

**POLL OF NORTH CAROLINA
VOTERS' VIEWS ON
ECONOMIC DEVELOPMENT
INCENTIVES**

Methodology

- Sample Size: n=600
- Margin of Error: Plus or minus 4%
- Eligibility: Likely Voters
- Interview Dates: October 29-31, 2007

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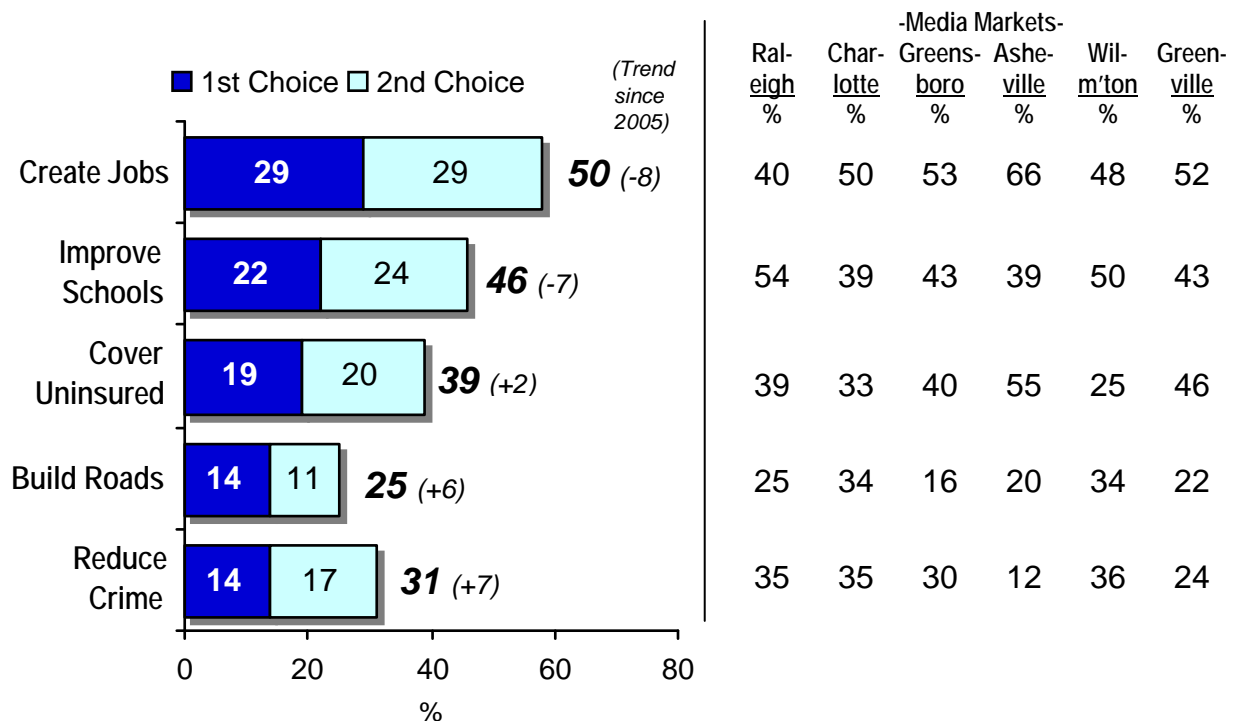
www.frederickpolls.com

Summary of Poll Findings

1. **JOBS is the number one issue in North Carolina.**

North Carolina voters still pick “creating jobs” over four other issues both as the most important (29%%) or most/next most important (50%) issue facing the state.

Most Important State Issue (2 Choices Combined)

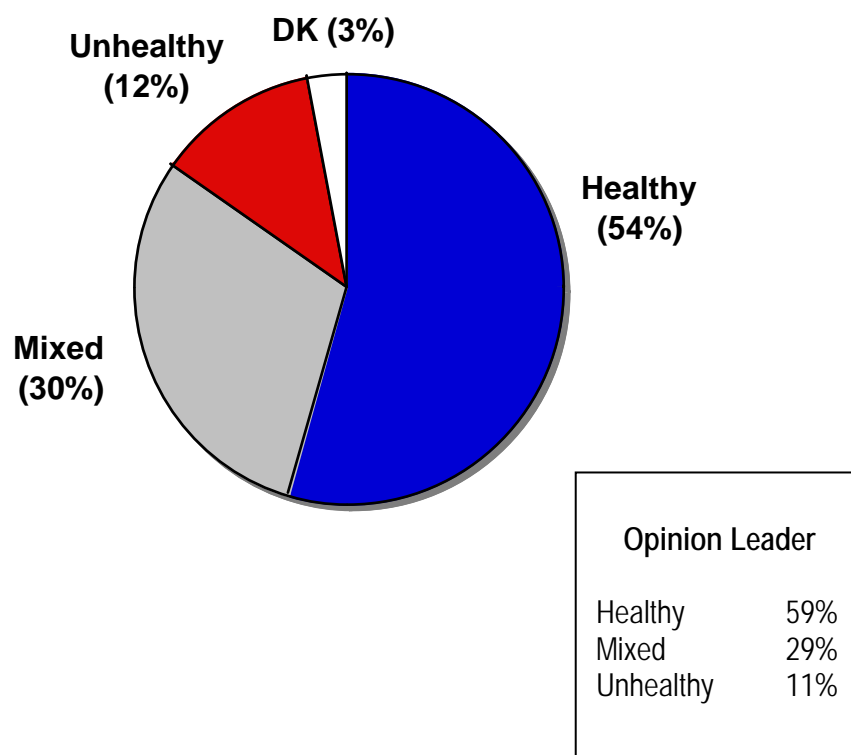


While both “jobs” and “schools” have lost ground since 2005 to the uninsured, roads and crime, they remain the top issues.

