

# Arresting development

## Top job-creating projects

North Carolina may have missed out on Amazon's much-hyped sweepstakes for a massive second headquarters, but the Seattle-based e-commerce juggernaut accounted for the state's biggest economic development expansion in the 12 months that ended May 31. The addition of giant fulfillment centers in Garner and west Charlotte follows Amazon's arrival in Cabarrus County, which ranked No. 5 on last year's list.

The ranking is based on the number of jobs pledged upon announcement, many times in concert with state and local tax incentives. Sometimes, the expanding companies exceed their goals, while others never hit the targets. In most cases, state assistance doesn't occur unless jobs are created and investments made.

Atlanta-based *Site Selection* magazine, widely read by location hunters, named North Carolina as the nation's No. 1 Top Competitive State for Business in 2018. It has ranked among the top 5 in *Forbes'* Best States for Business rankings for the last dozen years.

by Lawrence Bivins

### ► One

#### Amazon.com Inc.

##### Mecklenburg, Wake counties

- ▶ NEW JOBS: 3,000
- ▶ PROJECTED INVESTMENT: \$400 million
- ▶ N.C. INCENTIVES: N/A
- ▶ COMPANY HQ: Seattle



The growth in online retail has dust flying in Garner, where Amazon is developing a \$200 million fulfillment center on an 88-acre site once occupied by Conagra Brands Inc. The center is expected to employ 1,500 workers and generate \$45 million in annual payroll at the southern Wake County town. A similar project is underway at an Amazon center near Charlotte Douglas International Airport. The company neither sought nor received financial incentives from the N.C. Department of Commerce, though local officials promised transportation improvements in return for Amazon's jobs and investment.

### ► Two

#### AvidXchange Inc.

##### Mecklenburg County

- ▶ NEW JOBS: 1,229
- ▶ PROJECTED INVESTMENT: \$41 million
- ▶ N.C. INCENTIVES: \$19.6 million
- ▶ COMPANY HQ: Charlotte

AvidXchange, a fintech company founded in a Charlotte coffee shop in 2000, is doubling its employee headcount at its Queen City headquarters. New positions will pay average annual salaries of about \$68,500. AvidXchange provides cloud-based software that simplifies the way companies pay their bills. The firm automates the end-to-end payment process for customers in construction, energy, real estate and other industries. Accounting giant Deloitte ranked AvidXchange on its Fast 500 in 2018.

### ► Three

#### Chewy Inc.

##### Rowan County

- ▶ NEW JOBS: 1,200
- ▶ PROJECTED INVESTMENT: \$55 million
- ▶ N.C. INCENTIVES: \$166,650
- ▶ COMPANY HQ: Boston and Dania Beach, Fla.



Modern infrastructure and a ready-to-go workforce were among the factors drawing Chewy, an online pet-supply retailer, to Salisbury. Its new facility will join eight other fulfillment centers the company maintains nationally. Chewy's owner PetSmart Inc. filed plans to spin off the unit with an initial public offering in April. Founded in 2011, the company's annual revenue tops \$3.5 billion.

### ► Four

#### Publix Super Markets Inc.



##### Guilford County

- ▶ NEW JOBS: 1,000
- ▶ PROJECTED INVESTMENT: \$400 million
- ▶ N.C. INCENTIVES: \$13.1 million
- ▶ COMPANY HQ: Lakeland, Fla.

Grocery giant Publix is building the Triad's biggest distribution center: a 1.8 million-square-foot warehouse complex in east Greensboro. The center will sit on a 350-acre property. Its \$400 million development cost made multiphase "Project Sky" North Carolina's largest capital investment in the last year. Founded in 1930, Publix has 1,218 supermarkets from Florida to Virginia, including 42 in North Carolina. The employee-owned company ranked first this year on *Fortune's* inaugural list of Best Big Companies to Work For.

