



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# North Carolina Should Weigh Continued Investment in the Global TransPark Authority and Consider How to Repay the Escheat Fund Loan

## Summary

In 1991, the General Assembly created the North Carolina Global TransPark Authority (hereafter referred to as the Authority) to develop an industrial park facility built around a multi-modal transportation network that included an airport capable of handling international cargo flights. Absent a statutory mission, the Authority adopted a mission of creating skilled, well-paying jobs in eastern North Carolina, supporting education, research, and development efforts, and attracting economic investment from targeted industries. The Authority's enabling legislation authorized it to borrow up to \$25 million from the North Carolina Escheat Fund for the development of the park; the balance on the loan as of February 2011 was \$39.9 million, and the current maturity date is October 1, 2011.

**The Global TransPark today is different from what was originally envisioned.** Lagging transportation infrastructure development has yet to allow the Global TransPark to become the multi-modal manufacturing and distribution hub originally proposed. Furthermore, overly optimistic, initial job projections make it appear as if the Authority has fallen short of its adopted mission. The General Assembly directed the Program Evaluation Division to conduct a comprehensive program and financial review of the Authority. This evaluation found

- the Authority has made progress towards meeting its mission and goals;
- current administrative practices and operations limit the Authority's ability to achieve and demonstrate results;
- the estimated benefit to the General Fund of direct private sector employment at the Global TransPark will exceed the state's investment in the Authority by 2025;
- the Authority cannot be self-sustaining, but some options exist to reduce the Authority's reliance on state appropriations;
- the Authority cannot repay the Escheat Fund loan, and thus the responsibility falls to the state; and
- immediate divestiture in the Global TransPark for purposes of offsetting the Escheat Fund debt is not possible.

Based on these findings, the General Assembly should

- establish a repayment schedule for the Escheat Fund debt; and
- choose between two options for the future of the Global TransPark—continue supporting the Authority based on demonstrated results or incrementally divest from the park.