“Creating jobs” remains especially important in the Triad and Asheville markets and is number one in Charlotte and Greenville/East as well.

While the majority of North Carolina voters put creating jobs as their top priority, most also rate the state's current economic climate as healthy. In fact, by more than 4:1 North Carolina voters say the state economy healthy more than unhealthy. This ratio bests 5:1 among opinion leaders.

Perception of North Carolina's Economic Health



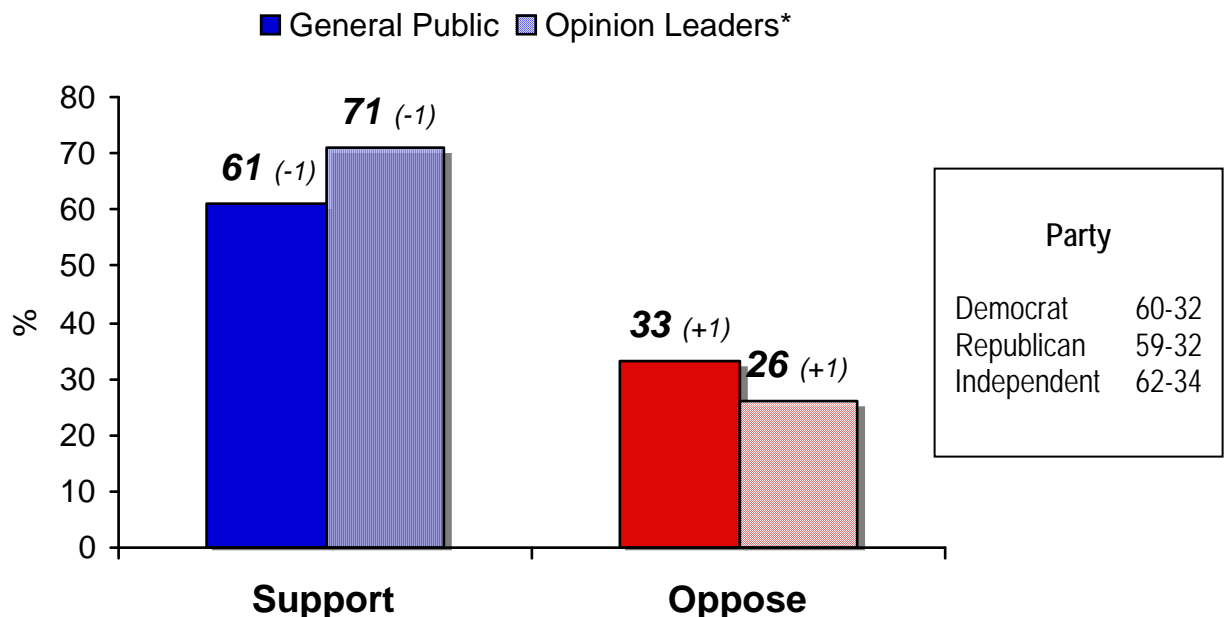
2. Economic Development Incentives are Popular.

A solid 61% majority of North Carolina voters support the use of economic development incentives – such as tax credits – to help recruit new companies to the state or get existing companies to expand. The popularity of economic incentives is consistent from the 62% level of support in 2005.

This 61-33 judgment in favor of incentives among all voters is an even higher 71-26 among the state’s more informed and higher educated “opinion leaders” group.

Support for Economic Incentives

In general, do you support or oppose local and state governments being allowed to use economic development incentives such as tax credits to convince companies to relocate or expand their business in North Carolina?



* 23% of North Carolinians who are college graduates and read editorial page most or every day.

Support for economic incentives is consistently at or above the 60% level across all political parties and above a solid majority in all of the state's media markets.

Voters under 40 (67% support) are the strongest supporters of economic development incentives, while men over 65 (48% support, 46% oppose) offer the most resistance.