## ► Five

### Honeywell International Inc.

#### Mecklenburg County

- ▶ NEW JOBS: 750
- ▶ PROJECTED INVESTMENT: \$248 million
- ▶ N.C. INCENTIVES: \$42.4 million
- ▶ COMPANY HQ: Charlotte

The relocation of Honeywell's senior management team from New Jersey to Charlotte, along with the conglomerate's Safety and Productivity Solutions division headquarters, is expected to add \$7.9 billion to North Carolina's gross domestic product over the next 12 years. Lawmakers changed the state's cornerstone financial incentive program to permit one of the state's largest grants ever. Now based in a New York City suburb, Honeywell ranks 77th on the Fortune 500 and develops a wide variety of energy, security and supply-chain technologies. It will anchor a new 23-story building in downtown Charlotte that is expected to open in late 2020.

## ► Six

### National General Insurance Inc.

#### Forsyth County

- ▶ NEW JOBS: 626
- ▶ PROJECTED INVESTMENT: \$12.2 million
- ▶ N.C. INCENTIVES: \$5.6 million
- ▶ COMPANY HQ: Winston-Salem

Property and casualty insurer National General announced in September that it would expand its Winston-Salem office, adding sales, accounting, information technology, human resources and other positions. A unit of a New York-based public company, NatGen's N.C. roots date from its 1920 founding in Winston-Salem. The 626-job expansion will bring its workforce in the state to more than 2,000. "Project Backstop" also considered Cleveland, Ohio, Baton Rouge, La., and Tijuana, Mexico, as possible locations.

## ► Seven

### Pendo.io Inc.

#### Wake County

- ▶ NEW JOBS: 590
- ▶ PROJECTED INVESTMENT: \$34.5 million
- ▶ N.C. INCENTIVES: \$8.8 million
- ▶ COMPANY HQ: Raleigh

Homegrown technology company Pendo plans to triple its North Carolina operations over the next five years. The company, founded in 2013 with five employees, provides cloud-based software that enables businesses to sharpen web portals and mobile apps through user analytics. Pendo is outgrowing its space in Raleigh's Wells Fargo Center and plans to occupy five floors of a nearby office tower now under construction.



## ► Eight (tie)

### Sonic Automotive Inc.



#### Gaston County

- ▶ NEW JOBS: 500
- ▶ PROJECTED INVESTMENT: \$11.2 million
- ▶ N.C. INCENTIVES: \$6.8 million
- ▶ COMPANY HQ: Charlotte

Publicly traded Sonic Automotive is building a marketing and customer contact center in Lowell, about 17 miles west of Charlotte. Controlled by the family of Bruton Smith, CEO of Speedway Motorsports Inc. Sonic sells vehicles in 13 states. The national call center will complement the company's online sales strategy and enhance interaction between customers and dealers.

## ► Eight (tie)

### TrialCard Inc.

#### Wake County

- ▶ NEW JOBS: 500
- ▶ PROJECTED INVESTMENT: N/A
- ▶ N.C. INCENTIVES: N/A
- ▶ COMPANY HQ: Morrisville

TrialCard, founded in 2000, helps health care consumers save money on specialty pharmaceutical products. The company's most recent expansion brings its Wake County workforce headcount to 1,000. Now among Morrisville's largest employers, TrialCard handles complex insurance coverage submissions on behalf of seriously ill patients. Its latest expansion includes hiring nursing and insurance reimbursement specialists.

## ► Ten

### LendingTree Inc.



#### Mecklenburg County

- ▶ NEW JOBS: 436
- ▶ PROJECTED INVESTMENT: N/A
- ▶ N.C. INCENTIVES: \$8.4 million
- ▶ COMPANY HQ: Charlotte

Charlotte's fintech talent pool continues to support the growth of LendingTree, an online loan portal. Founded by Doug Lebda in 1996, the publicly traded company considered 20 sites in several states for the expansion. By late 2020, LendingTree plans to move its headquarters from south Charlotte to a new 11-story building near downtown. It employs about 500 in the city.

## ► Eleven

### Advance Auto Parts Inc.



#### Wake County

- ▶ NEW JOBS: 435
- ▶ PROJECTED INVESTMENT: \$5.4 million
- ▶ N.C. INCENTIVES: \$9.4 million
- ▶ COMPANY HQ: Raleigh

Five years after Advance Auto Parts paid \$2 billion for Raleigh-based General Parts International Inc., operator of Carquest Corp. auto parts stores, the company said it would relocate its headquarters from Roanoke, Va., to the state capital. Its hiring primarily involves technology, data analytics and e-commerce positions. Advance Auto operates nearly 5,000 stores in North America and serves more than 1,200 independently owned Carquest locations.

