

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

Economic Development in North Carolina

**Joint Legislative Economic Development and Global
Engagement Oversight Committee**

February 1, 2024

Outline

- State Economic Development Agencies
 - NC Department of Commerce
 - Economic Development Partnership of NC (EDPNC)
- Economic Development Programs



NC Department of Commerce

Commerce is the lead agency promoting economic development, workforce development, and travel and tourism within the State.

- G.S. 143B-427 *et seq.*
- Secretary Machel Baker Sanders
- Includes:
 - Labor and Economic Analysis Division (LEAD)
 - Rural Economic Development Division (REDD)
 - Commerce Finance Center
 - Office of Science, Technology and Innovation (OSTI)



Labor and Economic Analysis Division (LEAD)

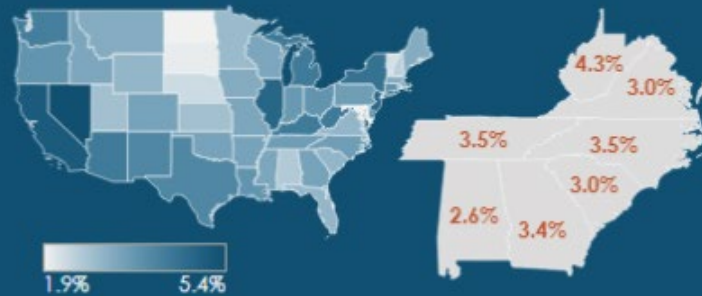
NC TODAY | » December 2023 Data



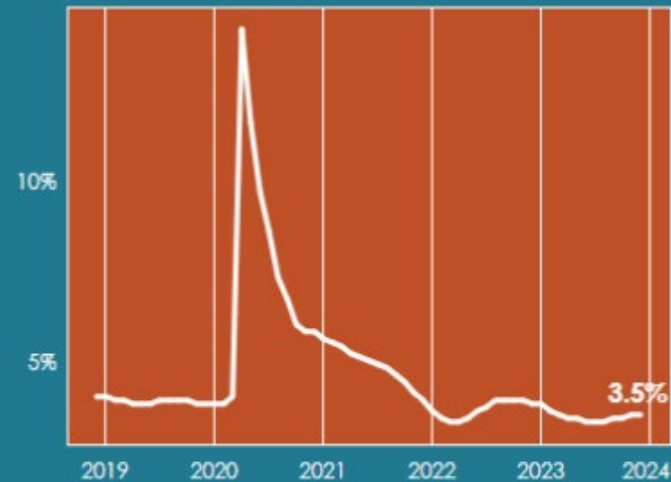
UNEMPLOYMENT RATE COMPARISON

North Carolina
3.5% ▶
3.5% LAST MONTH

United States
3.7% ▶
3.7% LAST MONTH



NC UNEMPLOYMENT RATE TREND



KEY INDICATORS

NONFARM JOBS

2,100 ▲

CHANGE SINCE PREVIOUS MONTH

REAL WAGES

0.0% ▼

CHANGE SINCE PREVIOUS MONTH

MANUFACTURING HOURS WORKED

-0.5% ▼

CHANGE SINCE ONE YEAR AGO

JOB OPENINGS*

-2.1% ▼

CHANGE SINCE PREVIOUS MONTH

BUILDING PERMITS*

-0.1% ▼

CHANGE SINCE PREVIOUS MONTH



FISCAL RESEARCH DIVISION

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Commerce Divisions

Rural Economic Development Division (REDD)

- Community Development Block Grant (CDBG)
- Utility Account
- Rural Grant Programs



Commerce Finance Center (CFC)

- Job Development Investment Grant (JDIG)
- Job Maintenance and Capital Development Fund (JMAC)
- One NC
- Film Grant
- Esports



Office of Science, Technology, and Innovation (OSTI)

- One NC Small Business Program



one north carolina
Small Business Program



Economic Development Partnership of NC (EDPNC)

- G.S. 143B-431.01 allows Commerce to contract with a nonprofit for certain functions
- Contracted Functions:
 - Business marketing and recruitment
 - Existing industry and small business support
 - Export assistance
 - Tourism, film, and sports development
- Contract renewed for three years in 2022
- The EDPNC cannot administer grants except for:
 - Megasites Readiness Program
 - Selectsites Readiness Program
 - Rural Tourism Recovery Pilot Program
- Net Appropriation: \$20.5 million



Job Development Investment Grant (JDIG)

- G.S. 143B-437.50 *et seq.*
- Provides cash grants directly to companies
- Only awarded in competitive recruitment or retention situations
- Grants are paid out over time if the company meets the agreed job creation and investment goals
- Amount of grant tied to number of positions
- Award capped based on annual liability per award year
- Appropriation: \$71.7 million R



JDIG: Standard

	Tier One	Tier Two	Tier Three
Minimum # of Eligible Positions	10	20	50
Maximum Grant Amount as % of Withholdings	80%	75%	75%
Transfer to Utility Account	--	10%	25%