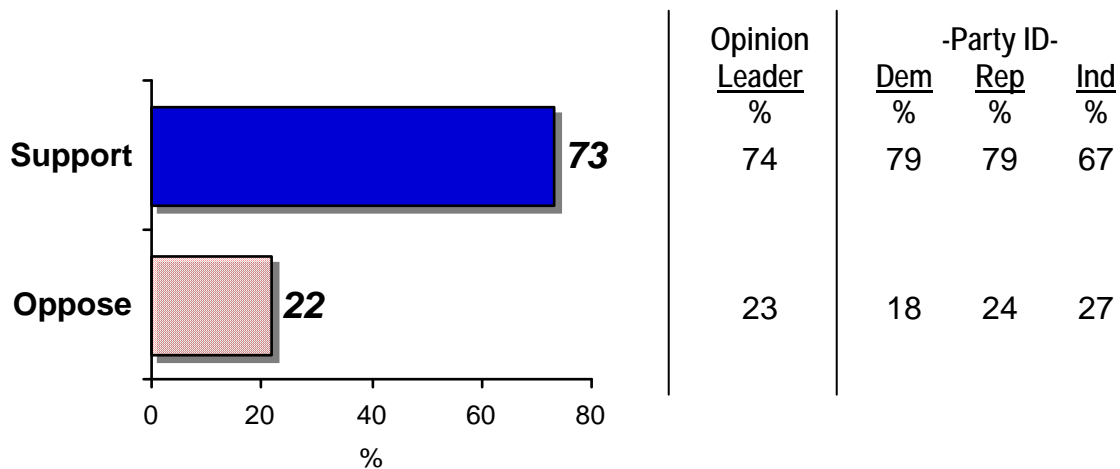
Typical of the broad spectrum of support for incentives, conservative Republicans (60-32) support them at the same level as liberal/moderate Democrats (65-29).

Opinion leaders are 71% support.

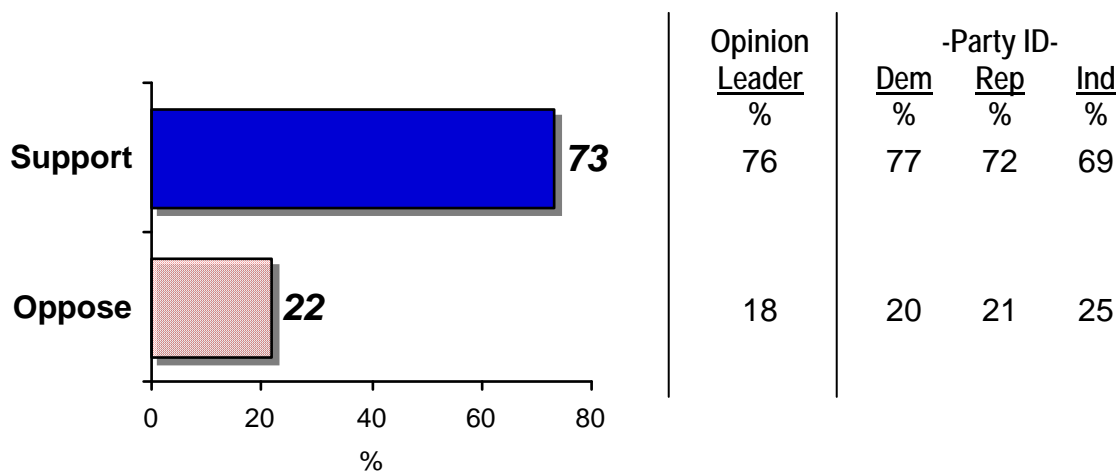
When the two uses of economic incentives are broken out separately, their use to either retain existing jobs or lure new jobs are each 73% supported. Support is high across the political spectrum.

Support for “Specific Use” of Economic Incentives

To Keep Companies and Jobs in NC



To Lure New Jobs and New Companies to NC



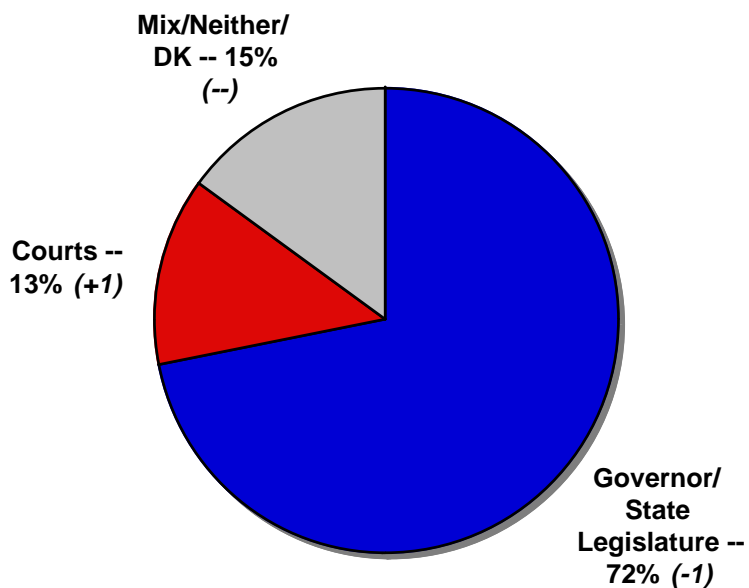
3. Courts vs. The Governor and Legislature.

By an impressive 5:1 margin, 72% of North Carolina voters prefer the Governor and the Legislature, not the courts, determine whether the state offers economic development incentives.

Preference for Who Determines Economic Incentives -- Governor/Legislature vs. Courts

In your opinion, who should determine whether or not North Carolina offers economic development incentives for companies such as tax credits to relocate to the state ...

- *The Governor and the State Legislature?*
- OR--
- *Judges and the Courts?*



The rebuke of the judicial system is equally strong with liberals (78-12) as with moderates (73-11) or conservatives (70-14).

Even conservative Republicans prefer a political rather than judicial decision on incentives by 66% to 15%.

Not only do North Carolina voters overwhelmingly reject using the courts to decide the economic incentives issue, they soundly reject having opponents of incentives continue to file lawsuits.

