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March 11, 2022

VIA EMAIL

Secretary Harry Lightsey
Department of Commerce
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Columbia, South Carolina 29201
hlightsey@sccommerce.com; chuffman@sccommerce.com

Dear Secretary Lightsey:

The Economic Development, Transportation, and Natural Resources Subcommittee appreciates the agency's partnership in the oversight process. Based on information provided during the process, various members request answers to the following questions be gathered.

Vision, Strategy

1. Does establishing vision and strategy flow upward (i.e., county establishes, then region establishes based on understanding of the visions of the counties in the region, then state establishes based on understanding of the visions of the regions in the state) or vice versa?
2. Is there a single document that includes the different regions and county visions/strategies with Commerce's summary of them (or what Commerce will use to determine its marketing plan?) If not, would Commerce be willing to produce one? Would one be helpful, why, or why not?

3. Is there a written state strategy for economic development? If no, why?
4. What is considered when creating the state strategy?
5. Where can the public access the state's strategy for economic development?
6. Is there a regular frequency in which the state's strategy for economic development is updated? If no, why not? If yes, what is it?
7. Explain how Commerce coordinates with other state and federal agencies that issue grants for water and sewer projects?

Incentive Package

8. Please provide the value of incentives offered during the last five years.
9. Are there any type of incentives that would not be included in the incentive package provided to the company? If so, which ones?
10. Who is making the offer(s) to the company (prior to presenting to CCED for approval), Commerce project managers, Coordinating Council for Economic Development (CCED) staff, regional or local economic development personnel? If multiple individuals, please explain the offers made by each.
11. If a company received a job development tax credit (JDC) and a business development grant (BDG), would there ever be a time where the job and investment requirement is not the same in the revitalization agreement (RVA) for the JDC and performance agreement for the BDG?
12. Is Commerce and/or CCED staff aware of any local incentives provided to a company? If yes, which ones, at what point in the process are they made aware, and which Commerce or CCED personnel are made aware?
13. What would be the pros and cons of having the locals agree to provide, for publication on Commerce's website, any local incentives offered/accepted, as a prerequisite to the local area receiving any state discretionary funds?¹
14. What are the pros and cons of having the same person serve as the Executive Director for CCED (CCED responsible for discretionary incentives) and the Grants Administrator for Commerce (responsible for CDBG and ARC grants), as is currently the case?

Incentive Agreements and Responsibilities

¹ 2021.05.12 - Commerce - Marketing the State and Project Management [00:21:08-00:21:45] Nelson Lindsay, Director of Global Business Development, Department of Commerce: The latest addition to our site is what we call inform. See, this is the online hub where our recruitment track record and incentives over the last 10 years are put there. So you can go online and have this interactive map, search county by county data and find out the companies that have gone there, the jobs, the investment and the discretionary incentives awarded by the state doesn't include the does not include the the local incentives, but it does include the state. So that's our newest addition to the site.

15. Please provide a copy of the standard terms included in RVA and grant agreements.
16. What responsibility does the local government have in a performance agreement for a BDG, if any?
17. What does the JDC application entail/include OR is it the same as the business development grants application?
18. What are the responsibilities of the CCED chair?
19. What authority or power does the CCED chair have that other members do not? (e.g., tie breaker in council votes; veto power; etc.)
20. What are the pros and cons of the following scenarios?
 - a. Members of CCED elect the CCED Chair; and/or
 - b. Secretary of Commerce prohibited from serving as chair
21. How many CCED members are required for a quorum and how are votes made (i.e., does the Chair have final say)?
22. Please list the decisions for which CCED is responsible or makes, and, for each, please explain the way it is made. (e.g., Chair make decision; majority vote)

Amendments, Write-offs, and Waivers

23. What is analyzed when determining whether to recommend accepting an amendment to a grant, RVA, performance or other grant/incentive related agreement?
24. Please explain the reasons/parameters for which a grant, RVA, performance or other grant/incentive related agreement may be amended.
25. During the last three calendar years, how many grant, RVA, performance agreements or other grant/incentive related agreement were amended?
 - a. For each with amendments, please state whether it was amended once or multiple times and, for each time it was amended, please state the category/type of change (i.e., lowering incentive and performance requirement; maintaining incentive while lowering job requirement and increasing investment requirement; etc.) and the basis for agreeing to the change
26. When an agreement is amended, what information could be made public without harming the state's ability to negotiate and land businesses?
27. If a person from the public was told Commerce amended an agreement with a company, what questions may be helpful for the person to ask to obtain reasons for the decision?
28. Would Commerce oppose adding information to the map and matrix on InformSC to reflect the final incentive agreements?²

² <https://www.sccommerce.com/research-data/inform-sc-performance-map-matrix>

29. Please state the pros and cons of the following updates to CCED policies and information included in its annual report:

- For repayments CCED votes to write off: Require CCED's vote include a statement as to the reason why CCED determined the repayment was uncollectible and include that reason in the chart in the annual report (see page 24 and Exhibit E on page 31).
- For repayments CCED votes to waive in part or full: Require CCED's vote include a statement as to the reason why CCED made the decision and include that reason in the chart in the annual report (see page 24 and Exhibit F on page 32).

