



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

## Legislative Fiscal Note

**REVISED**

**Short Title:** JDIG Multilocation Projects Modifications.  
**Bill Number:** Senate Bill 493 (First Edition)  
**Sponsor(s):** Senators Newton and Craven

### SUMMARY TABLE

#### FISCAL IMPACT OF S.B.493, V.1

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
<b>State Impact</b>					
General Fund Revenue	-	-	-	-	-
<u>Less Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>General Fund Impact</b>	<b>No Estimate Available</b>				

**NET STATE IMPACT**

**No Estimate Available**

### FISCAL IMPACT SUMMARY

S.B. 493, JDIG Multilocation Projects Modifications, provides a 10% bonus to a qualifying business's Job Development Investment Grant (JDIG) disbursement. Because of the variables this bill presents, there is no estimate available for the fiscal impact of the bill. The coincident bonus may or may not encourage more headquarters projects to locate in North Carolina with the intent of bringing a manufacturing arm to the State, and of those who have already located here and are still in the base period, the bonus may or may not incentivize moving a manufacturing arm to the State.

### FISCAL ANALYSIS

The bill creates a coincident bonus for JDIG recipients. Recipients can receive a 10% increase on their JDIG award if they meet certain requirements:

- The business was awarded the grant for locating a company headquarters in the State.
- The business announces during the base period the relocation of a manufacturing arm of the business from another state to a Tier One or Tier Two county.

- The relocation will create at least 10 positions in a Tier One county or 20 positions in a Tier Two county, with withholdings equal to or greater than the amount of the bonus.
- The positions created by the manufacturing arm are filled for the year in which the grant is increased.

The bonus only applies to new grants; current headquarters projects are not eligible. On average over the last five years headquarters projects were awarded JDIG grants totaling \$21 million each year (excluding one transformative headquarters project). New JDIG headquarters projects applying for and receiving the coincident bonus could increase the State’s liability by \$2.1 million (10% of \$21 million) over the life of the grants. On average, the State’s annual liability would increase by \$211,356 each year for the next five years, assuming the new headquarters projects are not transformative or high-yield projects and have 12-year grant terms. The table below shows the total estimated cost of new JDIG headquarters projects and the additional cost of the bonus for the next five years.

Table 1: Estimated Annual Payment Liability and Increase for New JDIG Headquarters Projects

	2021	2022	2023	2024	2025
Estimate - 2021 HQ Awards			\$1,761,302	\$1,761,302	\$1,761,302
Estimate - 2022 HQ Awards				\$1,761,302	\$1,761,302
Estimate - 2023 HQ Awards					\$1,761,302
Estimate - 2024 HQ Awards					
Estimate - 2025 HQ Awards					
Annual Payment Liability	\$0	\$0	\$1,761,302	\$3,522,604	\$5,283,906
10% increase	\$0	\$0	\$176,130	\$352,260	\$528,391
<b>Average: \$211,356</b>					

This analysis assumes:

- The number of headquarters applicants for JDIG would not increase due to the coincident bonus;
- Headquarters applicants would not include transformative or high-yield projects.

A transformative project with a manufacturing arm would increase the cost of the coincident bonus. The total grant amount available for the current transformative project is \$388 million. If this company were to qualify for and receive a coincident bonus, the State’s annual liability would increase by \$994,590 per year for the lifetime of the grant (10% of one annual payment of \$9,945,904).

**TECHNICAL CONSIDERATIONS**

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N/A.

**DATA SOURCES**

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NORTH CAROLINA DEPARTMENT OF COMMERCE

## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

## **ESTIMATE PREPARED BY**

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Jennifer Hausman

## **ESTIMATE APPROVED BY**

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Mark Trogdon, Director of Fiscal Research

Fiscal Research Division  
April 21, 2021



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**Signed copy located in the NCGA Principal Clerk's Offices**