By 65% to 24% a two-thirds majority of North Carolina voters want opponents to STOP FILING LAWSUITS that tie up courts.

Lawsuits: Continue vs. Stop

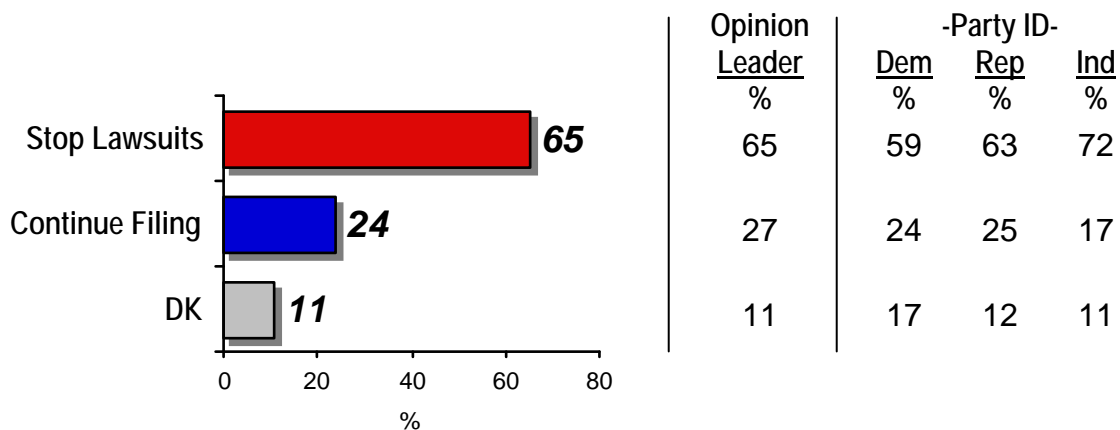
As you may or may not know, lawsuits have been filed to stop the State of North Carolina from providing economic development tax incentives to companies.

Those pushing the lawsuits say their goal is to stop these incentive packages to protect state taxpayers. However, two different courts have ruled these economic incentives are completely legal and should be allowed to continue. Going forward, which course of action do you support?

- *Having opponents of the economic tax incentives continue to file lawsuits and fight in court to stop them.*

--OR--

- *Stop filing lawsuits that tie up the courts and let the state continue to offer these incentive packages.*



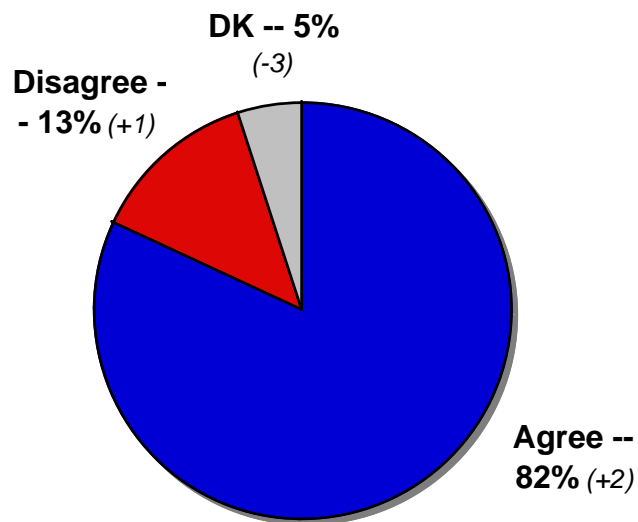
4. State Pride is Generated by a Competitive Win in the Corporate Relocation Fight.

Four out of five (82%) North Carolina voters continue to say they are proud when the state wins a competitive relocation contest ... up two points since 2005.

State Pride: Value of Winning Competitive Relocations

Do you agree or disagree with this statement:

“North Carolina should feel proud when it wins a competition against other states and other countries to attract a large major employer to locate here.”



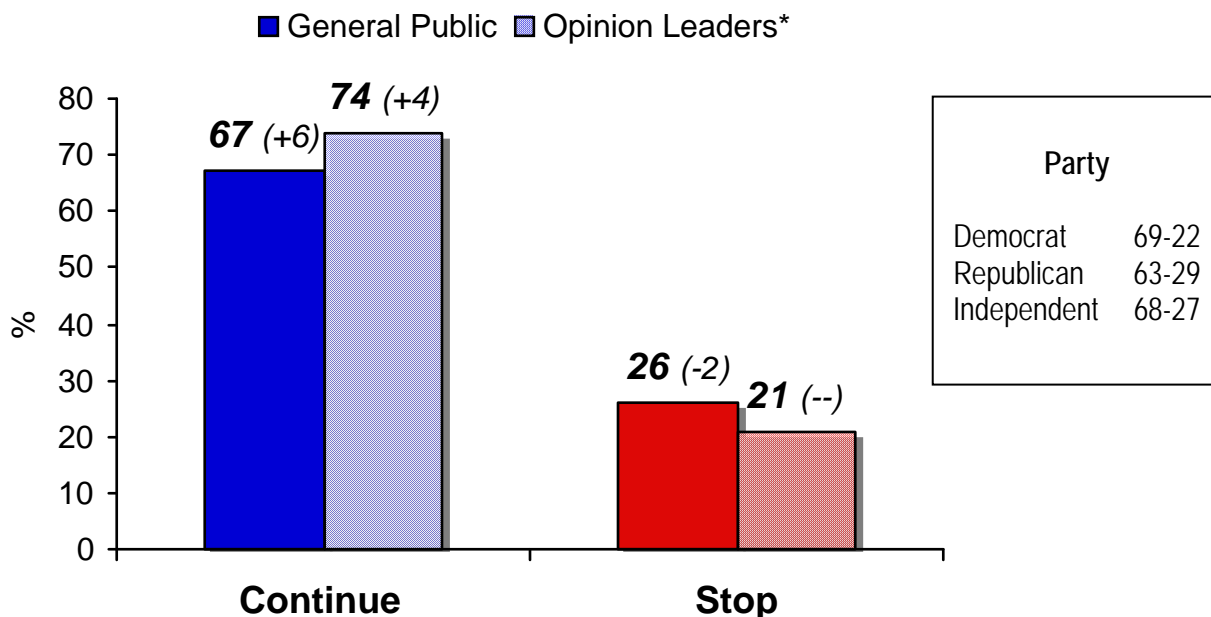
Agreement extends across region, race, party, philosophy, and age with opinion leaders 83% in agreement.