30. Please state the reason clawbacks were waived for the entities listed below as they achieved 60% or less of both the job requirement and the investment requirement:

- Con-Pearl North America, Inc.;
- PTI Plastic and Rubber Gasket, Inc.; and
- Treleoni LLC

Exhibit F
March 2020 Coordinating Council Approval of Amounts Waived, Grants Closed Prior to November 2019

Grant #	County	Company Name	Grant Amount	Amount Disbursed	Job Requirement	Investment Requirement	Actual Job Creation	Actual Investment	Clawback Amount	Amount Paid	Uncollectible Balance	Jobs	
												Achieved %	Investment Achieved %
CL9043	Sumter County	Apex Tool Group, LLC	\$150,000	\$150,000	33	\$1,400,000	33	\$1,385,418	\$750	Waived	NA	100%	99%
C-13-2164	Cherokee County	Associated Hardwoods, Inc.	\$100,000	\$100,000	28	\$9,800,000	21	\$9,335,330	\$15,000	Waived	NA	75%	95%
C-12-0327	Cherokee County	Bericap SC, LLC	\$100,000	\$100,000	50	\$29,700,000	40	\$27,600,000	\$13,500	Waived	NA	80%	93%
S1953	York County	Bluestar Silicones USA Corp	\$350,000	\$350,000	60	\$14,800,000	48	\$21,767,545	\$35,000	Waived	NA	80%	147%
RIF09240182	Greenwood County	Center Manufacturing, Inc.	\$150,000	\$150,000	50	\$2,500,000	112	\$1,284,137	\$35,750	Waived	NA	224%	51%
S1824	York County	CM Steel, Inc.	\$150,000	\$150,000	70	\$6,000,000	66	\$6,430,554	\$4,500	Waived	NA	94%	107%
C-13-2144	Greenville County	Con-Pearl North America, Inc.	\$150,000	\$150,000	51	\$14,250,000	20	\$2,145,307	\$109,500	\$100,000	Waived	39%	15%
C-13-2228	York County	Coroplast Tape Corporation	\$600,000	\$600,000	153	\$12,075,000	127	\$25,881,191	\$51,000	Waived	NA	83%	214%
CL9029	Lexington County	DHL Global Forwarding	\$100,000	\$100,000	350	\$900,000	315	\$900,000	\$5,000	Waived	NA	90%	100%
S1951	Spartanburg County	Eaton Corporation	\$75,000	\$75,000	30	\$7,500,000	85	\$6,142,493	\$6,750	Waived	NA	283%	82%
C-18-2926	Fairfield County	Elite ES	\$100,000	\$100,000	60	\$2,400,000	112	\$1,487,702	\$19,000	Waived	NA	187%	62%
S1984	Greenville County	Encore of Greenville, LLC	\$100,000	\$100,000	89	\$3,900,000	88	\$5,629,629	\$500	Waived	NA	99%	144%
S1831	York County	FedEx Ground Package System, Inc.	\$200,000	\$200,000	22	\$14,855,000	35	\$14,178,105	\$5,000	Waived	NA	159%	95%
C-14-2353	Greenville County	GE Gas Turbines (Greenville), LLC	\$750,000	\$750,000	83	\$73,000,000	0	\$728,830,589	\$375,000	Waived but maintenance required	NA	0%	998%
C-14-2336	Bamberg County	Green Link Wood Industries	\$100,000	\$100,000	44	\$1,200,000	47	\$636,000	\$24,000	Waived	NA	107%	53%
C-13-2230	Spartanburg County	Heiche US Surface Technology LP	\$100,000	\$100,000	38	\$4,000,000	33	\$3,246,491	\$11,000	Waived	NA	87%	81%
C-15-2418	Florence County	ICE Recycling, LLC	\$55,000	\$55,000	25	\$610,000.00	0	\$787,856	\$27,500	Waived	NA	0%	129%
RIF10240233	Greenwood County	Jatco, Inc. - Deemed MOVE	\$50,000	\$50,000	39	\$2,000,000	42	\$1,664,750	\$4,250	Waived	NA	108%	83%
C-13-2141	Richland County	Koyo Corporation of USA	\$750,000	\$750,000	175	\$130,000,000	160	\$120,000,000	\$63,750	Waived	NA	91%	92%
C-12-2119	York County	Lap Tech Industries, Inc.	\$200,000	\$200,000	60	\$4,500,000	60	\$4,010,349	\$11,000	Waived	NA	100%	89%
S1849	York County	Legrand North America	\$200,000	\$200,000	185	\$1,800,000	180	\$2,017,984	3,000	Waived	NA	97%	112%

Exhibit F
March 2020 Coordinating Council Approval of Amounts Waived, Grants Closed Prior to November 2019

Grant #	County	Company Name	Grant Amount	Amount Disbursed	Job Requirement	Investment Requirement	Actual Job Creation	Actual Investment	Clawback Amount	Amount Paid	Uncollectible Balance	Jobs	
												Achieved %	Investment Achieved %
RIF11050269	Bamberg County	Masonite International Inc.	\$1,500,000	\$1,500,000	159	\$14,000,000	187	\$18,019,262	\$366,000	Termination of Lease (building is owned by Southern Carolina Alliance on behalf of the County)	NA	118%	129%
S1990	York County	Nation Ford Chemical	\$100,000	\$100,000	16	\$5,500,000	18	\$5,998,165	\$0	Waived	NA	113%	109%
CL9040	Greenville County	Proterra, Inc.	\$1,500,000	\$1,500,000	400	\$16,000,000	297	\$29,500,000	\$195,000	Waived	NA	74%	184%
C-14-2296	Richland County	PTI Plastic and Rubber Gasket, Inc.	\$25,000	\$25,000	37	\$1,897,846	19	\$1,062,637	\$11,625	\$10,000	Waived	51%	56%
S1894	Greenville County	Saati Americas Corporation	\$150,000	\$150,000	70	\$14,000,000	67	\$14,985,362	\$0	Waived	NA	96%	107%
S1917	Dorchester County	Showa Denko Carbon, Inc.	\$2,000,000	\$2,000,000	100	\$200,000,000	49	\$340,000,000	\$500,000	Waived	NA	49%	170%
C-13-2172	Clarendon County	Suri Industries, Inc.	\$225,000	\$225,000	60	\$3,500,000	52	\$3,521,183	\$14,625	Waived	NA	87%	101%
RIF10140241	Clarendon County	Treleoni LLC	\$150,000	\$150,000	100	\$7,750,000	60	\$4,569,074	\$78,600	Waived	NA	60%	59%
Total Committed			\$10,180,000		2637	\$599,837,846							
Total Achieved							2373	\$1,403,017,112					
Percent Achieved							90%	234%					

31. Would CCED be willing to include information in annual reports, in a similar format as Exhibits A-F in the 2020 annual report, on agreements that are amended including, but not limited to, the original performance agreed upon, the amendment to the agreement, and the reason for the amendment? If not, why?

