

Economic Development Laws Changes Are On The Way

By Administrator
Wednesday, 23 May 2018 12:36 -

Senate Leader Phil Berger (R-Rockingham) and House Speaker Tim Moore (R-Cleveland) on Thursday announced the forthcoming state budget will include key changes to economic development programs that are expected to help secure a major jobs announcement in North Carolina in the coming months. The legislation will modify the state's existing economic development and jobs recruitment program based on feedback obtained during prior efforts to recruit large private sector employers as well as recent conversations between lawmakers and prospective companies across many sectors of the economy looking to move to North Carolina.

Among other changes, it will:

- Enable a company that commits to investing at least \$1 billion and creating at least 3,000 new jobs in North Carolina to be eligible for a transformative project award under the state's Job Development Investment Grants (JDIG) program. These thresholds are based on research conducted by the General Assembly's economic team regarding the level at which a major corporate relocation will have an immediate positive impact on state revenues.
- Allow transformative projects to receive credit for "expansion positions" above the 3,000 job minimum that are created during the term of a JDIG agreement. This will encourage companies to grow in North Carolina beyond an initial jobs commitment.
- Lengthen the base period for transformative projects to 10 years and also extend the maximum JDIG term for transformative projects to the base period plus an additional 30 years. This will provide more long-term certainty to companies considering North Carolina.
- Eliminate the \$6,500 cap per job for JDIG awards for transformative projects. This will help attract higher-paying jobs.
- Modify the award that is available to high-yield and transformative projects so that 10 percent of that benefit is directed to the state Utility Account – the fund designed to support economic development projects in rural North Carolina. Previously, the company received 100 percent of the award. This will help make certain that the positive impact of major job recruitments is felt by the entire state.

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Berger and Moore said they are announcing the change now to give companies certainty as they make their relocation decisions in the coming months.

“Since 2011, legislative Republicans have undertaken major pro-growth reforms to fix North Carolina’s business climate and spur economic growth,” said Berger and Moore. “Based on our direct conversations with companies, we know those reforms have made us more competitive than ever before – and we believe this change to our business incentives is the final piece of the puzzle that is needed to put us over the top when it comes to recruiting thousands of new jobs and billions in new investment to our state.”

The pro-growth reforms include an overhaul of the state’s regulatory environment and tax reforms such as reducing the corporate income tax rate to 2.5 percent in 2019, adopting single sales factor apportionment, reducing the personal income tax rate from a high of 7.75 percent in 2013 to 5.25 percent in 2019, and increasing the amount of tax free income that North Carolinians can claim. Those changes resulted in North Carolina climbing from 44th worst to 11th best tax climate in the nation, according to the Tax Foundation.

Legislative leaders will continue to make a series of announcements on other major budget provisions over the coming weeks.

Top 10 Signs of Economic Success in North Carolina

1. North Carolina has a \$356 million surplus.
2. North Carolina has a record \$1.8 billion rainy day reserve.
3. North Carolina a top-10 state for wage growth: Bureau of Economic Analysis.
4. North Carolina added 85,000 jobs over a one-year period in March.
5. North Carolina moved from 44th to 11th in Tax Foundation rankings.
6. North Carolina has 'AAA' credit rating from all three ratings agencies.
7. North Carolina named 'Best State for Startups' by Fit Small Business.
8. North Carolina named the Best State for Business by Forbes.

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9. North Carolina is a top-5 state for business in CNBC rankings.
10. North Carolina won the 2017 Prosperity Cup by Site Selection Magazine.