

Auto plant for NC? Site recruiter says state is ready to be a player



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by Jason Parker — November 23, 2021

RALEIGH – Whether North Carolina becomes the home for a massive battery plant today or in the near future, the state is a contender for future electric vehicle related manufacturing. So says a widely know industrial site recruiter.

The state’s Economic Investment Committee is scheduled to meet today as talk circulates about the possible selection of the Triad area for a Toyota plant. Such talk has circulated before. Things could be different now with recent funding moves made in North Carolina’s state budget – from potential funds for the Triad “megasite” to lower taxes for individuals and corporations.

After reports that Toyota is considering—again—a ‘megasite’ of 1,825 acres in Randolph County as a viable location for a new plant, this time, an electric vehicle battery plant that could involve some \$1.29 billion in investment and create 1,750 jobs in the region, WRAL TechWire spoke with site selection expert John Boyd, Jr., the principal of The Boyd Company. The firm specializes in assisting companies through relocation, about what is attracting so many companies to consider North Carolina for company expansion or relocation.

The transcript, lightly edited, follows.

WRAL TechWire (TW): How could NC land this specific project? How is the state different now compared to the past, when it did NOT land a Toyota plant, despite being considered for it (2018), and other failures to secure automotive facilities in the recent past?

Boyd: The EV industry is an especially timely target for North Carolina—EV manufacturing requires a very small fraction of the parts required for combustible engine automobiles. The absence of a critical mass of auto industry suppliers in the region is not as pivotal a site selection factor as it was in past years—during the state’s courtship of projects like Toyota, BMW, Volvo and Mercedes. In fact, Toyota may view North Carolina as a fertile recruiting location, becoming a leading, employer of choice within the nascent and soon to boom EV industry.

Another thought here—it was widely reported the Randolph mega site was looked at closely by Toyota in 2018. Give the local development team on the ground credit for the work they did creating those relationships—that work in 2018 may very well be bearing fruit in 2021 with this new project. We always say that economic development is cumulative and its about relationship building. The state has close ties to Japan via North Carolina’s huge pharma and biotech sector. I suspect these ties are also being leveraged here.

Duke Energy is also a major asset for North Carolina, especially in the EV industry. Duke’s proactive posture on green energy and its collaboration with policy makers, the real estate and business community can also help pave the way for energy-centric deals like Toyota.

TW: The North Carolina legislature passed the state budget last week, and Gov. Cooper signed it into law. This budget includes funds seemingly allocated specifically for this project—are other states could or might offer a similar level of economic incentives, and what is North Carolina’s strategy?

JB: Incentives, while contentious today among academia, think tanks and public advocacy groups, are an important part of the site selection process. Incentives have become the norm rather than the exception and our corporate clients all look for ways to help write down the huge capital investment costs associated with major projects like the one proposed by Toyota.

North Carolina’s neighbors all offer incentives, including hiring tax credits, property and sales tax abatements along with infrastructure and job training grants. Above and beyond helping land

this potential Toyota deal—it sends a message to the global EV industry that North Carolina is ready willing and able to be an active partner in this growing industry.

TW: How important are tax incentives and other such economic incentives to companies—and companies such as Toyota—in site selection? What other factors are important? What might be important to Toyota about this specific project?

JB: While incentives are important and often play the role of a “tie breaker” for finalist locations—ultimately it is North Carolina’s premier labor market and skill sets (the state is home to major research institutions and academic centers of excellence—as well as highly regarded community colleges and technical schools, the state’s low cost of doing business and excellent synergy between the academic sector, business community and lawmakers that always has been a big part of the state’s winning economic development formula.

TW: Would the budget’s change to corporate tax rate help seal a deal—for Toyota or for other companies—or are corporate tax rates basically “table stakes” in this climate?

Site seeking companies tend to “want it all”—they want every possible tax break and every last cent of incentives.

The change to the corporate tax rate would not only help Toyota’s bottom line—but it sends a message to the global business community that in North Carolina job creators are valued and have a seat at the table in terms of policy coming out of Raleigh. This is NOT the tenor coming out of less business friendly states like CA, NY and IL today—where businesses and corporate employers are treated as antagonists and ATM’s.

Timing is everything in economic development and the timing of last week’s signing of the state’s 2022 budget by Governor Cooper—which reduced the state’s personal income tax rate and phases out the corporate income tax rate—is worth mentioning here. Texas, which often competes with North Carolina on major projects and where Toyota has its North American headquarters in Dallas and major production operations in San Antonio—has neither a corporate nor personal income tax.

TW: 2020 and 2021 have been record or near record years for economic development activity in North Carolina—what did NC lack in the past that is attracting companies now, or what is attracting companies now?

JB: This is an era of historic mobility for people and companies.

North Carolina’s attractive cost of business by national standards, its cost of living advantages, its globally recognized cluster of universities AND its diverse industry sectors make it an attractive state for in-migration. North Carolina is one of the fastest growing states in America

North Carolina has grown large enough over the last decade to earn a 14th congressional seat and the 16th member of the Electoral College—an achievement not to go unnoticed by companies in highly regulated industries like energy and with billions of federal dollars on the table in new federal green energy initiatives. All of which is taking place in high tax and high cost states like California, New York and Illinois which are losing people and representation in Washington.

TW: What about in the life sciences in particular—why is NC attractive to companies right now?

Highly skilled workforce, low business costs, attractive sites like the RTP make NC a global life sciences powerhouse. Also, the expanded I-40 Corridor linking the Triangle Region to the Triad is now being talked about in the same breath by site planners as other premier pharma and biotech corridors around the U.S. like the Route 1 Corridor in Central NJ, the Route I28 Corridor in Boston and the I-270 Corridor in Montgomery County, Maryland. Also, North Carolina’s life sciences advocacy group—the North Carolina Biotechnology Center—is another resource that distinguishes the state as a location of choice for the pharma and biotechnology sector.

TW: What other trends in site selection are you following right now, and into 2022? What do you expect—in NC—in 2022?

LB: Reshoring of manufacturing spurred by supply chain disruptions, especially in the pharmaceutical industry, is a trend that North Carolina will continue to capitalize on in 2022 and beyond.

Housing has emerged as a major site selection driver today. We are bullish on North Carolina—particular in the new mixed-use developments in the pipeline in the Raleigh/Durham market.



John Boyd, Jr., principal of The Boyd Co., Inc.. Image provided by The Boyd Co.

Also, look for new investments in the aerospace industry, a sector coming back strong from the pandemic and which our firm is active in with clients like Boeing, Pratt & Whitney and Safran. Connecticut-based Pratt & Whitney, e.g., is currently building a 1.2 million sq. ft. plant in southern Buncombe County that will make turbine airfoils that go in jet engines. The transformative \$650 million project will attract new aerospace suppliers throughout Western North Carolina over the next few years.