Audits

32. Regarding JDC audits, CCED documents indicate CCED staff note any corrections in job/investment that result from an SCDOR audit. If an audit is performed and no corrections are needed, does CCED staff still note the audit was performed? (i.e., could CCED staff inform members of the number of companies that should have had an SCDOR audit, but never had one, and the number that have had one in a five, or greater, year period, instead of within the three year period required by law?)

Supplier Outreach, Statewide Company Directory, Small Business Support

33. Is there a central list of all businesses in the state and the services each performs, or industry sector in which they fall? If so, where is that information available? If not, how might the existence of one be beneficial to Commerce?
34. How, if at all, does Commerce work with the Secretary of State's Office to identify businesses that may benefit from some of Commerce's programs, like supplier outreach events, launching webpage and database portal to store interested suppliers and capabilities³, etc.?
35. What would be the pros and cons of Commerce launching a webpage and database portal to store capabilities and interests of businesses throughout the state?
- Is this the agency's goal with the industrial directory or is the industrial directory focused on manufacturing type businesses?
 - Can anyone access the industrial directory? If not, why not?
 - How is information in the industrial directory added and kept current?
36. Regarding the SourceSC Database⁴:
- How does the agency measure the efficacy of this program?
 - How many companies have been connected with in-state suppliers and vendors since the inception of SourceSC?
 - How many in the past three to four years?
 - What enabled Commerce to double the number of companies from 2017 (620 companies) to 2018 (1,310 companies)?
 - Does the agency know the total number of companies that would qualify for the database if every company the agency wanted to include in the database was included?
37. Please explain the B2B online platform purchased by Commerce, including Commerce's goals for how it would be used, what it would accomplish and the status on those goals.

³ Service After the Sale, Slide 17

⁴ SourceSC Locator Tool - Allows S.C. companies to source locally-developed materials and service providers, connecting S.C. companies with in-state suppliers and vendors. OEMs and Tier 1s in the state can leverage this tool to find small and mid-sized businesses and suppliers for supply chain needs. Sourcing locally can improve efficiency, manage supply chain activities, lower operations and freight cost and reduce supplier delivery times.

38. How does the agency's Small Business Support interact with the Department of Revenue's Business One Stop, if at all?

Data

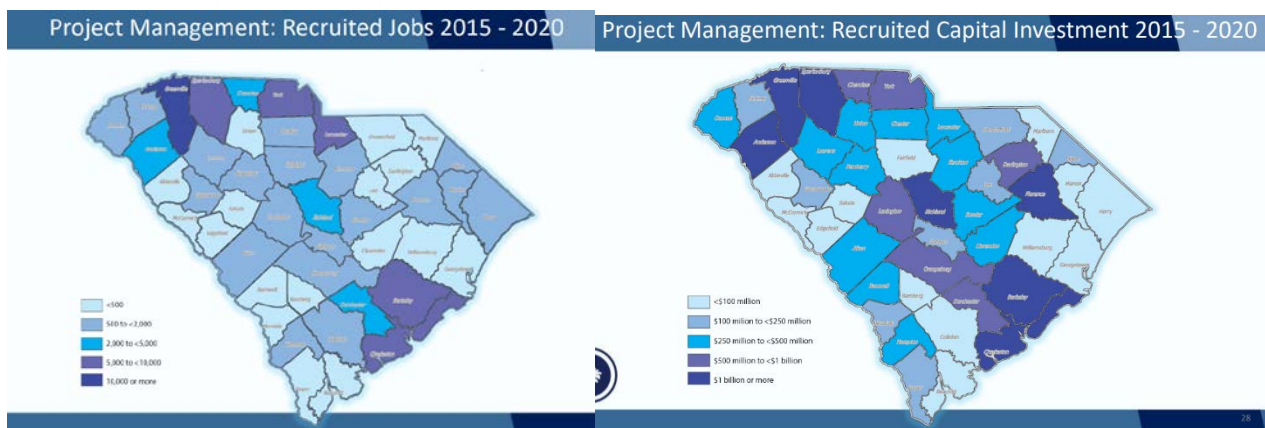
39. Where will Commerce be reporting wage levels for new jobs created in connection with grant projects and when will those numbers begin being reported?

40. Since recruiting and landing a company may be a multiyear process, in what year does Commerce assert it landed a company (e.g., company announcement year)?

41. When the agency states a company brought in/created a certain number of jobs or investment, what are the parameters for the term (a) "job" (e.g., is it as of a certain date, or period, or salary, etc.), and (b) "investment"? For example, two maps on the agency webpage list the number of "recruited" jobs and "recruited" capital investment, while another map/image lists "announced" investment and jobs.⁵ If there are different definitions for different times, please list and explain each.⁶

⁵ Marketing the State, Slide 27, slide 28; <https://www.scommerce.com/research-data/inform-sc-performance-map-matrix>