**Maximum Base Period:
5 years**

**Maximum Grant Term:
12 years**



JDIG: High-Yield

Minimum # of
Eligible Positions:
1,750

Minimum
Investment: \$500
million

Maximum Grant
as % of
Withholdings:
100%

Maximum Base
Period: 5 years

Maximum Grant
Term: 20 years

Transfer to Utility
Account: 10%



JDIG: Transformative

Minimum # of
Eligible Positions:
3,000

Minimum
Investment: \$1
billion

Maximum Grant
as % of
Withholdings:
100%

Maximum Base
Period: 10 years

Maximum Grant
Term: 30 years

Transfer to Utility
Account: 10%

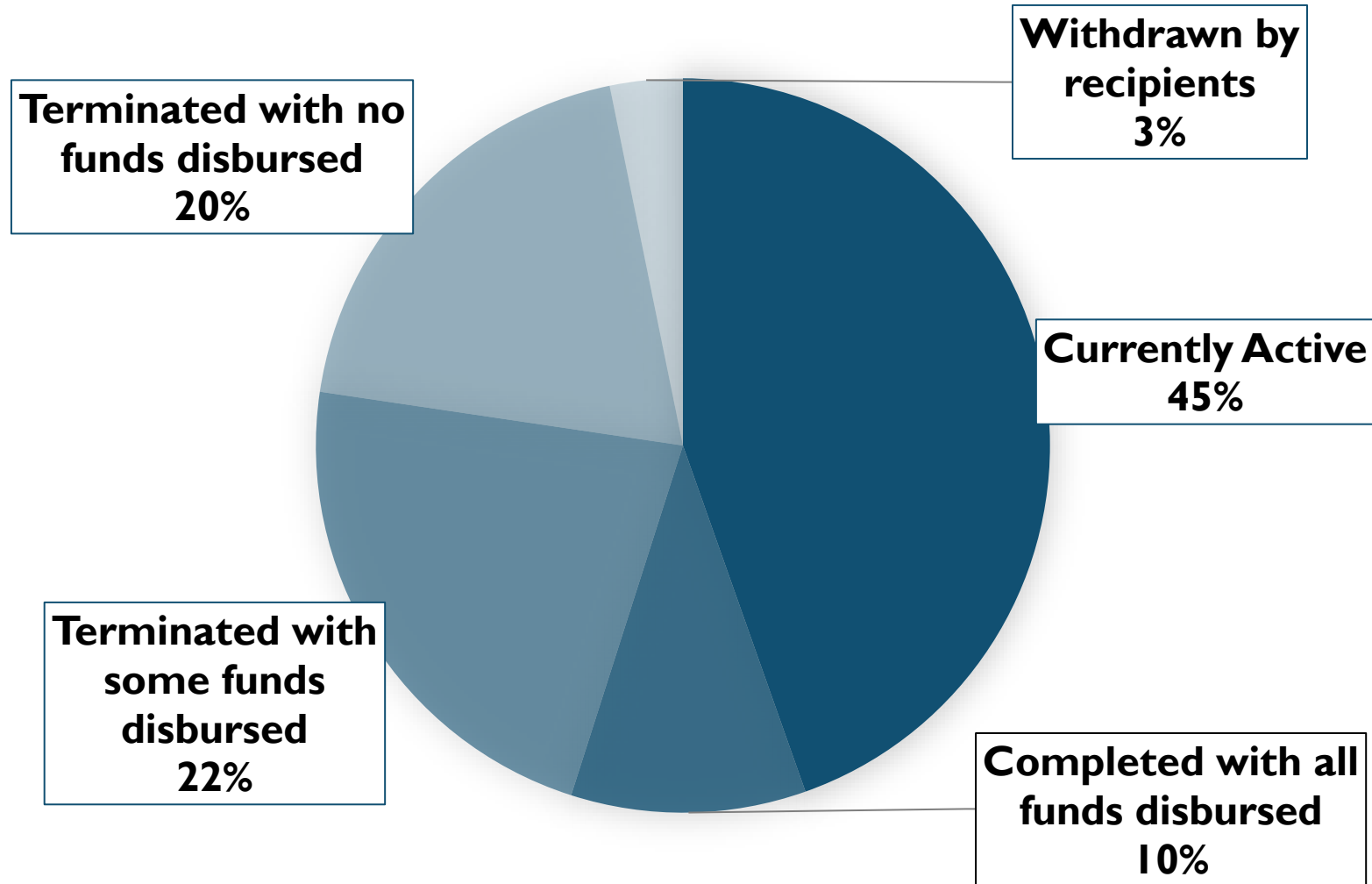


JDIG: Transitional

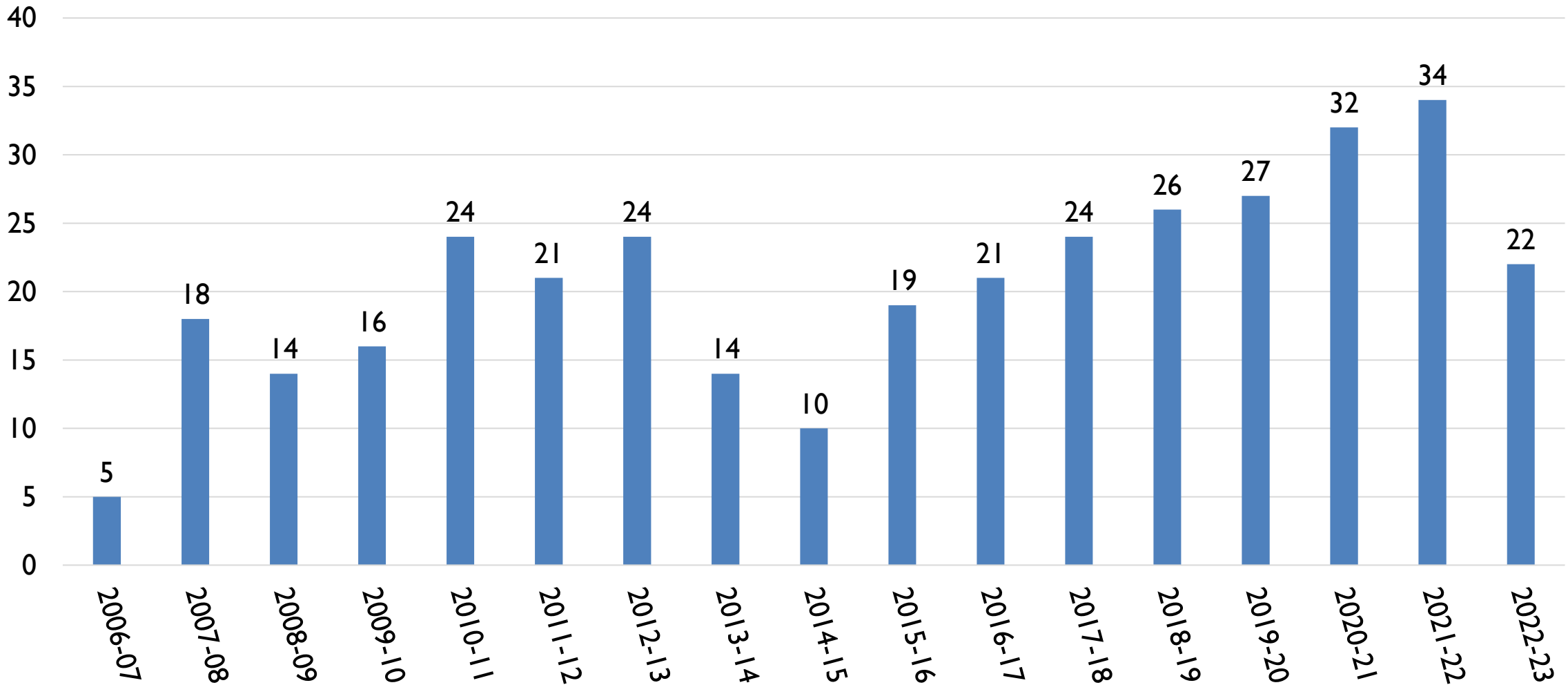
- Allows a company to define a second phase of the project with higher job creation and investment targets
- If the company triggers phase II, then Transitional JDIG takes on Transformative Project properties
- Phase I minimums : 1,750 eligible positions and \$1 billion investment
- Phase II minimums: 3,875 eligible positions and \$3 billion investment



