

North Carolina's Investments in Job Creation Fuel Surge in Life Science Industry

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On March 18, Fujifilm Diosynth Biotechnologies announced a \$2 billion investment in a new vaccine plant in Holly Springs, creating 750 jobs. The new Fujifilm location is expected to be the largest pharmaceutical manufacturing facility in North America and represents one of the most significant individual corporate investments in the state's history.

Over the past decade, North Carolina's life science sector has seen explosive growth. The Raleigh-Durham metro area now sits as the fourth largest life science hub in the United States, behind Boston, San Francisco, and San Diego.

The Triangle enjoyed a 14% growth in life science jobs in the five years from 2013 through 2018. According to a 2019 report by Jones Lang LaSalle, life science companies "are attracted to Raleigh-Durham's top-notch higher education system, talent pipeline, and innovative ecosystem."

One of the key drivers behind recruiting companies to North Carolina is the state's performance-based discretionary incentive programs – the Job Development Investment Grant Program (JDIG) and the One North Carolina Fund (OneNC). Under the JDIG and OneNC programs, funds are only distributed for actual jobs created under these grants, which are targeted at attracting companies considering locating in North Carolina or considering expanding existing operations in the state.

JDIG is a discretionary incentive from the Department of Commerce that provides sustained annual grants to new and expanding businesses measured against a percentage of withholding taxes paid by new employees. See N.C. Gen. Stat. § 143B-437.52 The JDIG program is overseen by the Economic Investment Committee, which includes the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and two private sector members appointed by the General Assembly.

For a project to receive a JDIG grant, the Committee must find:

- The project results in a net increase in employment;
- The project increases opportunities for employment and strengthens the state's economy;
- The project is consistent with the economic development goals of the state and of the area in which it is located;
- The project is competitive with another state(s) or country; and
- The grant is necessary for the completion of the project in North Carolina.

Also, the company must meet specific state health insurance and workplace safety requirements. The proposed project's benefits must outweigh its costs, thus rendering the grant appropriate. A cost-benefit analysis is done for each project, and the Committee identifies and selects projects that are most beneficial after considering several different evaluation factors.

From the JDIG program's first award in 2003 to June 2020, the program has awarded 318 projects a total of \$2.3 billion. Of the total 318 announced awards, 224 (70%) went to companies with existing North Carolina operations, and 94 (30%) went to those new to the state. Of the total 318 awards, 157 (49%) were expansions of existing facilities, and 161 (51%) went to constructing new facilities.

The Nexsen Pruet Economic Development team is well-versed in assisting new and existing companies in securing state support through these programs. Team members have represented numerous companies across all industry sectors and are available to provide assistance in helping you understand these processes.