⁶ See below



Company	Investment	Jobs	Grants Award	IDC	Date	County
Mira International Foods, Inc. (SC)	\$2.0M	28	\$0K		9/2/2021	Beaufort
ConnectAmerica (SC)	\$0.9M	71	\$0K		8/31/2021	Greenville
TELUS International (SC)	\$3.4M	1300	\$250K	Approved	8/24/2021	Charleston
Cypress Creek Renewables (SC) - Anderson	\$68.0M	0	\$0K		8/19/2021	Anderson
Top Edge Components, LLC	\$2.9M	25	\$0K		8/18/2021	Anderson
Interfor US, Inc. (SC) - Summerville Division (North's WoodStock Co.)	\$30.0M	0	\$0K		8/11/2021	Dorchester
Accounting Training Systems (SABMA of North America, Inc.) (SC)	\$4.7M	42	\$0K		8/10/2021	Aiken
Acmet Engineered Solutions, LLC (SC)	\$0.0M	19	\$0K		8/10/2021	Bamberg
Southern Cement, LLC (SC) - Lee	\$38.8M	0	\$0K		8/10/2021	Lee
MICART, Inc. (SC)	\$2.0M	50	\$0K		8/4/2021	Greenville
Shandolph Geosets, Inc. (SC) (SC)	\$0.0M	50	\$0K		8/3/2021	Anderson
The Matouf Companies (SC)	\$47.2M	240	\$300K		7/28/2021	Laurens
TI Holdings, LLC aka Galy Shoot Bakery	\$0.4M	25	\$0K		7/27/2021	Charleston
BHN Steel Products USA, LLC	\$4.1M	800	\$300K	Approved	7/23/2021	Orangeburg
Ramwell Pk 1, LLC	\$75.0M	0	\$0K		7/22/2021	Ramwell
Your Grandpa, Inc. (SC) (SC) - Aureslane	\$3.6M	40	\$0K		7/22/2021	Charleston
Wind West of Myrtle Beach, Inc.	\$2.5M	40	\$100K		7/21/2021	Horry
Neutron Pharmaceuticals Corporation - Neutron Nitrite	\$100.0M	250	\$0K	Approved	7/15/2021	Lexington
Last Step Recycling, LLC	\$48.4M	50	\$200K		7/12/2021	Chester
Prestige Farms of South Carolina, LLC (SC)	\$150.0M	252	\$1,200K	Approved	7/8/2021	Kershaw
STAR EV Corporation (SC Global Services)	\$8.7M	50	\$0K	Approved	7/7/2021	Greenville



The preliminary incentive data provided in this report is based on announced project parameters, which may be subject to modification as reflected in final incentive agreements.

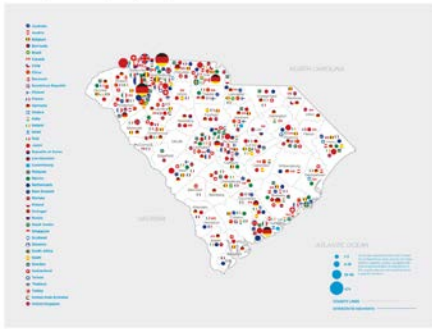
42. Please provide a copy of the complete survey results and publications related to the “Site Selection Factors” chart provided in the agency’s presentation.
43. In agency reports, what does each of the letters and numbers signify in the Grant Number and Project Number?
Sample Grant Number: C-18-2884
Sample Project Number (from Enterprise Report): EZ2004 3392
44. Would Commerce be willing to add the company name of a “project” for which a grant was associated so the grant could be seen side by side with the information from the Enterprise Annual Reports? (Add note about which grants are in which reports and length of time to have agreement signed)
45. Does each RVA have a job and investment requirement?
46. Can a single company submit applications for, and be approved for, multiple benefits (i.e., multiple JDCs), for a single location?⁷
- Would there be different job and investment requirements for each RVA?
 - Why would a company have multiple RVA agreements on a single project?
 - If a company is locating in SC, can there be multiple “projects” associated with that relocation?
47. Is Commerce willing to perform a cost/benefit analysis of a company after it stops participating in an incentive program or stops being in business, etc.?⁸ In evaluating aggregate benefits, does the agency agree it may be helpful to have the cost/benefit at the end of the process since this information could be provided, without giving the details of the companies’ operations?
48. Is the agency able to calculate the cumulative number of new jobs in each county (e.g., number gained from new companies locating or companies expanding minus number lost from companies closing, relocating, or downsizing)? If yes, is this information available anywhere online? If no, would this information be beneficial and who may have the information?
49. What is Commerce’s definition of “foreign company” (e.g., owner is from another country; company is headquartered in another country; etc.) as shown below from the agency’s website?⁹

⁷ Sample related Project Numbers (from Enterprise Report): EZ2018 3357A; EZ2018 3357B; EZ2018 3357C

⁸ On the surface, a company not receiving full benefits of the JDC program may appear positive because it means there is a lower public cost than when the project was approved. However, since the company did not meet the requirements for the investment and jobs, there is also a lower benefit than when the project was approved which may raise questions about the last two paragraphs of the last page of the [2020 Report of Enterprise Zone Activity](#) (“Based on these percentages, this performance-based program is achieving the positive result of providing a strong recruitment tool for the Department of Commerce that has a lower public cost than is projected to be available when projects are approved for Job Development Credits.”)

⁹ Marketing the State, slide 14; <https://www.sccommerce.com/area-maps>

Foreign Company Map



50. Please provide a timeline for when the agency will:
- determine its top objectives, including where rural areas of the state fit within those objectives¹⁰;
 - how it will quantifiably measure its performance on those objectives; and
 - provide that information to the Committee and public.