Status of JDIG Awards, 2003-2023



Number of JDIG Awards by Fiscal Year

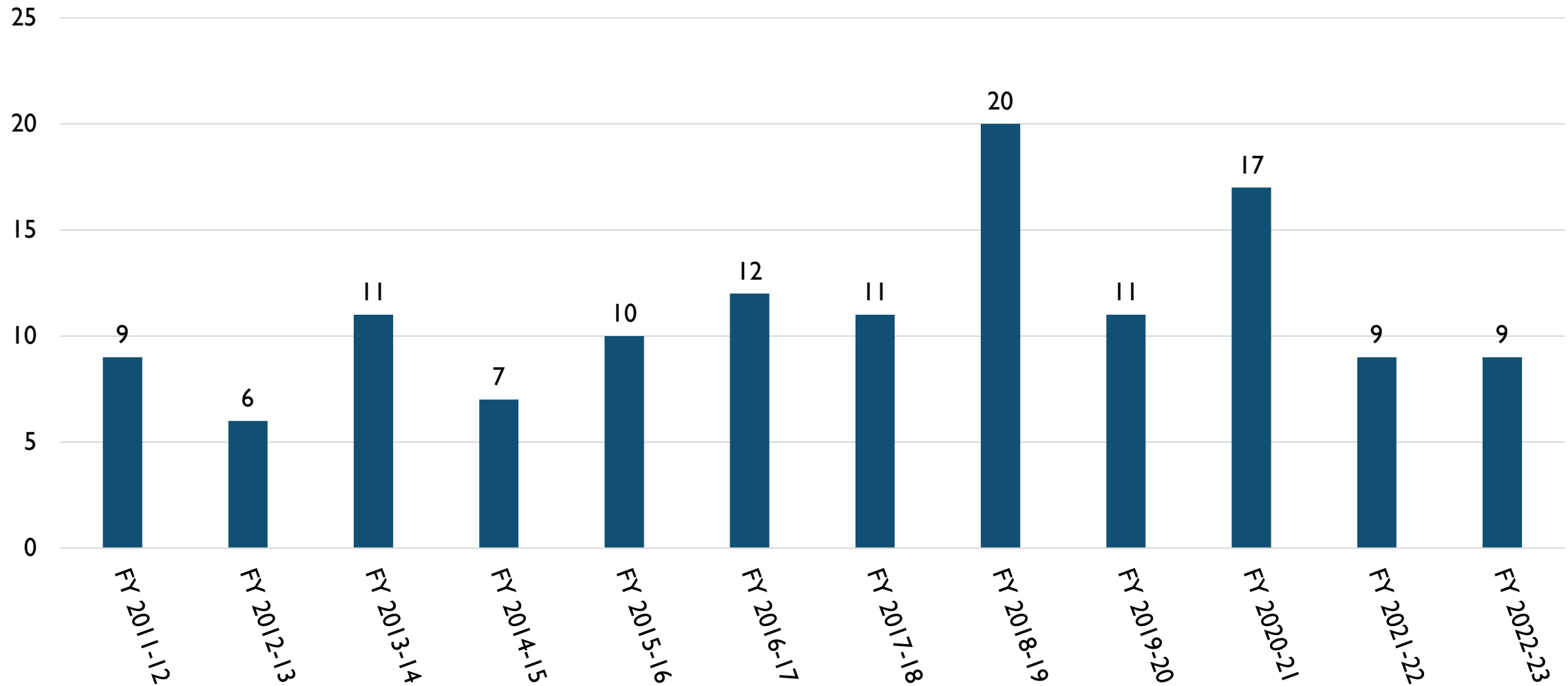


Utility Account

- G.S. 143B-437.01
- Awards to local governments in Tier 1 and Tier 2 counties only
- Funds may be used for construction of or improvements to water, sewer, gas, telecommunications, transportation, or electric utility infrastructure
- Projects must be reasonably expected to lead to the creation of new, full-time jobs
- Local governments must provide a cash match of 25%
- Budget: \$14.7 m in FY 2023-24



