



NCGA | EDGE Committee

EDPNC Overview

April 5, 2018

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Chief Executive Officer
EDPNC

| Topics

- 1** | What matters to businesses? (UPDATED 4.5.2018)
- 2** | What were the EDPNC's performance results in 2017?
- 3** | What do we need to be more successful?
- 4** | How are other states incentivizing jobs and investment?

What matters to businesses?

- #1: Highway accessibility**
- #2: Labor costs**
- #3: Availability of skilled labor**
- #4: Quality of life**
- #5: Occupancy/construction costs**
- #5T: Tax exemptions**
- #7: Proximity to major markets**
- #8: Corporate tax rate**
- #9: State and local incentives**
- #10: Available land / sites**

Combined Ratings*		
CORPORATE SURVEY 2017		
Site Selection Factors	2017	2016
Ranking		
1. Highway accessibility	91.3	94.4 (1)**
2. Labor costs	91.1	89.6 (3)
3. Availability of skilled labor	88.8	89.8 (2)
4. Quality of life	87.2	76.4 (10)
5. Tax exemptions	85.9	79.7 (7)
5T. Occupancy or construction costs	85.9	86.0 (4)
7. Proximity to major markets	84.6	78.1 (9)
8. Corporate tax rate	83.2	82.3 (6)
9. State and local incentives	81.3	84.0 (5)
10. Available land	76.9	75.3 (12)
11. Expedited or "fast-track" permitting	76.7	71.7 (13)
12. Proximity to suppliers	76.4	66.0 (20)
13. Energy availability and costs	76.0	78.5 (8)
14. Available buildings	75.9	75.5 (11)
15. Right-to-work state	74.7	70.1 (16)
16. Training programs/technical colleges	72.8	66.7 (18)
17. Inbound/outbound shipping costs	71.8	69.1 (17)
18. Low union profile	71.4	70.8 (14T)
19. Environmental regulations	70.2	70.8 (14)
20. Availability of long-term financing	64.6	66.7 (18T)
21. Accessibility to major airport	56.4	52.4 (22)
22. Raw materials availability	56.0	53.7 (21)
23. Water availability	55.3	46.3 (24)
24. Availability of unskilled labor	52.0	51.9 (23)
25. Proximity to innovation/commercialization R&D centers	44.7	39.2 (26)
26. Availability of advanced ICT services	42.7	40.9 (25)
27. Waterway or oceanport accessibility	31.2	18.1 (28)
28. Railroad service	29.9	33.7 (27)

*All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

**2016 ranking

What matters to businesses?

- #11: Expedited permitting**
- #12: Proximity to suppliers**
- #13: Energy availability and costs**
- #14: Available buildings**
- #15: Right-to-work status**
- #16: Training programs**
- #17: Logistics costs**
- #18: Low union profile**
- #19: Environmental regulations**
- #20: Availability of financing**

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**2016 ranking

What matters to businesses?

#21: Access to major airport

#22: Raw materials availability

#23: Availability of water resources

#24: Availability of unskilled labor

#25: Proximity to R&D/innovation

#26: Availability of ICT/telecom

#27: Seaport or water port access

#28: Railroad service

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**2016 ranking

Mission of the EDPNC

The Economic Development Partnership of North Carolina advances the economic interests of North Carolina's 100 counties and more than 10 million residents, through its collaboration with state, regional, local, and private-sector partners in new business recruitment, existing employer support, international trade and export assistance, small business start-up counseling, and tourism promotion.



**Business
Recruitment**



**Existing Industry
Support**



**International
Trade**



**Small Business
Support**



Travel & Tourism

How does the EDPNC define success?

Business Recruitment (BR)

→ **Get companies to locate here**

Existing Industry Support (EI)

→ **Get companies already here to stay and grow here**

Export Assistance / International Trade (IT)

→ **Help companies already here to sell products overseas**

Small Business Start-up Counseling (BLNC)

→ **Help individuals launch new businesses**

Tourism Promotion (VisitNC)

→ **Get visitors to travel here and spend their money here**

How does EDPNC measure BR success?

- **Total number of all recruitment and expansion wins across the entire EDPNC enterprise**
- **Number of all projects won in Tier 1 and 2 areas**
- **Number of new jobs announced from all recruitment and expansion wins across EDPNC**
- **Number of new jobs from BR wins only**
- **Amount of new capital investment announced from all recruitment and expansion wins across EDPNC**
- **Amount of new capital investment from BR wins only**

What did BR's results look like in 2017?