## ► Twelve (tie)

### AveXis Inc.



#### Durham County

- ▶ NEW JOBS: 400
- ▶ PROJECTED INVESTMENT: \$115 million
- ▶ N.C. INCENTIVES: \$3.7 million
- ▶ COMPANY HQ: Bannockburn, Ill.

Gene-therapy firm AveXis's development of treatments for rare and life-threatening neurological diseases spurred two separate announcements in Durham County. The company, which is a unit of Switzerland-based Novartis AG, unveiled plans in May 2018 to locate manufacturing operations at Research Triangle Park. Company executives announced another major round of hiring and investment in February.

## ► Twelve (tie)

### Greenheck Fan Corp.

#### Cleveland County

- ▶ NEW JOBS: 400
- ▶ PROJECTED INVESTMENT: \$58.8 million
- ▶ N.C. INCENTIVES: \$3.3 million
- ▶ COMPANY HQ: Schofield, Wis.

A global leader in air movement and ventilation equipment, Greenheck is expanding in Shelby, where its product line will add tempered and outdoor air systems. Bob and Bernie Greenheck started the business as a sheet-metal shop in 1947. The privately owned company also has a production site in Kings Mountain and a distribution center in Greensboro. Proximity to booming southeastern U.S. markets accounted for its choice of Shelby, company officials said.

## ► Fourteen

### Poly-Wood LLC



#### Person County

- ▶ NEW JOBS: 384
- ▶ PROJECTED INVESTMENT: \$35.3 million
- ▶ N.C. INCENTIVES: \$3.3 million
- ▶ COMPANY HQ: Syracuse, Ind.

Poly-Wood began in 1990 as a plastics recycler. Today, its outdoor furniture products, made from recycled milk jugs, include a popular line of Adirondack chairs. Headquartered in northern Indiana, the company chose Roxboro for its second manufacturing and distribution operation. North Carolina's rich legacy in furniture-making was among the factors drawing Poly-Wood to Person County.

## ► Fifteen

### Arch Capital Group Ltd.

#### Wake County

- ▶ NEW JOBS: 365
- ▶ PROJECTED INVESTMENT: \$12.9 million
- ▶ N.C. INCENTIVES: \$5.1 million
- ▶ COMPANY HQ: Hamilton, Bermuda

Global specialty-lines insurer Arch Capital already employed 575 workers in North Carolina when it announced last July that it would create 365 positions at a new operations hub in Raleigh. Company CEO Marc Grandisson cited the region's talent pool, quality of life and "collaborative business environment" as top factors in Arch Capital's location choice.



## ▶ Sixteen

### **Horne Brothers Construction Inc.**



#### **Cumberland County**

- ▶ NEW JOBS: 330
- ▶ PROJECTED INVESTMENT: \$5 million
- ▶ N.C. INCENTIVES: N/A
- ▶ COMPANY HQ: Fayetteville

Solar energy is going strong in the Carolinas, and that means job growth for Horne Brothers Construction. The family-owned firm has operated in Cumberland County for more than six decades and also specializes in wireless communication towers. In 2012, the company started installing commercial solar projects. In 2017, Horne Brothers installed 800 megawatts across 5,600 acres.

## ▶ Seventeen

### **Dentsply Sirona Inc.**



#### **Mecklenburg County**

- ▶ NEW JOBS: 320
- ▶ PROJECTED INVESTMENT: \$3 million
- ▶ N.C. INCENTIVES: \$3.9 million
- ▶ COMPANY HQ: Charlotte

Dentsply Sirona, the world's largest dental product and equipment manufacturer, is relocating its corporate headquarters to Charlotte's Ballantyne Corporate Park as part of a company restructuring. The move from York, Pa., will include 320 new jobs, in addition to its existing 145 staffers already here. CEO Donald Casey Jr., who has led the company since early 2018, moved to Charlotte last fall. The estimated annual payroll will be \$23 million. Dentsply Sirona has 16,000 employees in more than 40 countries, including 4,000 in the U.S.