Number of Utility Account Awards by Fiscal Year

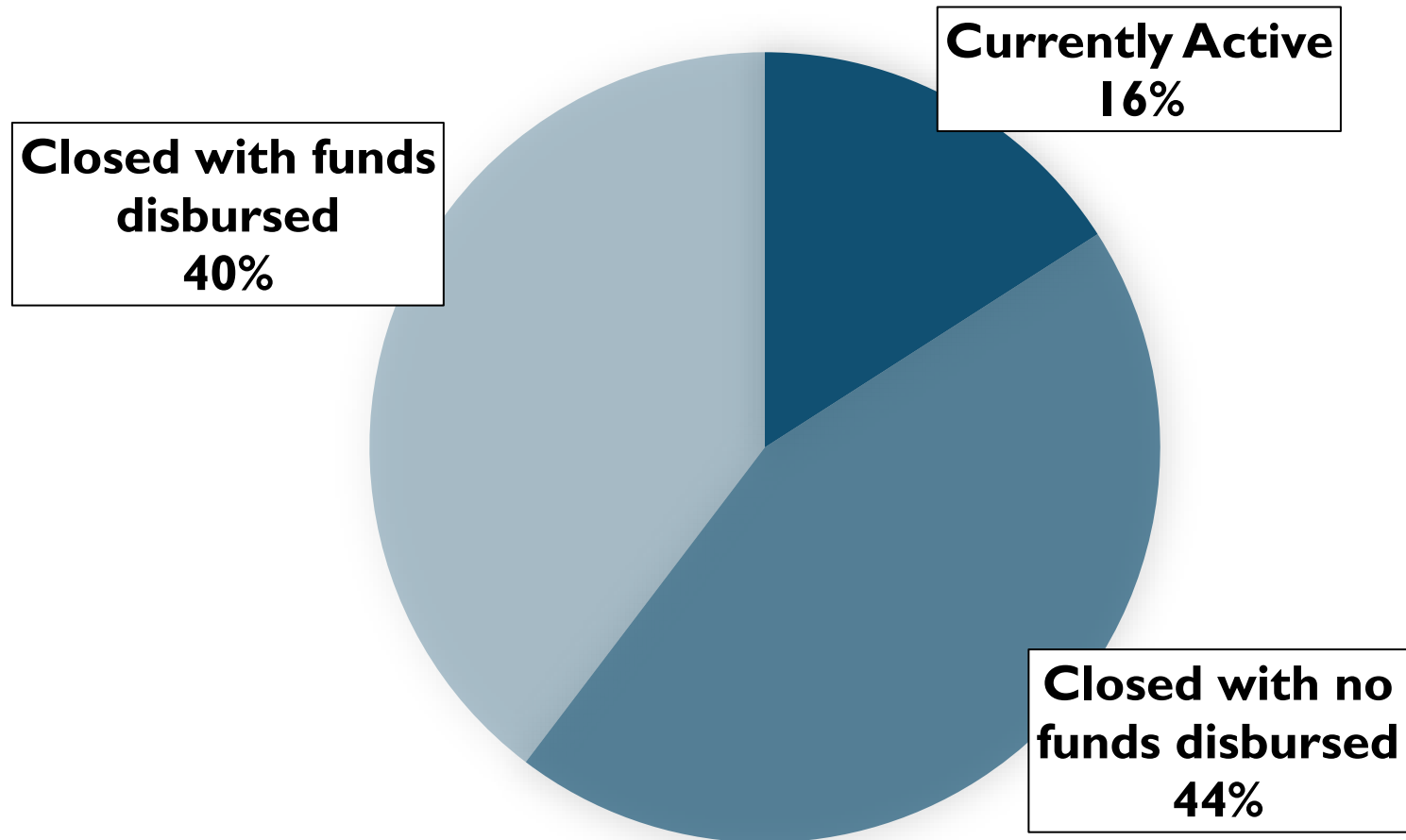


One North Carolina Fund (One NC)

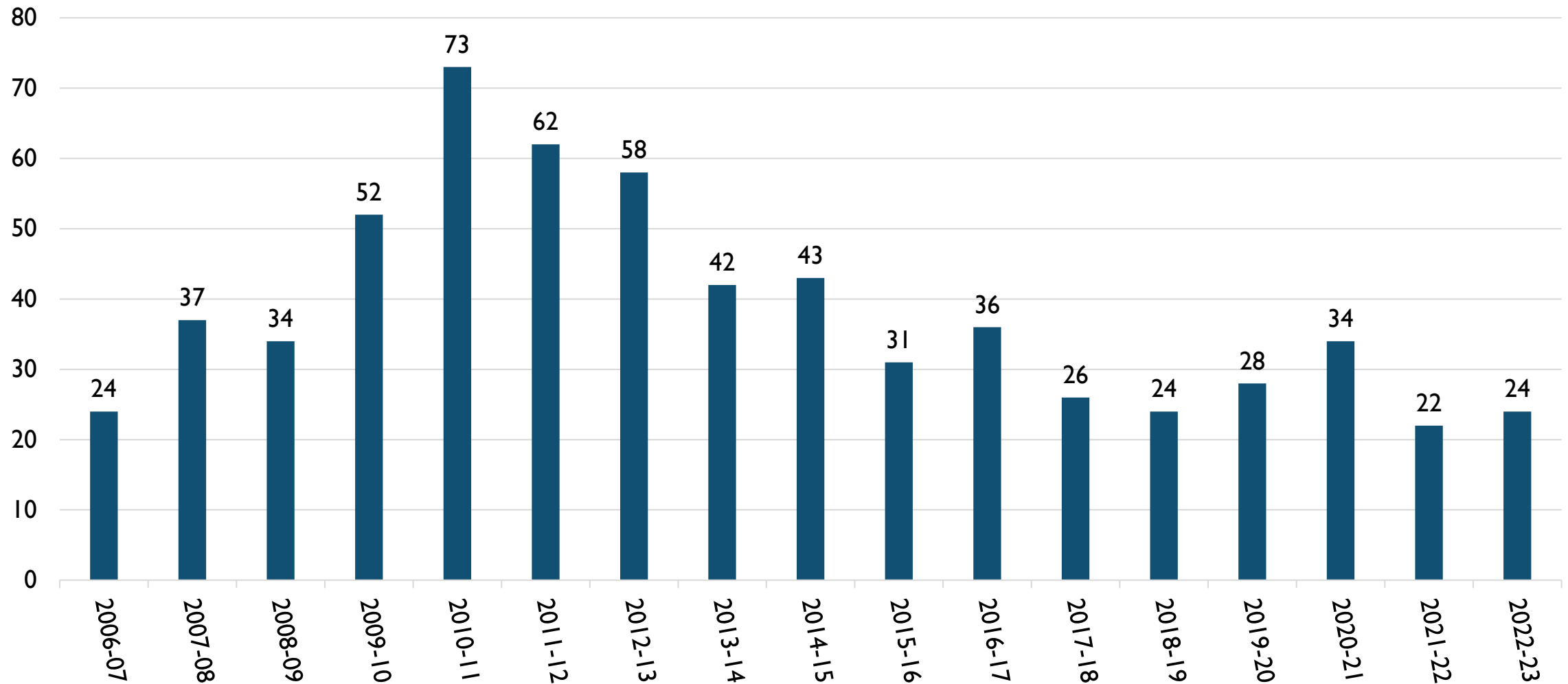
- G.S. 143B-437.70 *et seq.*
- Provides cash grants to local governments for job creation and retention
- Local governments must provide a match
- Funds are dispersed in 25% increments as job creation goals are met
- Program is capped at \$17 million annually
- \$3 million of cap reserved for smaller Tier Three counties
- Appropriation: \$9 million R



Status of One NC Awards, 2007-2023



Number of One NC Awards by Fiscal Year



Job Maintenance and Capital Development (JMAC)

- G.S. 143B-437.012
- Discretionary incentive program
- Encourages retention of jobs and capital investment
- Up to 8 JMAC grants may be awarded, with a combined value of up to \$159 million
- Appropriation: \$7.5 million R

Company	Award Year	Total Grant Amount
Goodyear	FY 2008-09	\$30 m*
Bridgestone	FY 2008-09	\$30 m*
Domtar	FY 2011-12	\$7 m*
Blue Ridge Paper	FY 2014-15	\$12 m*
Bridgestone II	FY 2018-19	\$30 m
Goodyear II	FY 2019-20	\$30 m
Charlotte Pipe	FY 2019-20	\$15 m
Total		\$154 m

**No further payments are due on these grants.*



Film and Entertainment Grant Fund

- G.S. 143B-437.02A
- Grants to encourage the production of movies, TV shows, and commercials in the State
- 25% rebate on qualifying expenses
- Appropriation: \$31 million R