Data Sharing

The purpose of the questions below is to determine data available, whether it can be shared, and who else may have data that could be shared

51. Please list government entities that track economic data at the state and local level, and, for each, the type of economic data Commerce understands is tracked.
52. Please list the type of data available to Commerce regarding economic development at a statewide, region, county, city, or other area. For each, please state the source and frequency with which it is updated and whether it is available for sharing.
53. What types of maps, if any, does Commerce have, or have access to, regarding infrastructure (e.g., roads, highways, water lines, etc.)? If none, would this information be helpful to Commerce?
54. Does Commerce have maps of land owned by different state, local, and federal entities (e.g., Army Corp of Engineers, Department of Parks, Recreation, and Tourism, Department of Natural Resources, etc.)? If so, how often is it updated and is it available to share online?
55. Please list the data transferred between Commerce and the following entities as well as the method of transfer and frequency:¹¹
- Department of Agriculture
 - Rural Infrastructure Authority
 - Jobs Economic Development Authority
 - Department of Employment and Workforce

¹⁰ Rural Development - Grants made to units of local government from the Rural Infrastructure Fund to serve as an incentive to a business to create jobs and make capital investment in the state. These grants are used to assist the state's rural communities to prepare for economic development projects by purchasing property for industrial parks, participating in the construction of speculative buildings, marketing plans and upgrading infrastructure. Also directs efforts to address issues that limit or negatively impact rural development, primarily by forming strategies and marshaling resources to increase the property tax base and increase stability in rural communities.

¹¹ Question 10. Please provide an Excel chart that lists information, as shown in the example below, about memorandums of understanding (MOUs) the Department of Commerce has had, or currently has, with other agencies or quasi-agencies since Secretary Hitt began in 2011. Under these MOUs, the agency indicates the agreement includes transfer or sharing of data between the agencies.

Infrastructure

56. Please list the categories of what Commerce considers “infrastructure” when it references statewide strategic economic development infrastructure investments (e.g., water, roads, internet).
57. Is there a statewide plan of where infrastructure is needed to help make the state as marketable as possible (based upon the industries the state is targeting to achieve its statewide economic development strategy and objectives)?
- Would having one be helpful?
 - What other entities would need to be involved to create one?
58. Please provide examples from other states of how funding of strategic infrastructure independent of specific economic development projects has assisted them in recruiting business.¹²
59. Please explain any strategic infrastructure investment ideas Commerce recommends for South Carolina.¹³

Regarding Talent Management Services

60. Is Commerce aware of any state agency with primary responsibility for assisting existing businesses in obtaining workers? If yes, who? If no, please list the agencies that may share in that responsibility and the roles of each.
61. Would Commerce be willing to add information on education and workforce entities from the Subcommittee’s February 28, 2022 meeting to its annual CCWD report and update the information regularly?
62. Please state where the comprehensive listing of the federal and state workforce available funding and entities through whom they flow is online, or, if not, provide a copy.
63. Please state where the Workforce Dictionary is available online, or, if not, provide a copy.

Longitudinal Data

64. Please state where the workforce snapshots, statewide and by county, are available online, or, if not, provide copies.

¹² March 29, 2021 letter from Commerce to the Subcommittee, Question 39

The agency’s Program Evaluation Report notes infrastructure as a challenge and the state’s lack of a funding mechanism to enable economic infrastructure independent of specific projects.⁶ Please provide any agency recommendations regarding infrastructure funding as well as, if available, examples of states with infrastructure programs that have led to significant economic development and growth in both metropolitan and rural areas.

As the economy continues to diversify, SC Commerce has noted that potential modifications to the state’s incentive infrastructure could help to meet evolving economic needs and keep South Carolina competitive with neighboring states. Specifically, South Carolina does not have a funding mechanism to address significant state infrastructure needs that are necessary for the state to continue and capitalize on its economic development success. Currently, the state addresses the need to modernize or construct new infrastructure based on population density or individual economic development projects. This approach leaves significant infrastructure gaps and inhibits the state from responding to business needs in a timely fashion. These types of large, strategic state infrastructure projects generally exceed SC Commerce’s grant funding resources (except when a project qualifies for economic development bond funding). Accordingly, there is no meaningful way for SC Commerce to fund an infrastructure need without doing so on a project by project basis. SC Commerce is very receptive to work with the General Assembly to explore feasible solutions that would give South Carolina the ability to build strategic economic infrastructure independent of specific projects and supported by an appropriate funding mechanism which is paramount to the state’s ability to remain competitive. During the 2019-2020 legislative session, the South Carolina House of Representatives passed H. 4332 to amend the General Obligation Economic Development Bond Act to address this need for strategic infrastructure independent of a specific economic development project.

¹³ March 29, 2021 letter from Commerce to the Subcommittee, Question 39

65. Please explain the role longitudinal data may play, and how it may assist in, creation and updating of a statewide workforce plan, and workforce development efforts on state and local levels?
- Please state where questions/responses/graphics related to this type of data would be posted online for the public to view.
 - Please state initial inquiries that will be researched with this data.
66. Please provide examples of how longitudinal data has assisted other states in their workforce development efforts.
67. Is there anything else Commerce utilizes United States Bureau of Economic Analysis (U.S. BEA) information and industry codes for other than cost/benefit analysis presentations to CCED for incentive packages?
68. Is the information below currently accessible to Commerce for analysis in an aggregated manner? If not, would it be helpful to Commerce?
- List of the industry groupings from the U.S. BEA and NAICS codes that correspond to
 - each of the industry clusters offered within schools in the state,
 - each major offered at a technical or four-year college or university within the state,
 - each of Commerce's target industry sectors (e.g., advanced materials (plastic, composites, metal and chemical); aerospace; agribusiness (includes food processing, beverage, wood, and paper); automotive; etc.)
 - each business within the state
 - For each school district in the state
 - Geographic boundaries
 - Industry clusters offered, and for each cluster:
 - Corresponding industry groupings from the U.S. BEA and NAICS codes
 - Year for the first graduating class of students that utilized each cluster (the year may be different for different clusters if some clusters were added after others)
 - For each technical college and four-year college or university in the state
 - Number of students from each school district
 - Majors offered and, for each
 - Corresponding industry groupings from the U.S. BEA and NAICS codes
 - Number of students enrolled in the degree
 - Number of students graduating in the degree
 - For each business in the state
 - Address
 - Corresponding industry groupings from the U.S. BEA and NAICS codes
 - Number of positions for which it is hiring
69. How do the clusters in a school district relate to industries Commerce targets, if at all?
70. Do the clusters correlate in any way to the industries Commerce targets? If not, what would be the pros and cons of establishing a correlation?

