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Site Selection keeps North Carolina ranked second for business climate

By Richard Craver Winston-Salem Journal

Nov 2, 2016 North Carolina retained its No. 2 national ranking for business climate for 2016 despite the challenges to business recruitment stemming from House Bill 2, Site Selection magazine said Wednesday.

The state finished behind Georgia in a Top 10 dominated by the Southeast and Deep South.

Half of the ranking is based on a survey of corporate site selectors, who are asked to rate the states based on their recent experience of locating facilities in them. North Carolina ranked fifth.

The other half is based on the combined scores from seven categories that focus on new economic projects, expansion of current businesses and state tax climate for new and existing businesses.

Site Selection said North Carolina came in second “despite calls to avoid investing there due to a bathroom-access law that passed earlier in 2016.”

The bill was passed by the Republican-controlled General Assembly and signed into law by Gov. Pat McCrory on March 23.

It is known primarily for requiring individuals, including those who are transgender, to use public restrooms and locker rooms based on the gender listed on their birth certificates rather than gender identity.

The law also excludes sexual orientation and gender identity from statewide anti-discrimination protections, overrules local nondiscrimination ordinances and prohibits local government entities from requiring a set hourly wage from third-party contractors working on a project.

“North Carolina ranks in the top tier in the competitiveness component of the business climate ranking, meaning plenty of companies still want a Tar Heel business facility in their portfolio, whether or not some sporting events move their contests elsewhere or a handful of companies cancel their North Carolina expansions,” according to Site Selection.

“It still has the workforce, climate and infrastructure (transportation, regulatory and otherwise) deemed necessary by capital investors.”

McCrory cited the No. 2 ranking in a statement released Wednesday as another symbol of his “Carolina comeback” re-election campaign theme.

“This ranking is further affirmation that our pro-growth economic policies have once again made North Carolina a top destination for jobs,” McCrory said.

However, since HB2 went into effect, the state Commerce Department lists the largest new-to-North-Carolina project as 205 jobs pledged Aug. 29 by Prescient for an East Coast operations center in Mebane. That is almost half of the 400 jobs that PayPal withdrew from Charlotte shortly after HB2 became law.

CSX recommitted July 19 to a connector hub, to be built in Edgecombe County, in which there are expected to be 250-300 jobs for the construction phase and 1,500 jobs indirectly created statewide related to the hub. CSX originally chose a Johnson County site on Jan. 14.

Altogether, Commerce has announced since the passage of HB2 the planned creation of 944 jobs linked to new projects and 2,253 linked to expansions. The totals do not include jobs pledged since March 23 related to state infrastructure grants and loans.

Critics of McCrory’s Carolina comeback promotion say that of the more than 300,000 jobs created during his term as governor, 38.1 percent have been in low-to minimum-wage jobs, such as retail, leisure and hospitality.

Some economists say that much of North Carolina’s recovery has come from piggybacking on the U.S. recovery, and that the bulk of the rebound has been felt in Charlotte and the Triangle.

On July 13, cable business network CNBC ranked North Carolina fifth in business climate, up from ninth in 2015.

CNBC did not shy away from discussing the effect of HB2 on North Carolina,” saying the state “ranks 30th for quality of life, its worst category, largely because of the non-inclusiveness that is enshrined in state law.”

“More to the point: Were it not for the law, North Carolina almost certainly would have edged out Texas for second place this year and might well be knocking on Utah’s door.”

CNBC acknowledged having North Carolina ranked fifth “may raise some controversy, which is something (the state) is growing accustomed to these days.”

“It all tends to drown out the state’s obvious business advantages, including a solid workforce and a heritage of innovation. And that effect shows up in our numbers.”

John H. Boyd, a site-selection expert based in New Jersey, said that on one hand, the business-climate rankings “are a valuable marketing arrow in the quiver of North Carolina’s economic development foot soldiers.”

Yet, Boyd said, “the big gorilla in the room” remains HB2 and “how long will its effect play out for North Carolina.”