

Apple may be concerned about NC legislative maneuvering

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By Ben Graham and Lauren K. Ohnesorge – Triangle Business Journal

At least two sources familiar with Apple's interest in the Triangle say the electronics giant is worried about North Carolina lawmakers meddling with constitutional amendments for political influence.

A source connected to local government affairs told Triangle Business Journal that Apple CEO Tim Cook and Chief Operating Officer Jeff Williams – both with strong Raleigh and Durham ties – have been kept up-to-date on the recent developments, including the lawmakers coming back to Raleigh to vote on rewriting some of the amendments, as suggested by a three-judge panel. A Triangle real estate source with knowledge of the project reiterated that Apple is concerned about the latest developments on Jones Street.

All of this is beginning to percolate as Apple and state government officials try to work out the details of the project, including the timeline that needs to be tied to the tax incentives proposal.

Having companies such as Apple closely monitoring the political situation of local communities during the site selection process has become normal behavior for large corporations, site selection experts say.

“Today, politics and site selection decisions are indivisible,” said John Boyd, a New Jersey-based site selection consultant with the Boyd Group. “Trophy employers like Amazon, like Google, like Apple place a high premium upon hiring the best talent. These are companies that pay very close attention to politics above and beyond issues related to taxes and infrastructure and incentives. ... The role to which they feel like the legislature is in sync with their priorities is a positive from an industry attraction standpoint.”

A project of this magnitude has a ripple effect on the Tar Heel state's political landscape as well.

Presumably, Gov. Roy Cooper would like to announce this expansion before the mid-term elections in November, and the back-and-forth on constitutional amendments could only delay the process if the Cupertino, California, company is adamant that it wants the economic development project to stay far away from legislative wranglings.

Andrew Taylor, political expert and professor at N.C. State University, says an Apple announcement would be a “big win” for Cooper’s administration. “Everybody’s going to claim credit who is at least tangentially related to the deal, but obviously the governor is in prime position to take a lot, if not most of the credit,” Taylor says.

But politics could stain an announcement, as Apple executives have not been shy about taking political positions. Groups – including No Gay No Way – have rallied for major technology corporations, from Amazon to Apple, to avoid investing in North Carolina entirely over concerns about inclusivity. And there’s also been push back tied to the legislative effort to install a new Voter ID law, one of those constitutional amendments proposed.

Boyd said that issue, in particular, has been a “big part of the 24-hour news cycle.” “Companies with a progressive tilt, I think all things being equal, would like to avoid that type of controversy,” he added.

But Taylor said that, if Apple is weighing “political uncertainty,” it could be a tactic. “It’s possible that it’s pretending to get cold feet ... as a way of extracting additional concessions from the state,” Taylor theorized.

In the meantime, economic developers say they aren’t worried about the timeline.

Ted Conner, vice president of economic development and community sustainability at the Greater Durham Chamber of Commerce, wouldn’t comment on discussions with Apple, but said “these things don’t happen overnight.”

Companies considering major expansions “need to take their time and get the job done right, because you don’t want to rush into it and find a year into the process you have picked the wrong city or site,” he said.

Conner echoes what Michael Haley, director of economic development in Wake County, has said – that he’s seeing an increase in interest from expanding or relocating companies.

And the organized efforts to recruit tech giants Amazon and Apple are fueling other discussions. The multi-agency proposal for Amazon’s 50,000-job HQ2 project, for example, has been repurposed in his efforts to land other companies. “It’s very insightful data and we continue to use it,” he said.

In January, Apple first announced that it expects to invest more than \$30 billion in capital expenditures in the U.S. in the next five years and create more than 20,000 new jobs through hiring at existing campuses, and opening a new one.

"The company plans to establish an Apple campus in a new location, which will initially house technical support for customers. The location of this new facility will be announced later in the year," Apple said at the time.

Cooper and Cook met in May to talk about the deal. Soon after, lawmakers on Jones Street revamped the state's "transformative incentive," intended to lure major economic development projects to the state.

The revised incentive policy enables companies committed to investing at least \$1 billion and creating 3,000 jobs in the state to be eligible for a transformative project award. Those companies would get credit for positions above that 3,000 job maximum. Ten percent of award amounts would go to the utility fund to support rural infrastructure projects.

While the new incentive proposal was announced two days after Triangle Business Journal broke the story of their negotiations with Apple, lawmakers took care to point out that the revisions were not catered toward any particular company.

Senate leader Phil Berger said the plan would “provide more long-term certainty to companies considering North Carolina.”

“There are dozens of major companies looking at locating or expanding in North Carolina, and our doors are open to all businesses and industries,” House Speaker Tim Moore said at the time.

Apple has remained tight-lipped about the site selection search. According to previous reports, the company has been looking at land around the intersection of Interstate 540 and Davis Drive for the ground-up development of a new campus.

N.C. Commerce Secretary Tony Copeland didn't immediately return a call to comment on the situation Friday.