

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

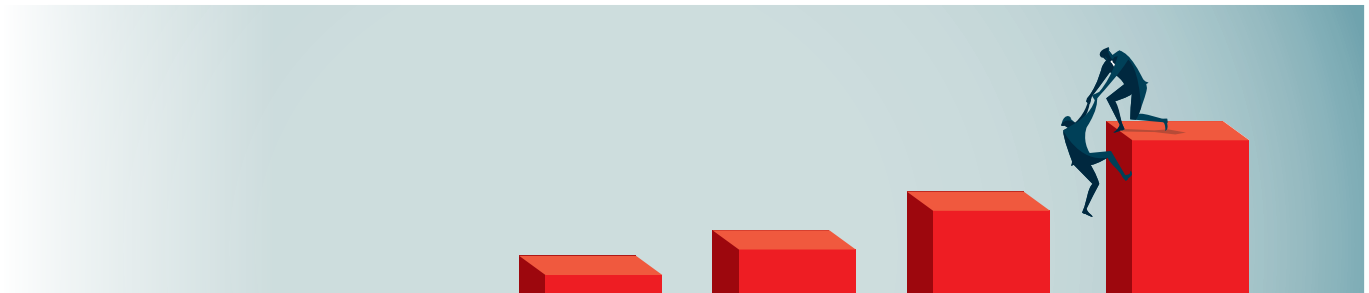
source: N.C. Joint Legislative Economic Development and Global Engagement Oversight Committee



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	Honeywell International Inc.	87	2018	North Carolina	HQ relocation
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