

NEXT CHALLENGE. NEXT LEVEL.

NEXSEN | **PRUET**

NORTH CAROLINA

INCENTIVES UPDATE

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Changes

- ▶ NC Local Development Act
- ▶ Job Development Investment Grant
- ▶ One NC Fund
- ▶ NC Economic Development Partnership Transition

NC Local Development Act



Authorization for Local Governments (Municipalities and Counties) to Use Incentives for Economic Development

As ratified October 2015:

“Each county and city in this State is authorized to make appropriations for **economic development purposes**. These appropriations must be determined by the governing body of the city or county to increase the population, taxable property, agricultural industries, employment, industrial output, or business prospects of any the city or county.” N.C.G.S. §158-7.1

Revised law:

- Extraordinarily Broad just got broader – appropriations for “**economic development**”
- express list does not limit authority

Job Development Investment Grant

- ▶ Past: Two Caps - (i) number of grants per year and (ii) total dollar amounts of the grants
- ▶ New: Only \$ Cap - (i) \$20M for FY 2015-2016; (ii) \$35M if High Yield Project
- ▶ New: High Yield Project = \$500M CapEx; 1750 Jobs
- ▶ Past: 12yrs max at 10%-75% Inc Tax W/hld
- ▶ New: 12yrs max and up to 80% in Tier 1; up to 75% in Tier 2 and Tier 3
- ▶ New: High Yield Project - 20yrs; 100% Inc Tax W/hld
- ▶ Generally: 150 to 250 jobs (but exceptions)

Job Development Investment Grant

- ▶ No Local Match Requirement

- ▶ But 2015 Amendment Requires For Tier 3:

“[EIC must find] the affected local governments have participated in recruitment and offered incentives in a manner appropriate to the project.”

- ▶ No Precedent

One NC Fund Grants



- ▶ Discretionary grant program
- ▶ Grants are made in the discretion of the Governor/Secretary of Commerce
- ▶ Typically for projects where JDIG grants are not offered
- ▶ Normally only one grant source offered, JDIG or One NC grants
- ▶ But on special projects, both can be offered

One NC Fund Grants



- ▶ 2015 legislation made the match requirements as follows:
 - Tier One: 3 to 1 -- three state dollars for one local dollar
 - Tier Two: 2 to 1 -- two state dollars for one local dollar
 - Tier Three: 1 to 1 -- one state dollar for one local dollar



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