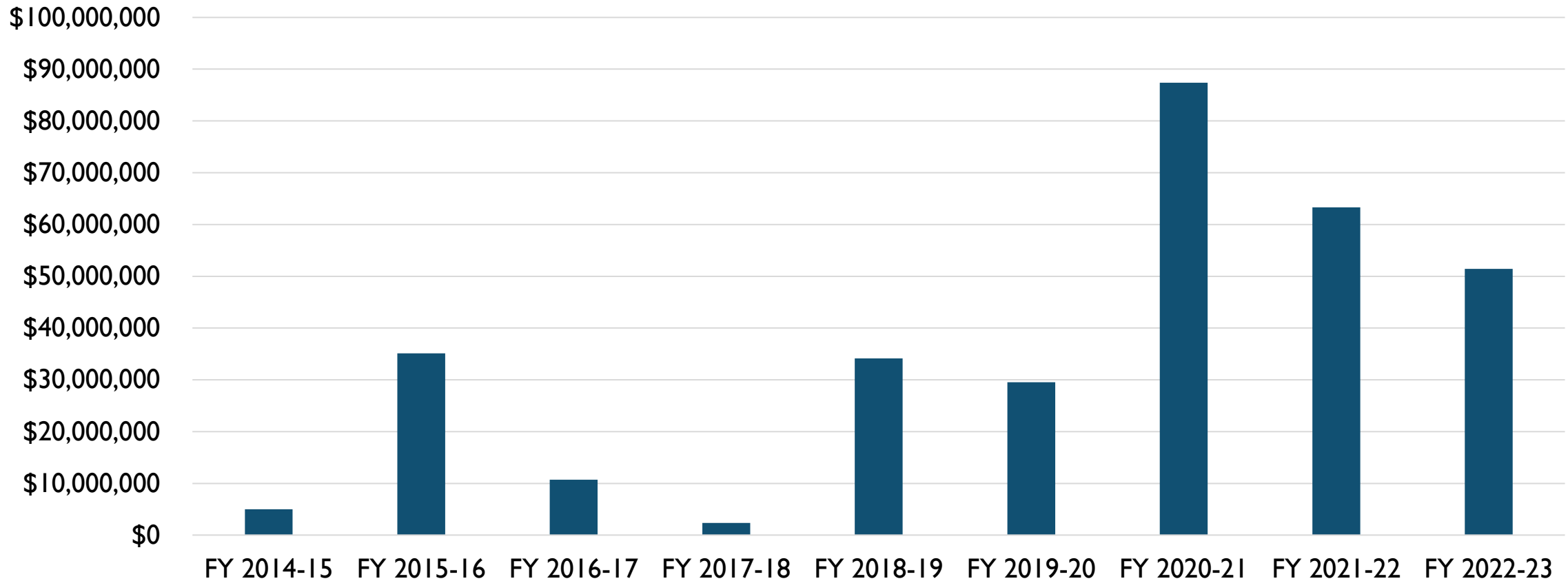


- Minimum Spend Requirements
 - \$500,000 per episode to TV/streaming series
 - \$1.5 million for feature-length films
 - \$500,000 for made-for-tv/streaming movies
 - \$250,000 for commercials



Film Grant

**Film Grant Award History,
FY 2014-15 through FY 2022-23**



Esports

- G.S. 143B-437.02B
- Grants to encourage esports events to be held in the State
- Productions must meet minimum spend requirements
- Grant is a 25% rebate on qualifying expenses
- In FY 2022-23, the program made 4 awards totaling \$2.3 million
- Appropriation: \$5 million R



Rural Grant Programs

- G.S. 143B-472.127
- Appropriation: \$12.1 million R
- Awards grants to local governments for projects that will lead to the creation of new, full-time jobs
- Open to local governments in Tier 1 counties, Tier 2 counties, or rural Census tracts in Tier 3 counties
- Awards made by Rural Infrastructure Authority
- Three categories: Building Reuse, Building Demolition, and Economic Infrastructure



Rural Grant Programs

Building Reuse

- Renovation of vacant buildings
- Renovation or expansion of an occupied building
- Renovation, expansion or construction of health care entities

Dollar-for-dollar local match required

Building Demolition

- Demolition of a vacant building to encourage site rehabilitation and availability for economic development

25% local match required

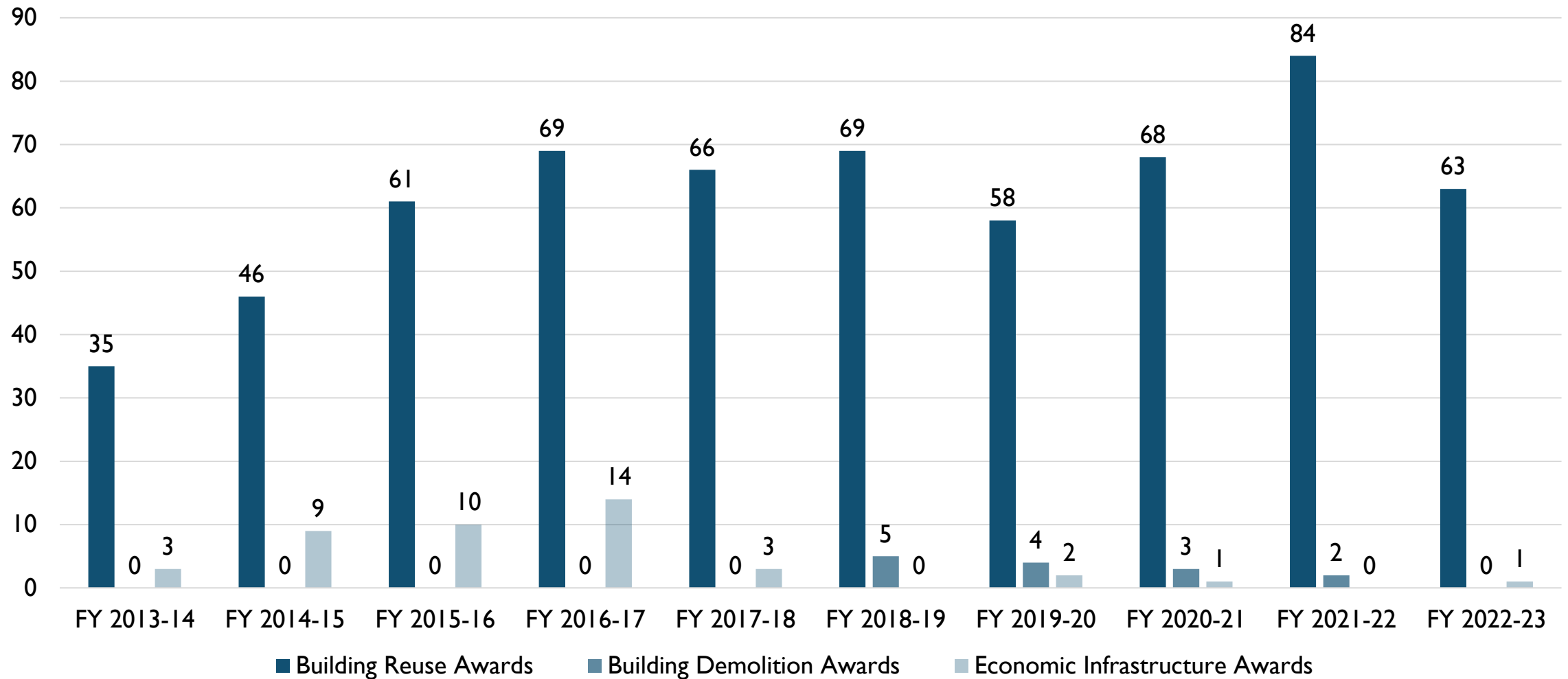
Economic Infrastructure

- Water and wastewater treatment plants
- Public water or sewer lines
- Publicly owned natural gas lines
- Public broadband infrastructure
- Publicly owned access roads
- Public rail spur improvements

