

**JOINT LEGISLATIVE ECONOMIC DEVELOPMENT AND GLOBAL ENGAGEMENT OVERSIGHT
COMMITTEE**

March 8, 2018

Room 643 of the Legislative Office Building

The Joint Legislative Economic Development and Global Engagement Oversight Committee met on Thursday, March 8, 2018 at 1:15 p.m. The meeting was held in Room 643 of the Legislative Office Building. 18 Members were present including 9 Senators and 9 Representatives. House Members present were Susan Martin (Co-Chair); Stephen Ross (Vice Chair); Bob Muller; Debra Conrad; John A. Fraley; Ken Goodman; Michele D. Presnell; Rena W. Turner; Mark Brody. Senate Members present were Harry Brown (Co-Chair); Chuck Edwards; Rick Gunn; Brent Jackson; Paul A. Lowe, Jr.; Floyd B. McKissick, Jr.; Erica Smith; Trudy Wade; Angela R. Bryant.

Representative Susan Martin presided and called the meeting to order at 1:15 p.m.

Representative Martin recognized the Sergeant-at-Arms Senate staff Terry Barnhardt, Tom Burroughs, House Staff Bill Bass, Rex Foster and Jim Moran, thanked the staff for all of their hard work, and asked members for a motion to approve minutes from the January 11, 2018 minutes. Rep. Turner made the motion. Members voted unanimously to approve the minutes.

Minutes are on the website along with questions from the last meeting with answers.

PRESENTATIONS

**Presentation: Economic Development Incentive Grants by Prosperity Zone 2013-2017
(Presentation Attached or Posted on Website)**

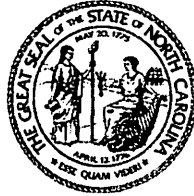
Representative Martin recognized Katherine Tamer, Fiscal Analyst of Fiscal Research Division, NCGA for the first presentation.

Ms. Tamer took a question from Sen. McKissick and will provide him with the information requested.

**Presentation: Response to Economic Development Incentive Grants by Prosperity Zone 2013-2017
Anthony Copeland, Secretary of Commerce**

**Christopher Chung, Chief Executive Officer, EDPNC
The Economic Development Partnership of North Carolina (EDPNC)
(Presentation Attached or Posted on Website)**

Representative Martin recognized Anthony Copeland, Secretary of Commerce, Department of Commerce for the first presentation.



Secretary Copeland started off with project lost – Toyota is an example from 1/12/17 that we accomplished together. Toyota Executives had two questions. First they asked will the House, Senate and Governor’s office work together for certainty and clarity. He shared that without reservation that happened by putting the package together – Senator Berger, Speaker Moore, and Senator Wade were instrumental in putting that together. Their second question was is there an adequate workforce? They were satisfied we had an adequate workforce. He continued to share that we put together a monumental incentive package that allowed them to bend their supply chain, because we stepped up and stayed in play well into January in the end. He thanked both sides of the isle for working together, because this makes us competitive in the global market place and showed we can work together – locals, regulators, environmentalists. It was lots of work and with direction, we can do it again. He said problems from previous year when he was not here have been fixed.

Last year Credit Suisse in May had 1200 jobs retained and invested \$70M. He shared that since 2017, we have awarded 24 job development investment grants with 50% in tier 1 & tier 2 counties. We awarded 34 One NC Grants, 94% grants in tier 1 and tier 2 counties. Rural Infrastructure awarded grants – 27 in tier 1, 47 in tier 2 and this is the culmination of 21k jobs total, which is where we were in 2008. Very good thing. He talked about projects that show creativity and hard work: called wrap around strategy with government, local, municipality, state working together. An example is German Company - Englewood Properties in Davidson – why did that happen? Adequate employees, site & infrastructure (takes time w/state & local private dollars). It takes time and we must continue making sites, broadband, etc. ready. He shared that Corning announced 2 projects at once, which did not happen by accident. 317 jobs in Durham 111 jobs in Edgecombe. He took credit for encouraging them to split total jobs and not put all into tier 3. They put some in a tier 1 by using life sciences. Another company is Baxter Healthcare in McDowell that retained 2600 jobs.

A Chinese company - Triangle Tire Co. brought 800 jobs into Edgecombe tier 1. He talked about his trip to China to land this company was very arduous.