## ▶ Eighteen

### **Sensus USA Inc.**

#### **Durham County**

- ▶ NEW JOBS: 301
- ▶ COUNTY: Durham
- ▶ PROJECTED INVESTMENT: \$4 million
- ▶ N.C. INCENTIVES: \$3.5 million
- ▶ COMPANY HQ: Morrisville

Cleantech firm Sensus USA, which New York-based Xylem Inc. acquired for \$1.7 billion in 2016, makes and sells metering systems for utilities and municipal governments. The Triangle is home to more than 600 workers at Sensus' headquarters, R&D operations and a manufacturing facility. New positions created under the company's expansion will pay an average annual salary of nearly \$95,000. In early June, Xylem said it would cut an unspecified number of Sensus jobs.

## ▶ Nineteen (tie)

### **Aetna Inc.**



#### **Guilford County**

- ▶ NEW JOBS: 300
- ▶ PROJECTED INVESTMENT: \$2.5 million
- ▶ N.C. INCENTIVES: 0
- ▶ COMPANY HQ: Woonsocket, R.I.

Less than three months after its \$69 billion acquisition by CVS Health Corp., insurer Aetna announced plans to grow its presence in High Point. The move adds clinical-care management and customer-service positions for Aetna's benefits administration technology and Aetna One Advocate, a digital-oriented service to help customers improve health care decisions. The company also has offices in Cary, Charlotte and Gastonia.

## ▶ Nineteen (tie)

### **Cognizant Technology Solutions U.S. Corp.**

#### **Mecklenburg County**

- ▶ NEW JOBS: 300
- ▶ PROJECTED INVESTMENT: \$5 million
- ▶ N.C. INCENTIVES: \$2 million
- ▶ COMPANY HQ: Teaneck, N.J.

Prior to its latest North Carolina expansion announced in December, Cognizant employed more than 2,700 in the state. The information technology and business process consultant ranks No. 195 on the Fortune 500. Company leaders cited proximity to clients and technology workers as key to their selection of Charlotte. While based in the U.S., a majority of Cognizant's 280,000-plus employees are based in India.

# CHANGING **VIEW**

North Carolina is making lots of incentive promises to attract companies, reflecting a revised approach that has changed significantly over the last decade.

## North Carolina's 2018 SCOREBOARD

**157**

new projects or expansions that engaged state economic developers

**\$3.54 billion**

projected investment of new projects

**19,729**

new jobs announced by Gov. Roy Cooper

**69%**

projects choosing rural or distressed counties

Those results follow years of discussion over the use of state incentives.

A 2009 study by an N.C. legislative committee **criticized** how the state had provided subsidies. It recommended **broad tax cuts** based on these findings:

- ▶ Tax credits' outcomes were contrary to N.C. goals.
- ▶ Tax reduction is a better strategy.
- ▶ Incentives had a regional, but not statewide impact.
- ▶ Incentives mostly benefited wealthy areas.



### Recommendations from the 2009 committee:

- ▶ Eliminate most tax credits.
- ▶ Reduce corporate tax rate.
- ▶ Address systemic economic-policy factors.
- ▶ Institute legislative oversight.
- ▶ Expand the Job Development Incentive Grant and One North Carolina programs.

In 2016, Republican lawmakers created another committee to study the state's economic-development plan. It offered these sobering comments:

### Between 2007-15:

- ▶ The state took part in 575 incentive awards.
- ▶ The state invested \$119 million while authorizing \$1.3 billion in awards.
- ▶ The incentives led to about 28,000 jobs, or 3,000 per year.
- ▶ Overall, North Carolina added only 50,000 jobs, or about 1% of the total workforce.
- ▶ N.C. per capita income declined from 93% of the national average in 1997 to 86% in 2016.
- ▶ Incentives mainly went to wealthy areas.
- ▶ Improved competitiveness lessened incentives' importance.
- ▶ Incentives had biggest impact in distressed areas.