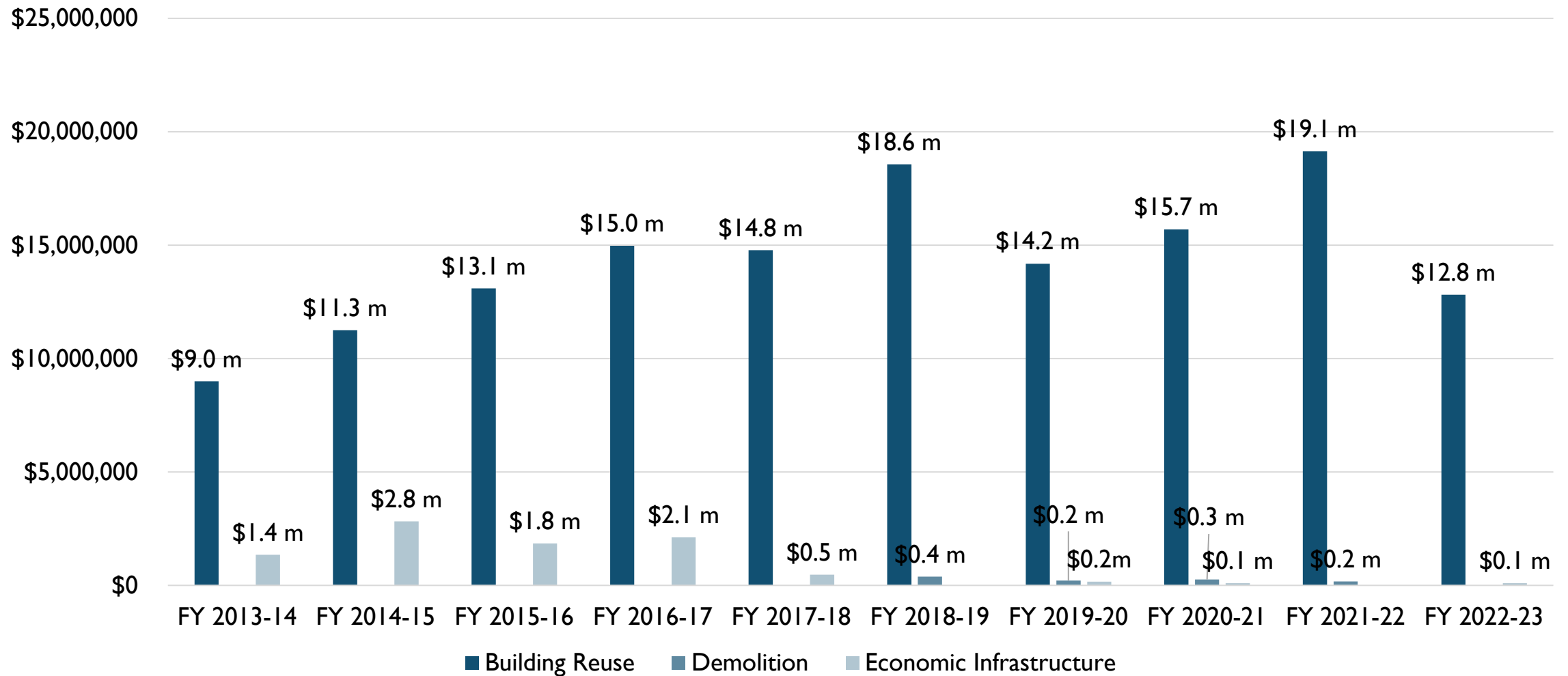
5% local match required



Number of Rural Grant Awards by Fiscal Year



Amount of Rural Grant Awards by Fiscal Year



Megasites and Selectsites Readiness Programs

- Administered by EDPNC
- Established in S.L. 2022-74, 2022 Appropriations Act, and S.L. 2023-134, 2023 Appropriations Act
- Funds will be used to identify up to 7 megasites and up to 15 selectsites suitable for industrial development, and to help local governments acquire and prepare the sites
- Appropriations: \$108.8 million NR for Megasites Readiness; \$10 million NR for Selectsites Readiness