Annual meeting and report to county economic development personnel

71. Please list the ways in which Commerce provides feedback to counties, information provided, and frequency in which it is provided.

72. Please explain/list the number of counties each project manager must visit, frequency in which they must visit, and what must occur during the visits.
73. How many Tier III and IV counties have a current strategic plan and vision?
74. Why are creation and updating of a strategic plan important to the vitality of a county?
75. Would Commerce be willing to assist each Tier III and IV county in creation or updating of a strategic plan every five to seven years?

Accessing Information

76. Please list the industry groupings from the U.S. BEA and NAICS codes that correspond to each of Commerce's target industry sectors (e.g., advanced materials (plastic, composites, metal and chemical); aerospace; agribusiness (includes food processing, beverage, wood, and paper); automotive; etc.)
77. Do agency personnel ask companies that locate in the state (and site consultants that land companies in the state), ways in which they accessed information about the state and any feedback?
78. Please provide a list of who is involved and what is considered in preparing the calendar for the upcoming year and determining which trade shows to attend and mission trips to take.¹⁴
79. Are there enough funds available to conduct a drone video of every site in LocateSC if each county requested it?

International Offices

80. How does Commerce annually evaluate its investment in each international office?
81. Please provide several examples of changes Commerce has previously made in its investment in international offices based on its annual evaluations (e.g., closing office in Canada, increasing or decreasing investment in another particular office, etc.) and basis for the change.
82. Would Commerce oppose publishing the metrics by which it evaluates its international offices (and those with whom it contracts in international countries), how they perform on those metrics, and the investment Commerce made in the office on an annual or every three-year basis? If so, why?
83. Please provide information on the companies that have located or expanded in South Carolina from each of the countries in which Commerce has an office (and any other countries in that office's sales region), since Commerce opened the office (e.g., name of company, incentives provided, investment and jobs created).

¹⁴ 2021.05.12 - Commerce - Marketing the State and Project Management [00:42:07-00:43:20] Nelson Lindsay, Director of Global Business Development, Department of Commerce: Right. So what we do at the beginning or before the beginning of the year, we all connect with our international partners, my group, marketing, you know, a whole group of us, and look at what we've done in the past, where we've been, where we think is still worth going to. And we'll try to evaluate how many projects we get from that. And we will adjust our calendar. We may drop a trade show if it hasn't been successful for us or drop a change of mission trip to another geography. If we're seeing more projects in a certain part of the country, we will do that as well. And so we do evaluate them. It's not, though, just how many leads we get and projects. That's the primary purpose. But some of these we're trying to build brand awareness and relationships to, again, those auto specific ones or industry specific like auto. We're trying to go back and again, make sure that people know and think about South Carolina that we may evaluate, say, you know, we didn't get as many projects or leads last time, but let's try it again, see if it improves and then we'll see where we go from there.

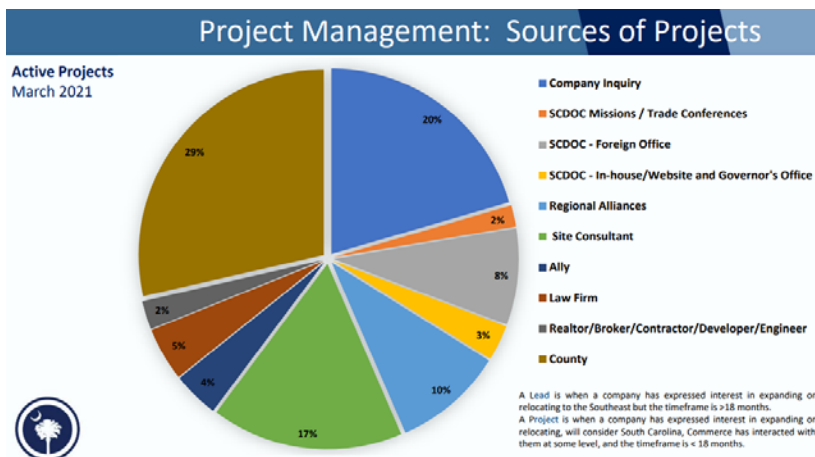
Regional Alliances

84. Please provide the following for the last three years:

- Total amount the state has provided each alliance in funding, which includes expenditures and outcome measures of each alliance;
- Information the alliances are required to provide, or voluntarily provide, to show how the money is spent (if only what is required in Proviso 50.13¹⁵, you can quote what it requires and include the web address for their annual reports).

Sources of Projects

85. Please explain the criteria for something to fall within each category in the source of projects figure from its presentation (e.g., company inquiry, SCDOC Missions/Trade Conferences; Regional Alliance; etc.) since there was testimony that some projects may overlap (e.g., brand awareness from trade shows that led to company inquiries). Please add this to the agency graphic and provide an updated version.¹⁶



86. What does the agency mean by “Ally” on the list of sources?¹⁷

87. Please provide the following information for each of the last three years by source and industry sector (outcome measure is announced for marketing):¹⁸

¹⁵ Proviso 50.13 states in part, “Each dollar of state funds must be matched with one dollar of private funds. The organization receiving state funds must certify that the private funds are new dollars specifically designated for the purpose of matching state funds and have not been previously allocated or designated for economic development. No funds appropriated in this proviso may be used for routine operating costs of the organization as defined by the Department of Commerce.

Upon receipt of the request for the funds and certification of the matching funds, the Department of Commerce shall disburse the funds to the requesting organization.

