably expected to lead to job creation but a specific job commitment is not required

FUND HISTORY & ACTIVITIES

IDF

Fiscal Year	<i>Actual</i> 2008-09	<i>Actual</i> 2009-10	<i>Actual</i> 2010-11	<i>Actual</i> 2011-12	<i>12/31/2012</i> 2012-13
Appropriation	320,107	320,107	320,107	-	-
Grant Payments	2,117,688	1,082,119	661,788	790,000	-

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2010-12
Number of Awards	8	8	6	2	0
Total Grants Awarded	\$1,432,134	\$1,654,783	\$1,526,346	\$225,000	\$0
Total Loans Awarded	\$100,000	\$0	\$0	\$0	\$0
Average Award Amt	\$191,517	\$206,848	\$254,391	\$112,500	\$0

UTILITY ACCOUNT – Financed through statutory deductions from JDIG payments (25% for Tier 3 county projects; 15% for Tier 2)

Fiscal Year	<i>Actual</i> 2007-08	<i>Actual</i> 2008-09	<i>Actual</i> 2009-10	<i>Actual</i> 2010-11	<i>Actual</i> 2011-12	<i>As of 1/31/13</i> 2012-13
Appropriation	-	-	-	-	-	-
Transfer from JDIG	4,021,647	1,667,268	5,147,850	4,699,327	4,694,826	5,169,453
Grant Payments	474,500	897,080	2,489,700	3,383,857	3,451,510	862,044

Fiscal Year	2007-08	2008-09	2009-10	2010-11	2011-12
Number of Grants Awarded	8	8	8	15	9
Total Grant Amount	\$2,848,300	\$3,281,578	\$3,211,691	\$5,078,445	\$3,352,367
Average Grant Amount	\$356,038	\$410,197	\$401,461	\$338,563	\$372,485