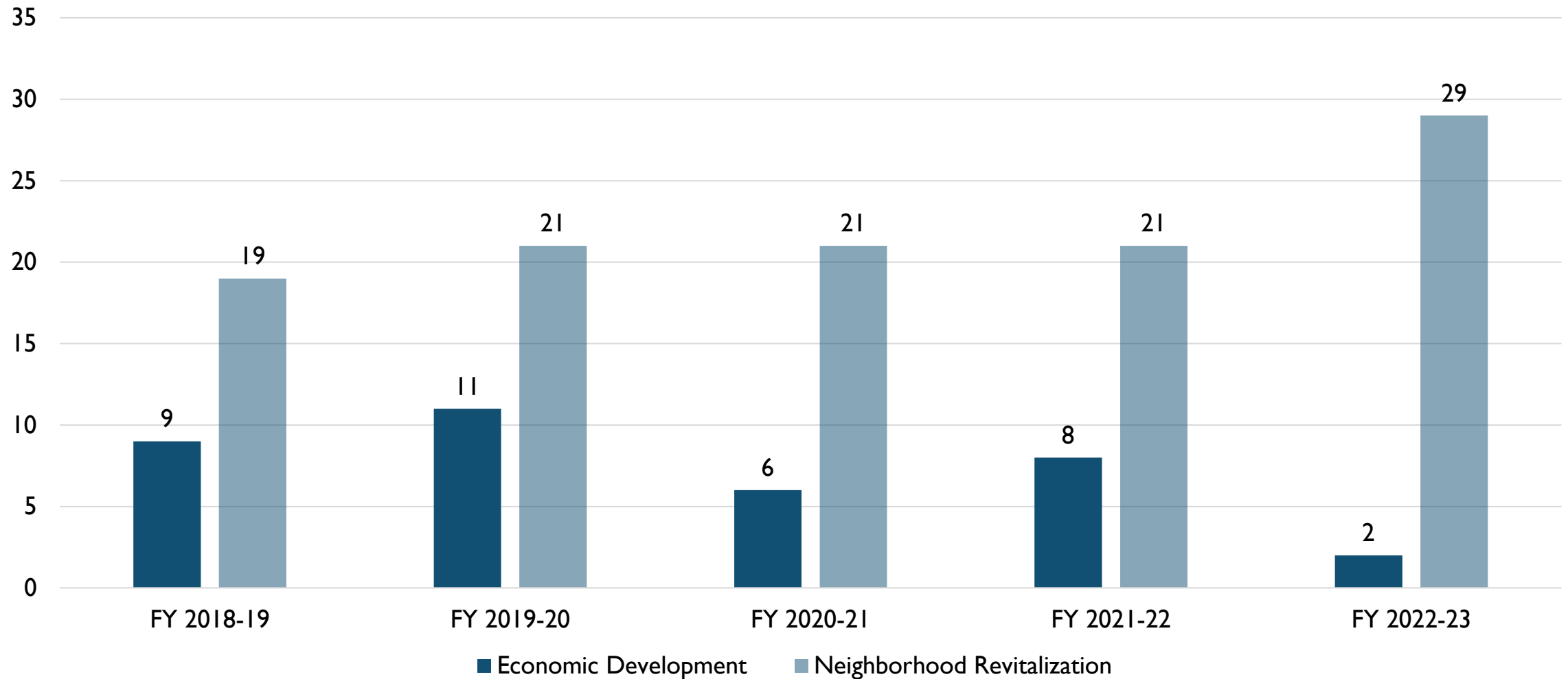


Community Development Block Grant (CDBG)

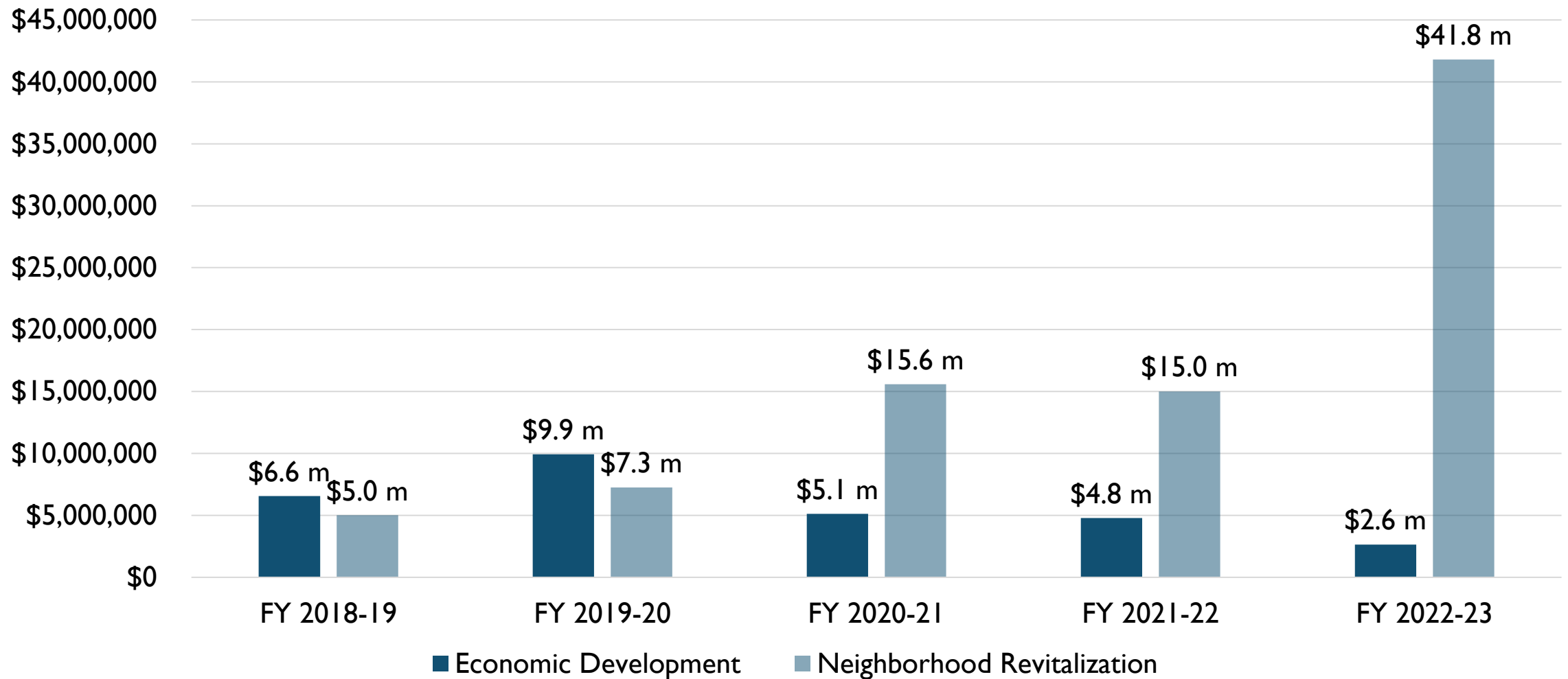
- Federal program supporting community development activities
- Funds available in the following categories:
 - Neighborhood revitalization: \$7,521,789
 - Economic development: \$13,482,687
 - Rural community development: \$4,748,726
- Projects must help the State meet the national objectives:
 - Benefit low- and moderate-income persons
 - Aid in the prevention of slum or blight
 - Meet a need having a particular urgency