Funds recipients shall provide an annual report by November first, to the Chairmen of the Senate Finance Committee and the House Ways and Means Committee and the Secretary of Commerce on the expenditure of the funds and on the outcome measures. Fund recipients shall also provide electronic copies of the annual report to the General Assembly by November first. The Department of Commerce shall post these reports on their website.

Any unexpended, unallocated, or undistributed funds appropriated in prior fiscal years for Regional Economic Development Organizations shall first be made available to Regional Economic Development Organizations and any remainder shall be transferred to the Rural Infrastructure Fund at the Department of Commerce. If more than one alliance applies for the same funds, the funds will be distributed pro-rata.”

¹⁶ Marketing the State, slide 18

¹⁷ Marketing the State, slide 18

¹⁸ 2021.05.12 - Commerce - Marketing the State and Project Management [01:08:36-01:09:19] Nelson Lindsay, Director of Global Business Development, Department of Commerce: Again, it's not perfect for the very reason you just talk about there is overlap, but we try to evaluate each source and where do we need to put more emphasis and less emphasis in each year that we go through? And I mentioned the consultants there at 17 percent. Again, good, good percentage for us. Now, this is of March 2000 this year, right. End of the month. This thing changes daily because we get projects just about every day and may not change drastically, but it's not the same every month. And then this time I think we were at roughly 350 projects or so. But again, this will change from month to month where those leads come from.

2021.05.12 - Commerce - Marketing the State and Project Management [01:09:19-01:09:40] Rep. Ott: And then just finally, go ahead. Do you have a breakdown of the amount of resources that the department is spending in each of these areas? So in other words, if I wanted to know how much money the state was spending, say, on each of these areas that are generating the sort that the projects, would we be able to take a look at that?

2021.05.12 - Commerce - Marketing the State and Project Management [01:09:40-01:10:39] Nelson Lindsay, Director of Global Business Development, Department of Commerce: Well, some we would not. Every category, of course, the ones that we control, we would have a breakdown of, you know, what resources go to that versus

- a. Dollar value of resources utilized on each source;
- b. Average number of projects separated by expansion versus new company location;^{19,20}
- c. Average number of projects that were ultimately landed;
- a. Number of announced jobs resulting from projects landed (please explain how Commerce defines this term and whether if it is as of a certain date, or period, etc.); and
- b. Actual announced investment by company from projects landed (please explain how Commerce defines this term and whether if it is as of a certain date, or period, etc.).

Economic Development Education

88. Is Commerce aware of any county economic development personnel who have been unable to attend economic development education events (e.g., economic development institute, rural summit institute, advanced symposium) because of inability to afford the event/lodgings?
89. To your knowledge, do staff from regional alliances attend the economic development education opportunities? If so, how many have attended each of the events for the past three years?

Cost/Benefit Analysis

90. Why are there two different RIF funds, one administered by CCED and one administered by Rural Infrastructure Authority, since the source of funds for both appears to be the same? Does this not increase the operating costs in the number of staff required to administer the different funds?

Property Taxes

91. Please list the taxes that impact recruiting and expanding businesses (e.g., industrial property tax, etc.) and state where South Carolina ranks in the country for those taxes. Please note the ones in which the state's current position is helpful in recruiting companies and ones in which the state's current position is an obstacle in recruiting companies.
- a. For those that are obstacles, please explain any efforts made in the past five years to address them.
92. Please state the current effective industrial property tax in South Carolina (e.g., taking into consideration refunds, etc.) and the industrial property tax rate in other southeastern states.
93. Please provide examples of deals the state has lost due to the industrial property tax.
94. Where do the industrial property taxes go (e.g., back to general fund, to a particular entity, etc.) (i.e., who would lose the money if the tax rate was lowered more)?

Other items General Assembly can impact

the counties bringing us in. But, you know, for the trade shows and mission trips and things of that nature, we can we can show over time what we've done there. Thanks. I talked about this, I talked about site consultants, again, easier to to develop a relationship with one of them that have multiple projects rather than finding those projects on their own. And we talked about regional alliances. We have eight of them around the state. We talked about them during our TeamsSC concept of working together. So when they are out there marketing their region and they develop a lead, they're going to let their counties know, of course, but they'll also bring us in as well. We're going to we're all working together again, going back to we got to work together as a team. Otherwise we're not going to be successful. Yes, sir.

¹⁹ Marketing the State, slide 18

²⁰ Marketing the State, slide 18

95. Please provide a list of items, which the General Assembly can directly impact, that may have caused the state to lose projects in the past five years, in order of level of impact on a project. Also, please explain any local incentives which may address them (e.g., fee-in-lieu, etc.).

Incentive agreement provisions

96. If the Subcommittee were to recommend Commerce add provisions to grant and incentive related agreements that require companies show good faith effort to utilize Commerce services if struggling to meet job or investment requirement, please provide examples of what “good faith” effort would, and would not, mean to Commerce?

97. What would be the pros and cons of requiring all entities that receive some type of incentive (tax credit or grant) from the state to provide a response, since these surveys do not appear to ask whether Commerce is doing well, just the activities of Commerce that impact the agency and struggles the agency is having?²¹

Continuing Business

98. When is a project considered “closed”?

99. What is the current process, if any, to hand off closed projects to the business services division?

Remote working

100. Provide the percentage of Commerce staff who worked remotely during COVID-19 office closures.

101. What Commerce operations were found to be efficient and manageable in a remote environment (e.g., virtual hearings and meetings)?

102. Did Commerce survey staff to gauge their interest or support for a continuation of remote work options?

103. Did Commerce make any investments in IT infrastructure to support the remote work environment? If so, what were they and how much did they cost?

104. Has Commerce investigated the efficacy of remote work options to reduce the cost of leased office space?

105. How much does Commerce spend on leased office space?

106. Has Commerce considered permanently implementing remote work options (on a full time, part time, or rotating basis) to recruit and retain staff?

