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N.C. taking another look at incentives

Charlotte Business Journal - by [Ken Elkins](#) Staff writer

Look for some changes in the way North Carolina doles out economic incentives to new and expanding companies, says the author of a new study commissioned by the N.C. General Assembly.

Brent Lane, executive director of the **UNC Center for Competitive Economies**, hinted the biggest change will be in the tiered system of awarding a greater share of incentives in underdeveloped counties.

"There will be a refocus on the types of incentives that have served distressed counties," he says.

Lane declines to give specifics, saying his detailed findings should be revealed first to legislators. Next month, he is due to release his full report to the Joint Select Committee on Economic Development.

Lane talked about his study during a speech at the **Gaston Regional Chamber's** Economic Forecast Luncheon this week.

The study shows the state's wealthiest counties, such as Mecklenburg and Wake, got 50% of the tier-system incentives — equal to all of the four others combined.

Lane stops short of saying the tier system isn't working. In many cases, there are fewer opportunities to deploy incentives in economically deprived areas. "There aren't many companies in an economically poor county," he says.

The state's most effective incentives, Lane's study found, have been "tailored to the company's specific needs."

So programs such as the governor's One N.C. Fund have been better at landing jobs than the tax-credit program under the William S. Lee Act. The One N.C. Fund allows the governor to reward companies that create jobs. So far, the program has brought 19,000 jobs and \$3 billion in corporate investment since it was enacted in 2001. The Lee Act established the tier system of allocating state incentives through tax credits.

The most productive incentives are those granted early in the development process, especially those involving worker training and infrastructure, Lane adds.

Russell Rogerson, executive director of the **Mooreville-South Iredell Economic Development Corp.**, agrees that flexibility is the key to a successful incentive program.

Incentives are a huge business in North Carolina. In the 10 years before 2007, the state awarded \$2.1 billion in economic incentives.

Incentives in South Carolina, which has created controversy in the Charlotte area by attracting a few hundred office jobs from Mecklenburg County in past years, have been timely and innovative, Lane says. "They have adopted incentive packages ahead of the curve."

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