He believes that if we continue to work hard, we can put more of these into our struggling counties such as the current ongoing prospects with Armstrong in Onslow, continuing in Burke, etc. – These take hard work and don’t happen by accident and require post deal work.

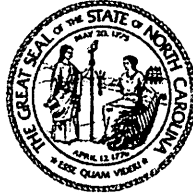
He concluded that we have uphill challenges, and he would like to continue to work with you, asked that you give him the tools to do what he needs to do. Driven by site consultants.

Questions were taken concerning business recruitment activity and answers were provided by Secretary Copeland.

Senator Gunn requested that the Department of Commerce provide an update about the Priority Zones at the April meeting, and Representative Martin noted that it would be considered as a possibility. Secretary Copeland noted that a Director for outdoor recreation in North Carolina has been named with the funds designated from last year’s budget.

Representative Martin recognized Christopher Chung, Chief Executive Officer of The Economic Development Partnership of North Carolina (EDPNC) to present the second part of the Response to Economic Development Incentive Grants by Prosperity Zone 2013-2017.

Mr. Chung introduced members of their volunteer board of directors appointed by the legislature - Gene McClorn, Sheila Night, Mark Zimmerman and Dave Craven and then went through the content of his presentation. He noted that he cannot lobby because he is with Commerce, but he offered to answer questions. His answers focused on being in the best position to have all of North Carolina in play for jobs and economic growth.



**Presentation: Hometown Strong: Community Engaged Partnerships
By Mr. Pryor Gibson, Director, Hometown Strong
(Presentation Attached or Posted on Website)**

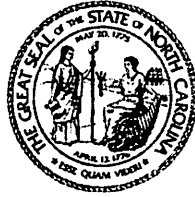
Representative Martin recognized Mr. Pryor Gibson, Director of Hometown Strong to present the Hometown Strong, Community Engaged Partnerships.

Mr. Gibson noted the support at the federal level and ongoing robust meetings being held with cities and counties across the state using Priority Zones. He took questions and reiterated action being taken to offer help around the entire state.

**Presentation: Site Selection Consultant Experience
By John Boyd, Principal, The Boyd Company**

Representative Martin invited Mr. Boyd of The Boyd Company who is often quoted about the state of North Carolina and works with a lot of other states to give the Site Selection Consultant Experience presentation.

Mr. Boyd noted that his firm is one of the oldest, most well-known site selection firms in the country. His firm is very active in North Carolina. He has been quoted as stating "the economic development of 2018 is the second war between the states" because of competitiveness. He noted the trend of reshoring up jobs has increased dramatically – Ford, AT&T, Pfizer, Revlon, etc. because the business climate is friendlier under current administration (tax cuts, eliminating expensive environmental regulations, pro-business energy policy, US first trade, trillion dollar market place). He is seeing a flurry of foreign companies invest in US. It is a very exciting time for economic development. He explained the acronym his firm uses in their site selection projects is TALIO. T is for Talent – North Carolina's talent pool is one of the best in America for education (53 colleges and universities), Raleigh's impressive cluster of biotech and IT, banking and corporate headquarters concentration in Charlotte, the triad's manufacturing skillset lead by a technical Community College system that is trend setting and used around the country as a model for vocational training, and a military presence (NC is 4th) for skilled workforce. A is for Access - access to reliable low cost energy, telecommunications infrastructure, natural resources, shovel ready sites with four mega sites, and access to the global market by an airport with direct flights to Paris, London and hopefully China soon, the highway infrastructure is uniquely linked to the rich Northeast, the west and the heart of manufacturing southern markets. Intermodal-rail is a critical site selection driver, and North Carolina has the 4th largest consolidated rail system in the country that links manufacturers throughout the state to import export services at the port in Wilmington, which gives North Carolina high marks. L is for Lifestyle – North Carolina offers advantages with beaches, mountains to the west, world class golf, iconic college sports with cultural amenities associated with premier colleges. Affordability with low competitive home pricing, property taxes and income taxes are a bargain here, which is especially timely with tax changes and talk of a new millionaire tax in New Jersey and Massachusetts. I is for Incentives which are a necessary evil. We like what we see with the legislature and it sends a great message to the auto industry, aerospace industry, medical devices industry, food processing industry that North Carolina



is open for business to partner with a company by investing critical things like workforce training and infrastructure. Operating costs are low with labor costs in banking 20% less in Charlotte than NY and pharmaceuticals costs 20% less in Raleigh versus Boston.