5. Strong Majorities Support Continuing to Provide Economic Development Incentives.

By a sizeable 67% to 26% margin, North Carolinians prefer to have the State Legislature continue to provide economic development incentives to companies. Opinion leaders again are even stronger proponents of incentives (74% support) with strong majority support registered among voters of all parties. The trend is up six points pro-incentive feeling since 2005.

Preference for Continuing or Stopping Economic Incentives

And, as you may or may not know, the North Carolina State Legislature has acted over a dozen times in the last decade to provide economic development incentives to companies such as tax credits. Do you think they should CONTINUE to do this or should they STOP this practice?



* 23% of North Carolinians who are college graduates and read editorial page most or every day.

Majority support for continuing the practice of offering economic development incentives is also consistently above a majority level across all media markets:

- Asheville 77%
- Wilmington 71%
- Raleigh 66%
- Charlotte 70%
- Greensboro 61%
- Greenville 64%

6. Presenting Both Sides' Arguments still yields a Majority Support for Economic Incentives.

Even in the face of opponents' emotionally charged anti-incentives messaging, a 54% majority of North Carolina voters still say economic incentives are a good idea because of the jobs and tax benefits they create.

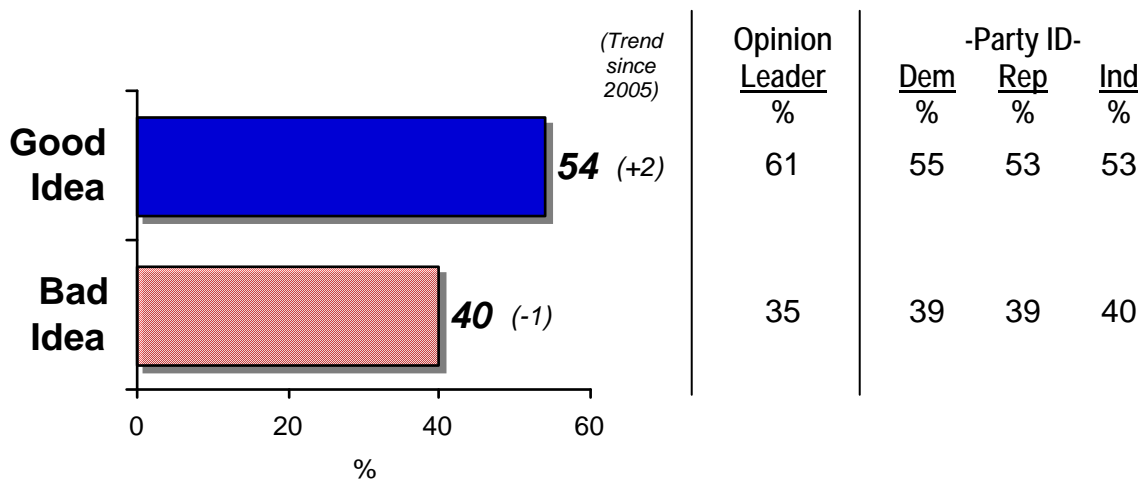
Informed Opinion on Economic Incentives

Here are statements those on both sides of this "economic development incentives" issue make. Tell me which is closer to your view...

- *They are a GOOD idea because they help create jobs and generate long-term tax revenue benefits.*

--OR--

- *They are a BAD idea because it means government unfairly subsidizes just a few companies, using taxpayer money for corporate welfare instead of for things that benefit everyone.*



Opinion leaders (61-35) continue to be especially solid in supporting incentives/jobs over the claims of “unfair subsidies” and “corporate welfare.” Pro-incentive opinion is also consistent by party.

The groups gravitating (modestly) toward the “bad idea” side when the opponents’ arguments are presented are...

	(Good-Bad)
• Men 65+	43-49
• Women 65+	42-45
• Wilmington voters	46-48
• High School or Less Education	45-48

In contrast, younger women (71-25), college graduates (61-34), and Asheville voters (68-27) are the best pro-incentives groups.