Performance Metric	2016 Results	2017 Results
# of BR and EI projects won in total	139	150
# of BR and EI wins in Tier 1 and Tier 2 counties	94	93
# of new jobs, all recruitment and expansion wins	14,944	19,999
# of new jobs, BR wins only	12,640	16,485
\$ in new cap-ex, all recruitment and expansion wins	\$3.84 billion	\$4.15 billion
\$ in new cap-ex, BR wins only	\$3.24 billion	\$3.28 billion

How does EDPNC measure EI success?

- **Number of projects won by EI team**
- **Number of projects won by EI team in Tier 1 and 2 areas**
- **Number of new jobs from EI wins**
- **Amount of new capital investment from EI wins**
- **Number of existing businesses supported**

What did EI's results look like in 2017?

Performance Metric	2016 Results	2017 Results
# of EI projects won	57	75
# of EI wins in Tier 1 and Tier 2 counties	47	60
# of new jobs, EI wins	2,304	3,514
\$ in new cap-ex, EI wins	\$602 million	\$866 million
# of existing businesses supported	1,056	1,141

How does EDPNC measure IT success?

- **Number of companies assisted with exports**
- **Value of incremental new exports reported by companies assisted**

What did IT's results look like in 2017?

Performance Metric	2016 Results	2017 Results
# of companies assisted with exports	558	559
Value of incremental new export revenues reported by companies assisted	\$832 million	\$890 million

How does EDPNC measure BLNC success?

- **Number of cases assisted involving callers inquiring about business start-up requirements**
- **Number of cases assisted in Tier 1 and Tier 2 counties**
- **Customer satisfaction rating among all callers assisted**
- **Number of proactive events promoting small business start-up assistance resources to targeted entrepreneur audiences**

What did BLNC's results look like in 2017?

Performance Metric	2016 Results	2017 Results
# of cases assisted involving callers inquiring about business start-up requirements	20,152	22,092
# of cases assisted in Tier 1 and Tier 2 counties	6,650	8,924
Customer satisfaction rating of at least 4-out-5 among all callers	100%	97%
# of proactive events promoting small business start-up assistance resources to targeted audiences	n/a	76

How does EDPNC measure VisitNC success?

- **Total spending by visitors while in North Carolina**
- **Number of consumer inquiries about travel to North Carolina (as captured through website visits on VisitNC.com and tourism hotline calls)**
- **Number of Tier 1 and Tier 2 cooperative marketing partners**