Mr. Boyd took questions and gave answers:

Sen. Brown: Why send anybody anywhere else?

Mr. Boyd: We love North Carolina and these are exciting times.

Rep. Fraley: Are you seeing any results of China pulling back on their international investments?

Mr. Boyd: No. Our clients are aware of the posture in DC. It is more expensive to manufacture abroad and when we factor in the American First stance, where will these projects go? Winning states are the right to work status, low union membership, and aggressive workforce training. NC fits that bill today.

Rep. Fraley: The fact that the Chinese government has curtailed Chinese companies from investing in the US – that was my point.

Mr. Boyd: It will be interesting to see how this plays out. Our clients are aware of this PR battle. Fairer trade that protects our manufacturing base is needed, and the case needs to be made by our government.

Rep. Brody: I would like your opinion on spec buildings. My county is an extreme Tier 3 and Tier 1 – hence reason for spec. buildings. Does that have value in your opinion if we would invest in spec buildings? Would that be attractive to a number of businesses that they're out there?

Mr. Boyd: Yes. Our clients expect to have a variety portfolio available to them. Turn key is terrific. They looked at Louisiana repurposing buildings. Yes, I'm a fan of spec buildings.

Rep. Conrad: I'm familiar with reshoring and hoped that North Carolina was in the best position to get these manufacturing plants back. I've heard that Hanes is the most difficult – is that correct?

Mr. Boyd: The challenge is to fish where the fish are. I'm especially optimistic for the triad region to get high growth, aerospace, food processing areas.

Presentation: H1-B Visas

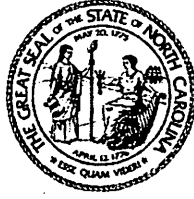
**By Anthony Copeland, Secretary of Commerce, Department of Commerce
(Presentation Attached or Posted on Website)**

Representative Martin welcomed back Secretary Copeland to address the H1-B Visas Presentation. Secretary Copeland noted that Jackie Keener has all the statistical information and then he will be glad to cover it. Ms. Keener gave a brief overview. Secretary Copeland took questions concerning H1 Visas and responded that there is little to no data available for them. It was noted that the rules for this come from federal policy.

Presentation: Defining Appropriate Program Indicators

**By Rodney Bizzell, FRD, NCGA
(Presentation Attached or Posted on Website)**

Rep. Martin introduced Rodney Bizzell to follow up on the January presentation. Mr. Bizzell did a brief review and explained details about the current tier program. He pointed out that the current Tier System



is not a good system to measure government distress. It is better measured by local tax capacity. He took questions and explained the slides. The complication and importance of updating the tier system was acknowledged, and a reminder that North Carolina's economy is growing strong as a result of the work done by the legislature was made.

NOTE: The audio of this entire meeting is posted on the committee website for further review.

Adjournment

There being no further business, the meeting adjourned at 4:05pm.

A handwritten signature in cursive script that reads "Susan Martin".

Representative Susan Martin, Co-Chair
Presiding

A handwritten signature in cursive script that reads "Susie Farrell".

Susie Farrell, Committee Clerk

Attachments or Postings on Website:

- 1 Committee Notice
- 2 Agenda
- 3 Minutes from January 11, 2017 meeting
- 4 Visitor's Registration
- 5 Response To Questions from January 11, 2018 meeting
- 6 Presentation by Katherine Tamer, Fiscal Analyst, Economic Development Incentive Grants by Prosperity Zone 2013-2017
- 7 Presentation by Christopher Chung, CEO of EDPNC, Response to Economic Development Incentive Grants by Prosperity Zones 2013-2017
- 8 Presentation by Pryor Gibson, Director, Hometown Strong: Community Engaged Partnerships
- 9 Presentation by Anthony Copeland, Secretary of Commerce, Dept. of Commerce, H-1B Visas
- 10 Presentation by Rodney Bizzell, Principal Fiscal Analyst, Fiscal Research Division, NCGA, Defining Appropriate Program Indicators