### The committee cited these 10-year goals:

- ▶ Add \$30 billion in income to bring N.C. up to U.S. per capita average
- ▶ Add 500,000 jobs
- ▶ Add \$124 billion to tax base of \$1 trillion

### Who gets the deal?

#### Key criteria in state incentives decisions

- ▶ Headquarters/local ownership
- ▶ Value-added products for export
- ▶ Reliance on regional assets and local workforce
- ▶ High relative economic significance
- ▶ Necessity of incentive

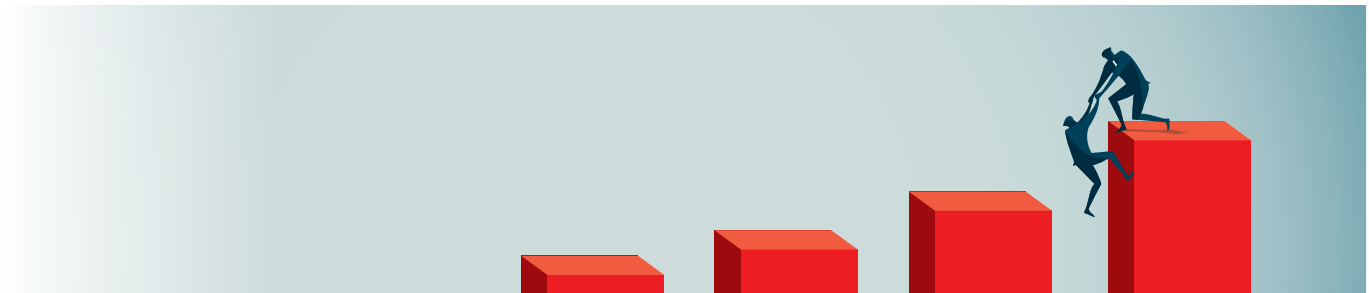
source: N.C. Joint Legislative Economic Development and Global Engagement Oversight Committee



## Biggest subsidy deals in N.C. history

	company	(million)*	year	county	type of development
1	Apple Inc.	\$3,221	2009	Catawba	data center/server farm
2	Dell	279	2004	Forsyth	computer-manufacturing plant
3	Google LLC	255	2007	Caldwell	data center/server farm
4	Spirit AeroSystems Inc.	251	2008	Lenoir	jet components-production plant
5	Nucor Corp.	161	1998	Hertford	steel mill
6	FedEx Corp.	115	1998	Guilford	air-cargo hub
7	Novo Nordisk	110	2016	Johnston	insulin-manufacturing facility
8	MetLife Inc.	101	2013	Wake and Mecklenburg	insurance-company office relocations
9	Honeywell International Inc.	87	2018	Mecklenburg	HQ relocation
10	Fidelity Investments Inc.	87	2006	Wake	expansion of investment-company facility

source: Good Jobs First



## Biggest U.S. corporate subsidies 2017-19

	company	(million)*	year	state	type of development
1	Foxconn Technology Group	\$4,792	2017	Wisconsin	flat-screen TV plant
2	Mazda Toyota Manufacturing USA	900	2018	Alabama	automobile-assembly plant
3	Amazon.com Inc.	750	2019	Virginia	part of Amazon's HQ2 headquarters expansion
4	Bedrock Detroit LLC	618	2018	Michigan	urban-redevelopment project
5	Exxon Mobil Corp. and Saudi Basic Industries Corp.	460	2017	Texas	petrochemical plant
6	Ford Motor Co.	234	2018	Michigan	Michigan Central Depot revitalization project
7	Apple Inc.	214	2017	Iowa	data center
8	Amazon.com Inc.	176	2018	Oregon	data center
9	Facebook Inc.	150	2018	Utah	1 million-square-foot data center
10	DXC Technology Co.	125	2017	Louisiana	digital-transformation center
11	Infosys Ltd.	102	2018	Indiana	campus near Indianapolis International Airport
12	<b>Honeywell International Inc.</b>	<b>87</b>	<b>2018</b>	<b>North Carolina</b>	<b>HQ relocation</b>
13	Conner Strong & Buckelew Cos. LLC	86	2017	New Jersey	consolidation, relocation and expansion
14	Amazon.com Inc.	79	2018	Maryland	fulfillment center
15	Tradepoint Atlantic LLC	78	2018	Maryland	international trade hub

\*Includes state and local incentives.

source: Good Jobs First