SENATE BILL 493:
JDIG Multilocation Projects Modifications.

2021-2022 General Assembly

Committee:	Senate Rules and Operations of the Senate	**Date:**	April 22, 2021
Introduced by:	Sens. Newton, Craven	**Prepared by:**	Nicholas Giddings
Analysis of:	First Edition		Staff Attorney

OVERVIEW: Senate Bill 493 would increase the annual Job Development Investment Grant (JDIG) for any business headquarters in the State by 10% if the business meets certain requirements, such as relocating its' out-of-state manufacturing operation to a development tier 1 or tier 2 area.

CURRENT LAW: JDIG is a discretionary grant program by the State that provides funds to incentivize new or expanding businesses to create jobs in the State. To receive a JDIG award, the business must meet several conditions, including a finding that the benefits of its project to the State outweigh its costs and render the grant appropriate for the project, and that it will create a negotiated number of new full-time employee positions during a specified period of time, known as the base period.[1] If a business fails to meet the conditions of the grant agreement, the grant amount may be reduced or the grant may be terminated.

For a traditional JDIG award,[2] the award amount is calculated as a percentage of the personal income tax withholdings of eligible positions for a period of years.[3] The maximum percentage for a tier 1 area is 80% and for all other areas is 75%. The per position maximum for an award is $16,000. The amount of a grant payout to a company is automatically decreased by 25% or 10% for tier 3 and tier 2 projects, respectively, with that percentage of the grant payout going to the Utility Account for, generally, infrastructure projects reasonably expected to create jobs in development tier 1 and 2 areas. Generally, the maximum total annual liability for JDIG grants is capped at $35 million.

BILL ANALYSIS: Senate Bill 493 would increase a qualifying business's JDIG disbursement by 10%. To receive the increase, the business must meet the following criteria:

1. The initial grant was awarded to the business for locating their company headquarters in the State.
2. The business announces during the base period that the manufacturing operation of either (1) the business or (2) a business that controls, is controlled by, or is under common control with the business, will be relocating to a tier 1 or tier 2 area in the State.
3. The number of newly created positions filled by full-time employees must be equal to or greater than the jobs the business would have to create to qualify for a JDIG award[4] and the increase in withholdings must be equal to or greater than the bonus amount.
4. The bonus only applies for years in which the required manufacturing jobs are filled.

EFFECTIVE DATE: This act would be effective when it becomes law and apply to grants awarded on or after that date.

---

[1] The base period for transformative projects may not exceed 10 years and all other projects may not exceed 5 years.
[2] Certain enhancements exist for high-yield and transformative projects.
[3] The maximum term is 12 years.
[4] A minimum of 10 eligible positions must be created for a relocation to a tier 1 area and 20 eligible positions for a tier 2 area.