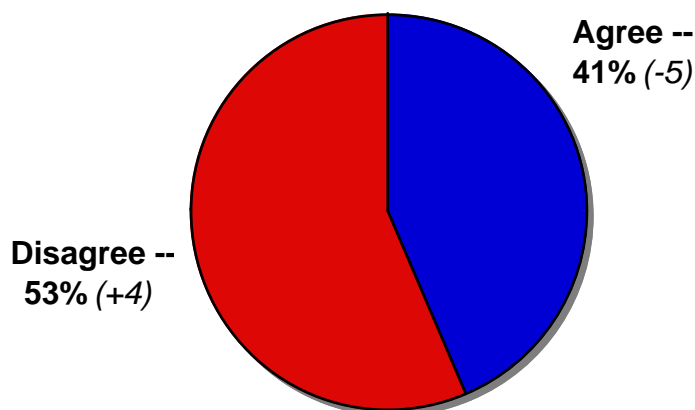
Even when given just the opposition's argument with no counter-balancing pro-incentives message, a majority of voters reject the opponents' claims of corporate welfare, selective benefits and unfair subsidies.

Opponent Message Test

More directly, opponents to the idea of giving economic incentives to attract new companies say ...

- *It is corporate welfare,*
- *That selectively hands out money to just a few companies picked by the Legislature,*
- *And is not fair because it asks all taxpayers across North Carolina to subsidize individual companies.*

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with these opponents who say offering economic incentive packages is a bad deal for North Carolina?



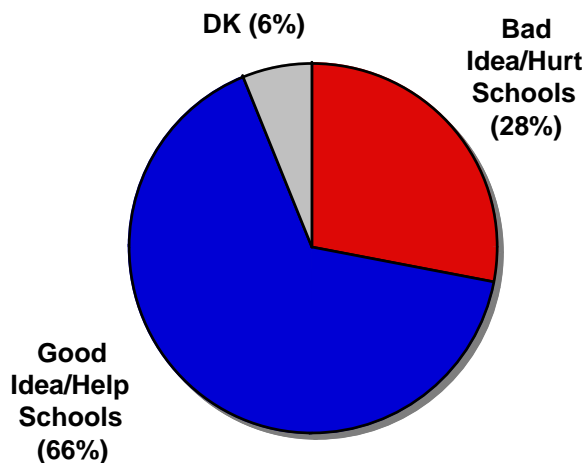
The North Carolina electorate has swung to be more pro-incentive since 2005; now the “disagree” vs. “agree” spread is +12 where it was only +4 before.

Even when the opponents’ message of “takes away money from schools and other services” is tested, voters reject the opponent proposition by a greater than 2:1 margin. Two-thirds instead say incentives are a “good idea” because they lead to even more taxes and more jobs that benefit the government coffers.

Opposition Message Test: Drain Money from Schools

Which of these statements is closer to how you feel about the impact of these tax incentive packages on local government?

- They are a bad idea because giving businesses incentives takes money away from schools, police and other government services.
- OR--
- They are a good idea because they generate new jobs and new taxes to be used for schools and other government services.



7. **Best Messages: Jobs and Competition.**

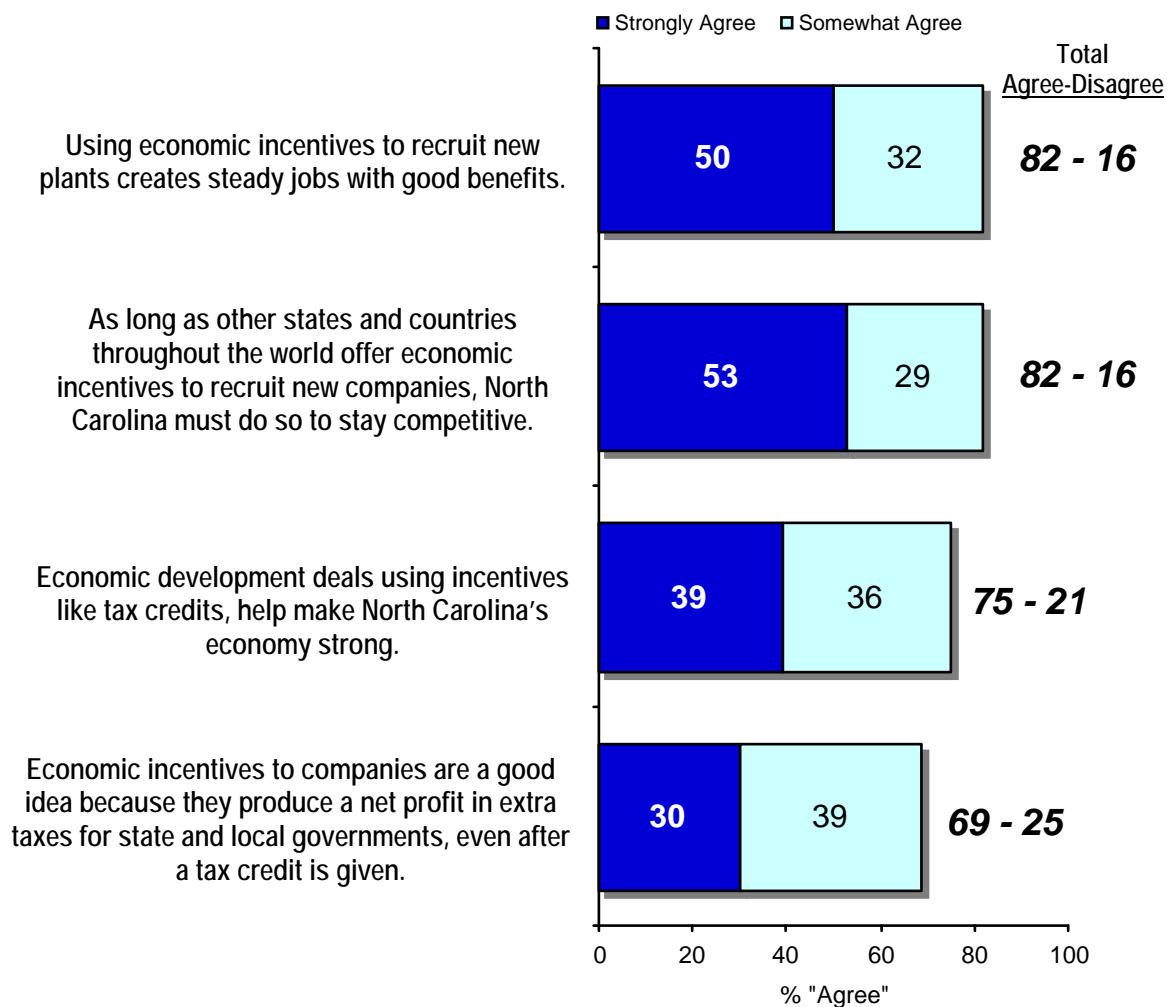
A number of pro-incentive messages score over 70% agreement with five of these gaining close to or over 50% “strong agreement.”