107. Are any employees currently working remotely?

108. Has Commerce completed the State Division of Human Resources Toolkit to obtain approval for remote working options? If yes, what decision was made? If no, does the agency plan to do so?

²¹ Service After the Sale, slide 72

Salary Head

109. What does Commerce see as the pros and cons of having the Agency Head Salary Commission conduct an exit interview of agency directors?
110. What helpful information does Commerce obtain through exit interviews of its staff?

Pass Through Recommendation

111. Please provide a list of entities that receive pass through funding from Commerce and for each, for the last three years, the following information:
- whether Commerce requested the General Assembly provide funding for the entity;
 - whether Commerce has any control over how the receiving entity utilizes the funds;
 - name of the receiving entity;
 - amount received; and
 - copy of the information the receiving entity provided Commerce pursuant to Proviso 117.21.
112. Please provide any information discovered about the operations of the entities to whom funding passed through the agency (e.g., \$250,000 passed to entity that did \$40,000 worth of activity the prior year, etc.)
113. Please provide suggestions for alternative methods of providing funding to outside entities (e.g., matching, build up over time, incorporation of stated outcome in agreement, reimbursement, etc.).

Law Recommendations

114. Please list Commerce's law recommendations in order of priority, from highest to lowest.

Digital Onboarding Tool

115. Please provide ways in which the digital onboarding tool may be useful in state government?²²

Manual Entry

116. What information does the agency have to manually type from NeoGov into its EEOC report?²³
117. Does Commerce have any recommendations for how to possibly make the process of entering or transferring information for the EEOC easier or more efficient?

Unified Workforce Plan

²² Question 19. Would the agency have any issues discussing the digital onboarding tool with the State Human Resources Division within the Department of Administration to determine if it may be useful in addressing high turnover in some agencies across state government?
No.

²³ PER, Question 16

118. To allow the General Assembly and public to access information related to multiple agencies in a single location, would your agency be willing to contact the Revenue and Fiscal Affairs Office (RFA) and provide information necessary for RFA to create and regularly update, through data sharing, maps applicable to your agency? Below is a list of initial maps for consideration (Note: Not all will be applicable to your agency). Please include others agency leadership believes may be useful to members of the General Assembly or public.

Location/Boundaries

- a. Local Workforce Development Board Areas/Regional Workforce Advisors
- b. S.C. Works Center and Connection Point Locations
- c. Vocational Rehabilitation Facilities and Locations (e.g., job readiness training centers and other facilities)
- d. Vocational Rehabilitation Regions
- e. Commission for the Blind Office Locations
- f. Commission for the Blind Vocational Rehabilitation Office Territories
- g. Department of Veteran's Affairs Regional Modules for Service
- h. First Steps 4K Provider Locations
- i. First Steps Local Partner Office Locations
- j. Public 4K Provider Locations
- k. K-12 School Locations
- l. Local School District Boundaries
- m. SC School Report Card District Comparison
- n. Adult Education Technical Assistance Network Boundaries/Regions
- o. Technical College main and branch campus Locations
- p. Public and Private college and university (non-technical college) Locations
- q. Regional Non-Profit Economic Development Alliance Regions
- r. County Tiers for purposes of incentives
- s. Counties eligible for State Rural Development Grants
- t. Counties eligible for Appalachian Regional Commission Grants

Data by County

Following information by county:

- a. Percent of kindergartners who were
 - i. ready for school based on kindergarten readiness assessment in total and by the following: (1) in poverty; (2) race; and (3) subject
- b. Child care supply v. demand
- c. Percent of children age 0-35 months who have full immunization coverage
- d. Percent of children ages 1-5 who have received at least one preventive dental visit in past year
- e. Percent of child care providers participating in ABC Quality

119. Please state any changes that have occurred at your agency, or are planned at your agency because of the meeting with the Subcommittee (e.g., joining labor force participation rate taskforce after learning about during the meeting, etc.)

120. To determine where the same information is held by multiple agencies and, therefore, may be used to link information in the different agency systems, please provide a data dictionary for all information the agency maintains related to each of the items below.

- a. S.C. employer
- b. S.C. job seeker
- c. S.C. K-12 school (public)
- d. S.C. student

121. Please provide a list of case management and other data systems utilized by your agency and the following for each:
- Does it include information on job seekers
 - Does it include information on employers
 - Does it include information on students
 - Does it include information on teaching entities
 - List of agencies with which the system can integrate data
122. What data, outside of the data currently available to your agency, may be helpful to your agency reaching potential customers, if any?
123. What data, outside of the data currently available to your agency, may be helpful to your agency in determining the results/impact your agency services are having on individuals it serves?
124. Please list all entities, other than those listed in the Education and Workforce one pager from the previous subcommittee meeting, your agency believes may be involved in the education and workforce ecosystem and role of each.
125. What topics does your agency believe may be helpful to have in a statewide unified workforce plan (e.g., marketing plan, central portal for customers to enter information through which their information could be shared with all applicable entities, etc.)?
126. What potential obstacles can your agency think of that may have to be overcome to successfully implement a statewide unified workforce plan?

Please provide responses to the questions by Friday, March 25, 2022.

The agency's responses will be posted online for transparency to the public. Accordingly, please do not provide any information that may not be posted online due to legal or contract prohibitions, that may harm the competitive advantage of the state in recruiting and retaining business, or that may jeopardize the life, health, or safety of anyone.

In responding to these questions, please remember the Committee's expectations, which are provided in the Committee's Standard Practice 6. The Subcommittee looks forward to working collaboratively with the Department of Commerce during the oversight process. Thank you and your team for your service to the citizens of South Carolina.

Sincerely,



Representative William M. "Bill" Hixon
Subcommittee Chair

cc: The Honorable Wm. Weston J. Newton
Economic Development, Transportation, and Natural Resources Subcommittee