Number of CDBG Awards by Fiscal Year



Amount of CDBG Awards by Fiscal Year

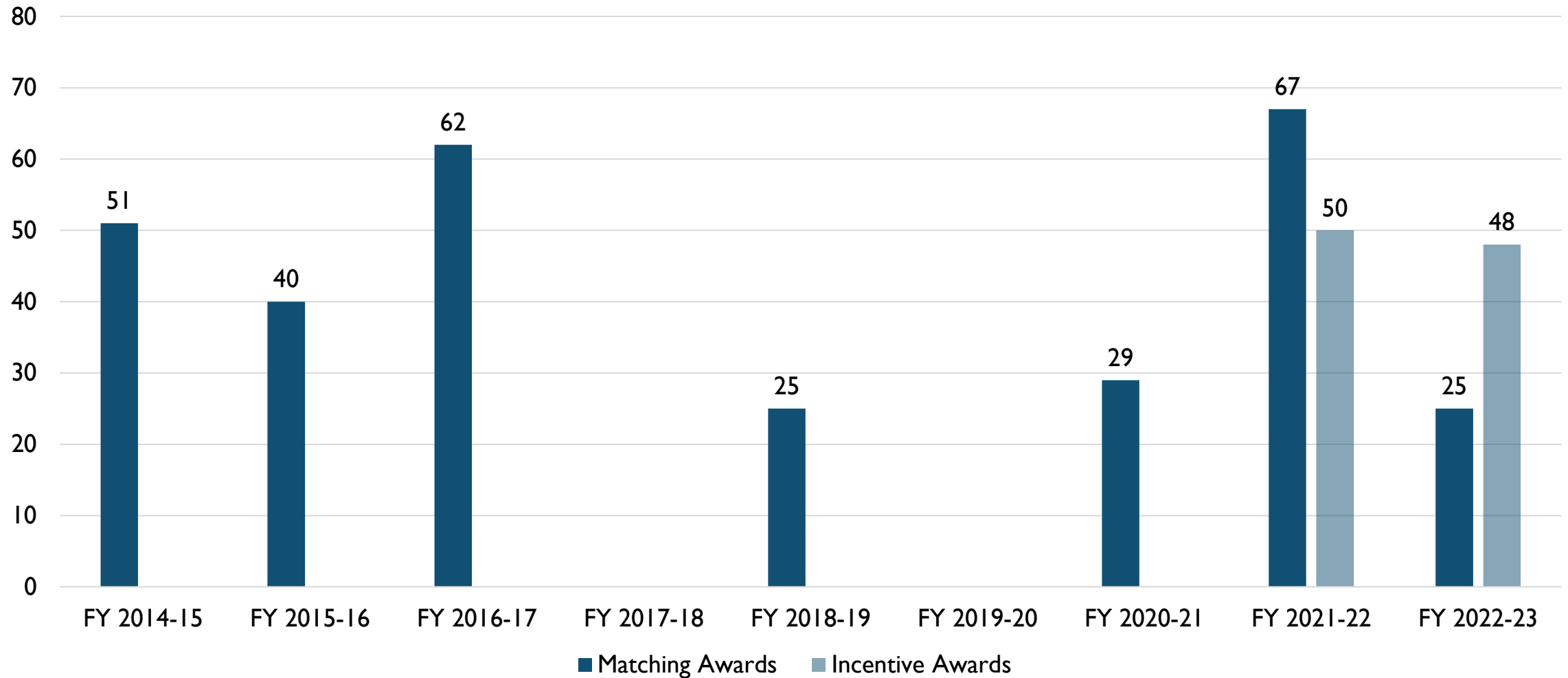


One NC Small Business Program

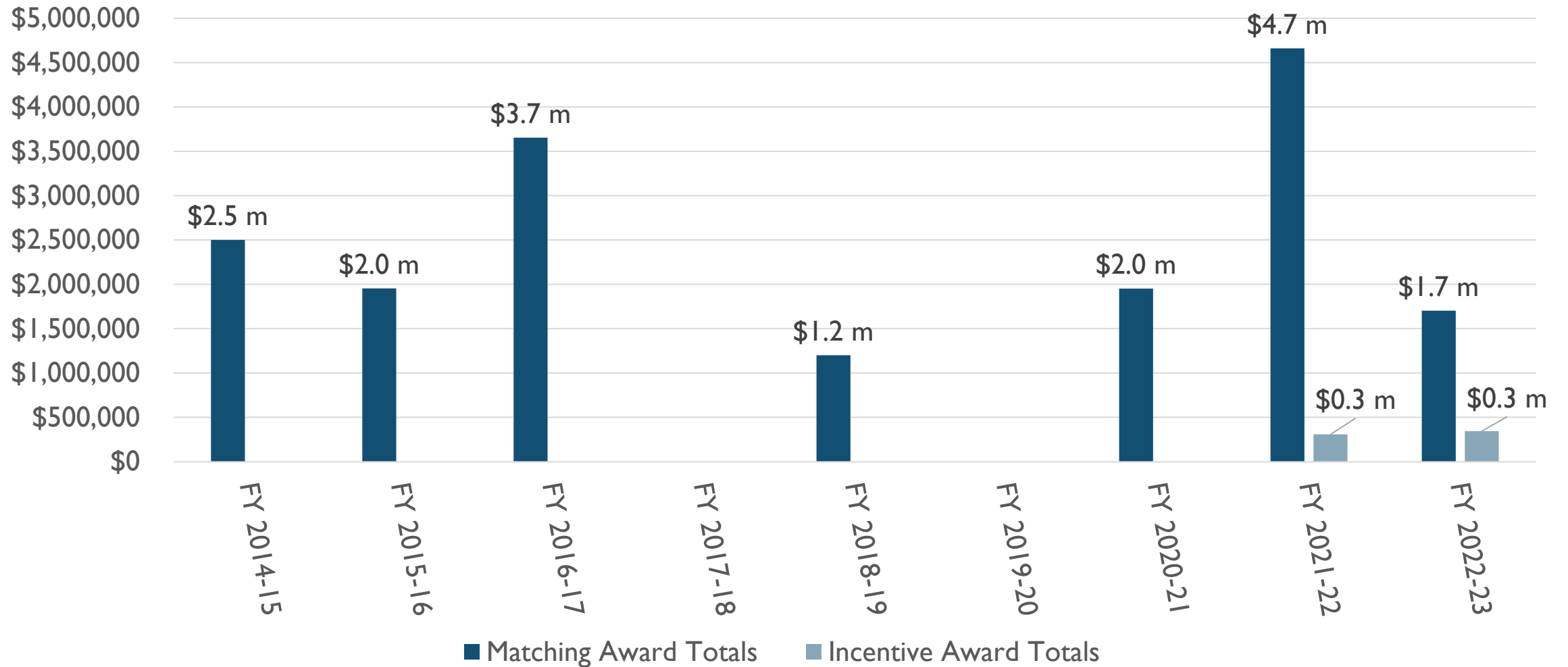
- G.S. 143B-437.80 *et seq.*
- Provides matching and incentive funds to businesses applying for and receiving federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants
- Matching program provides up to \$200,000 to eligible businesses to match federal SBIR/STTR awards
- Incentive program provides up to \$12,000 to offset the costs of applying for the federal SBIR/STTR awards
- Appropriation: \$2 million R



Number of One NC Small Business Awards



Amount of One NC Small Business Awards



Thank You

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