Two “pro” statements about economic incentives generate “strongly agree” responses from a majority of North Carolina voters and total agreement from 80% or better. These are:

- Steady jobs are created;
- Other countries/states offer incentives; North Carolina must also to stay competitive;

Fairly close behind, 75% agree “incentives help make North Carolina’s economy strong” and 69% agree that economic incentive packages produce a net gain to government revenues.

Message Test: Pro-Incentive Messages

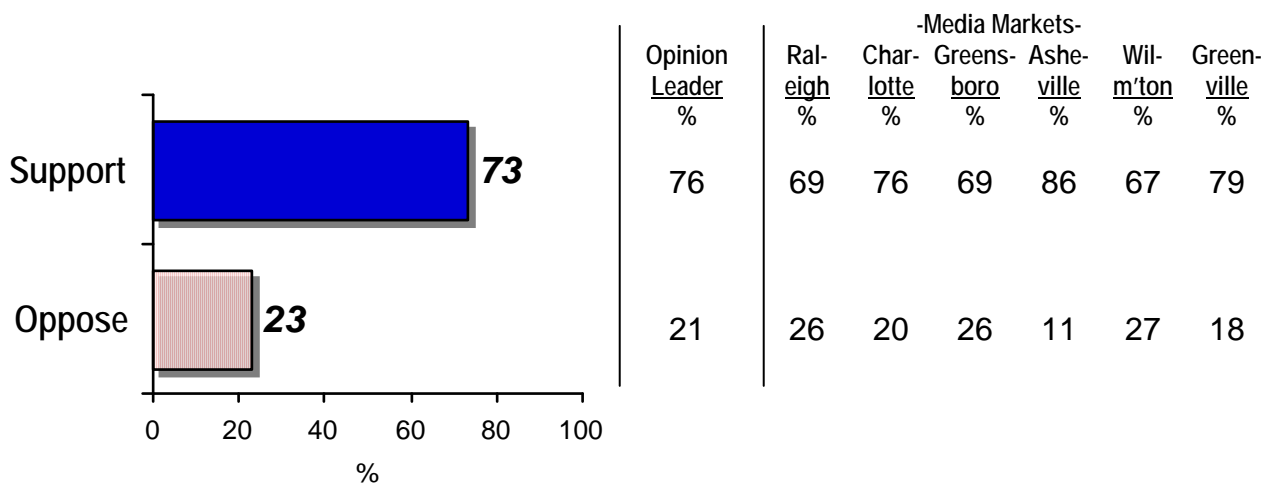


8. Exposure to Both Sides’ Messages Generates even Stronger Support for Incentives.

Support for economic development incentives jumps to 73% (+8) after exposure to messages from both sides. This exposure drives support to near or above the two-thirds level in all markets and with all kinds of voters.

Opinion leaders move up to 76% support (+5 over initial support).

**Post-Message Opinion on Economic Incentives
(Asked Following Exposure to Both Sides’ Messages)**



9. Bottom Line Evaluation: A Majority Support both the Google Deal Specifically and Incentives Generally.

When given a three-way choice, a 43% plurality say they support both the Google economic incentives deal specifically and the idea of economic incentives generally. Just 18% oppose both while the balance (32%) say incentives are okay, but the Google deal went too far.

Bottom Line: The Google Deal and Economic Incentives

Now, one question specific to the recent deal offering Google a \$260 million incentive package to locate a new facility in western North Carolina.