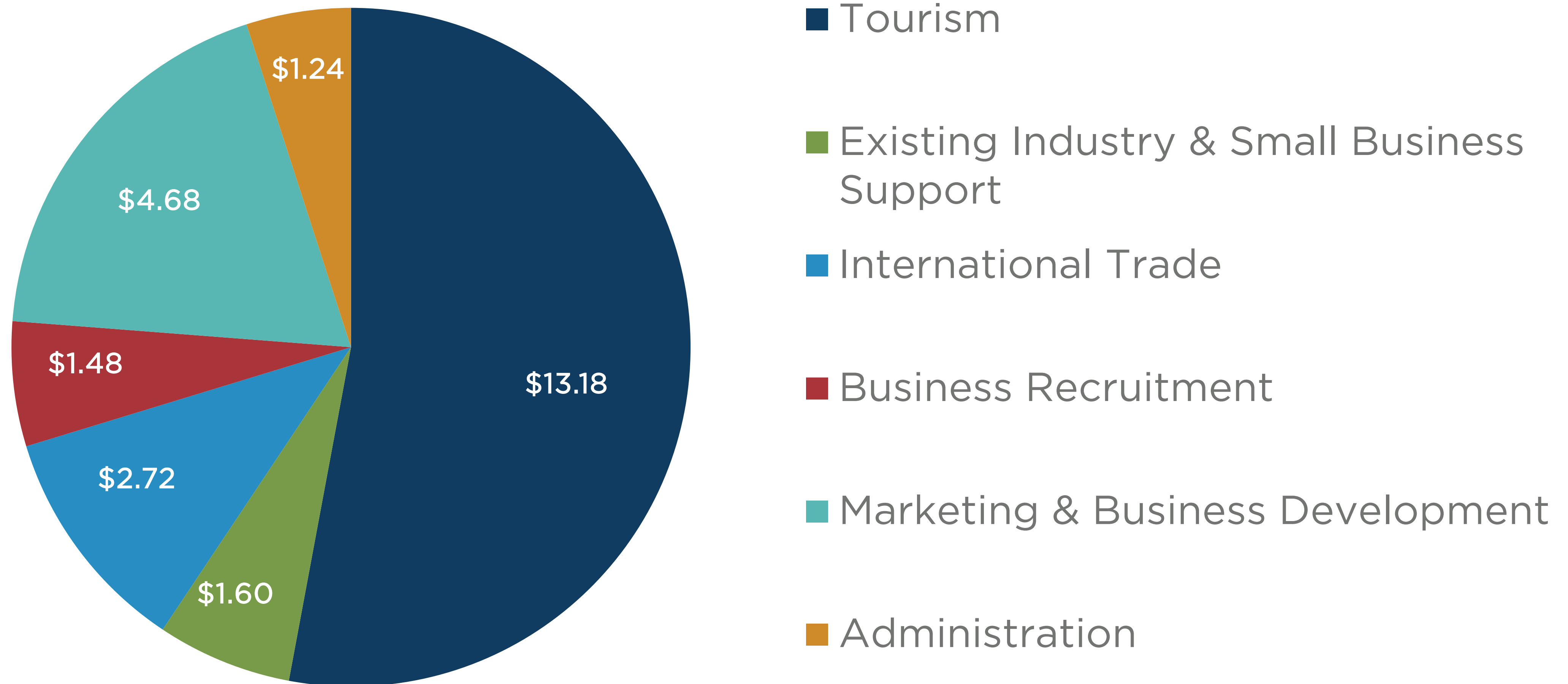
What did VisitNC's results look like in 2017?

Performance Metric	2016 Results	2017 Results
Total visitor spending (2017 results available in April 2018)	\$22.91 billion	TBA 4/2018
Number of consumer inquiries (thru VisitNC.com and tourism hotline)	7.10 million	7.53 million
Number of Tier 1 and Tier 2 cooperative marketing partners	98	101

| What do we need to be more successful?

- 1 | Understanding that economic development is not just recruitment
- 2 | Resources to expand our capabilities to do more across the state
- 3 | An opportunity to help inform policy decisions

FY17-18 EDPNC Budget (in millions by function)



| How are other states incentivizing jobs?

- 1 | Ohio example: Job Creation Tax Credit incentive
- 2 | Missouri example: Missouri Works incentive

Ohio Job Creation Tax Credit

- 1 | Based on percentage of payroll awarded as refundable tax credit over multiple year-term
- 2 | Minimum of 10 jobs must be created
- 3 | Minimum of \$660,000 in annual payroll
- 4 | Jobs must pay at least 150 percent of federal minimum wage
- 5 | No annual limit on amount of tax credits awarded thru program

Missouri Works

- 1 | Based on percentage of payroll awarded as combination of retained withholdings and/or refundable tax credits over 5 years
- 2 | Minimum of 2 jobs must be created
- 3 | Special category for “Rural” projects (i.e. lower job threshold)
- 4 | Jobs must pay at least 90 percent of county average wage
- 5 | Additional year of benefit for MO companies with “seniority”
- 6 | Annual limit on amount of program tax credits: \$116 million

How are other states incentivizing jobs?

Feature of program	NC JDIG	OH Job Creation Tax Credit	MO Missouri Works
Job creation minimum requirements	10 ~ 50 (statute vs. policy)	10	2
Form of incentive benefit to awardee	Annual grant over up to 12 years	Annual refundable tax credit over 10 years	Combined WH and ref. tax credit over 5~6 years
Annual cap on awards thru program	\$20 million (excl. "high-yield" projects)	No limit	No limit on WH benefits \$116 mm in tax credits
Special treatment of distressed counties	Yes 3-tier system	Yes Priority Investment Areas	Yes Non-urban counties
Special benefit for firms "with seniority"	No	No	Yes

EDPNC 2017 Annual Report can be found at:
<https://edpnc.com/wp-content/uploads/2018/03/EDPNC-Annual-Report-Final-Web.pdf>

Questions?

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