2022 Local Incentives Study

The North Carolina Economic Development Association and Creative Economic Development Consulting surveyed local economic development agencies across North Carolina to gauge the usage and terms for incentives for economic development. Ninety-two organizations responded to the survey representing 63 of North Carolina's 100 counties, 23 municipalities with economic development programs, and six nonprofit organizations. The results of this study can be used to inform local governments about standard incentive practices in North Carolina.

Counties

94% offer incentives

66% have an adopted incentive policy

63% have an investment **threshold**

48% have a job creation **threshold**

70% require companies pay the **average county wage**

68% require companies pay a portion of **employee health insurance**

Most cited sectors eligible **Manufacturing, Distribution, HQs, Information, and R&D**

51-60% and **71-80%** tied as the amount of grant offered as **% of net new property tax revenue**

5 years most standard payout

Municipalities

91% offer incentives

75% have an adopted incentive policy

66% have an investment **threshold**

44% have a job creation **threshold**

61% require companies pay the **average county wage**

52% require companies pay a portion of **employee health insurance**

Most cited sectors eligible **Manufacturing, Distribution, HQs, Information, and R&D**

Grants typically equal **71-80% of net new property tax revenue**

5 years most standard payout

Sponsored by the North Carolina Economic Development Association and Creative Economic Development Consulting, LLC 2022

81%
offer cash grants as incentives

65%
offer water and/or sewer infrastructure improvements as incentives

79%
have no restrictions on how cash grants are expended

98%
require an incentive contract

47%
offer retention incentives

Trends

- Increase in eligibility thresholds: investment (64% to 65%), job (38% to 49%), wage (57% to 80%), and employer contributions to health insurance (30% to 63%).
- Grants as a percentage of net new property tax revenue stayed about the same at 71-80%. At the county level, that category tied with the 51-60% category.
- Most cited years of grant payments stayed the same at 5 years.
- Cash grants as the most common form of incentive declined from to 94% to 81%.
- Increase in the % requiring an incentive contract, from 92% to 98%.

The survey was sent to members of NCEDA and promoted to the North Carolina economic development community through e-communications and social media. There were 95 responses.

Sponsored by the North Carolina Economic Development Association and Creative Economic Development Consulting, LLC 2022