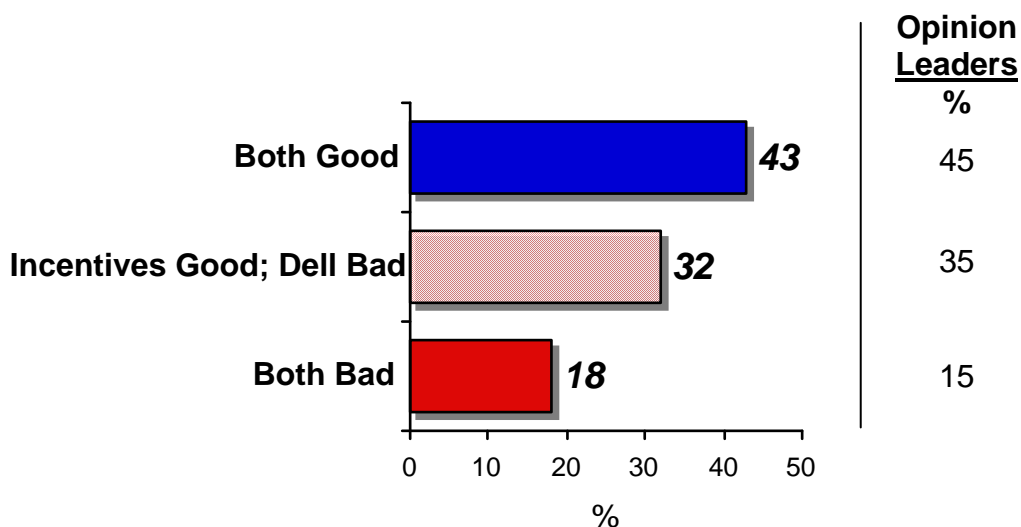
This investment will generate over 200 steady jobs, \$10 million in yearly payroll, and \$600 million in new investment by Google.

Hearing this, which of these THREE statements do you agree with?

- *Both the Google incentive package specifically and economic incentives generally are a good idea for North Carolina.*
- *Economic incentives may be okay, but the Google incentive package goes too far.*

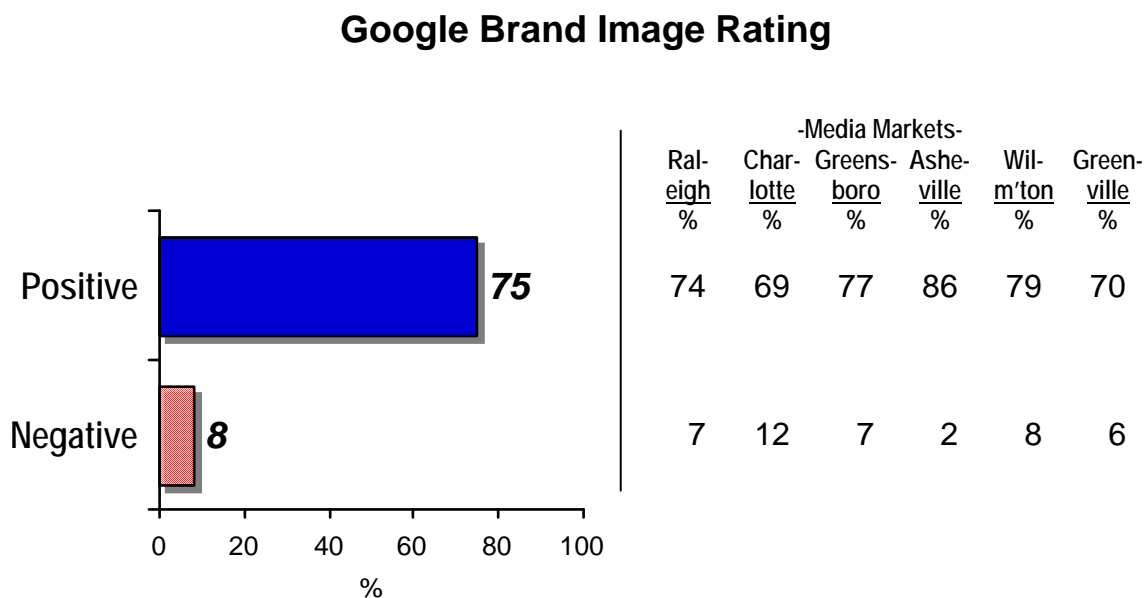
--OR--

- *Both the Google package and any tax credit incentives are bad ideas.*



11. Google's Brand Image is Strong.

Boosting Google's position on economic incentives is the company's 71% positive brand image rating. This three-fourths positive is fairly consistent across all markets in North Carolina; especially in the state's smaller markets.



As a technology/internet company, Google's name recognition levels are understandably lower with seniors (67% recognition), especially retired women (57% recognition). Still, negatives do not exist even with this older female audience (50% positive, 7% negative).

12. Electorate Backlash Against an Anti-Incentives Candidate.

Overall, 25% of North Carolina voters say they would “vote against” an anti-incentives candidate with only 8% “more likely to vote for” such a candidate; a net 17-point loss appears automatic for an anti-incentives candidate.

This electorate backlash jumps above 30% among...

- Asheville voters (36%);
- Middle-aged men (32%);
- Independents (31%); and
- Unemployed voters (37%).

Even Republican conservative voters say there is a price to pay for being anti-incentives – 28% would vote against vs. 9% vote for such a candidate.