

June 17, 2002

**H 1734. NC ECONOMIC RECOVERY AND COMPETITIVENESS ACT (=S 1379).** TO ESTABLISH TIERED JOB CREATION THRESHOLDS FOR THE CREDIT FOR CREATING JOBS; TO RAISE THE INVESTMENT THRESHOLD FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO ESTABLISH TIER RATES FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO MODIFY THE WAGE STANDARD FOR THE CREDIT FOR WORKER TRAINING; TO MODIFY THE WAGE STANDARD FOR TIER ONE AND TWO COUNTIES; TO PROVIDE RECURRING FUNDS FOR THE INDUSTRIAL RECRUITMENT COMPETITIVE FUND; TO ENACT A JOB DEVELOPMENT INVESTMENT GRANT PROGRAM TO IMPROVE NORTH CAROLINA'S COMPETITIVENESS IN ECONOMIC DEVELOPMENT AND THE RECRUITMENT AND RETENTION OF NEW BUSINESS AND INDUSTRIAL PROJECTS AND EXPANSIONS; AND TO EXTEND THE TAX CREDIT FOR QUALIFIED BUSINESS INVESTMENTS. Identical to S 1379, introduced 06/13/02.

**Intro. by Owens, Allen.**

Ref. to Finance	GS 105
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August 6, 2002

**H 1734. NC ECONOMIC STIMULUS AND JOB CREATION ACT.** Intro. 6/13/02. House committee substitute adopted 8/5/02 makes the following changes to 1st edition. (1) Deletes tiered job creation thresholds for the credit for creating jobs. (2) Requires taxpayers and related entities to satisfy any outstanding state tax assessments before receiving a Bill Lee Act credit. (3) Modifies the wage standard for taxpayers with a tax year other than a calendar year. (4) Treats certain parcels of land partially located in a development zone as if the entire parcel were located within the development zone. (5) Removes appropriation to the Industrial Recruitment Competitive Fund. (6) Creates a new Job Development and Investment Grant Program as Part 2F in G.S. ch. 143B. Provides for up to 25 annual grants of at least 10% and no more than 80% of the tax withholdings from eligible, newly created jobs. Grants would be made pursuant to a community economic development agreement with specified provisions, including methods for calculating eligible job creation and a requirement that grantees maintain operations at an approved location for at least 150% of the term of the grant. Establishes a new Economic Investment Committee to direct the grant program, consisting of the Secretary of Commerce, Secretary of Revenue and Director of the Office of State Budget and Management, acting by unanimous decision. Requires committee members to meet conflict of interest standards and to be subject to existing open meetings and public records requirements (including exemptions for economic development activities). Requires committee to develop criteria for grants, under exemption from Administrative Procedures Act's rulemaking requirements. Eligible grantees must provide a minimum number of eligible positions in projects other than exclusively retail facilities, must maintain health insurance coverage for all full-time employees, and must meet the wage standard set out at G.S. 105-129.4(b). Applications must be made under oath and with a \$5,000 fee. Places grantees and the committee under reporting and monitoring requirements, including an annual payroll report and fee of \$1500 from the grantee. (7) Modifies the Industrial Development Fund to allow expenditures from the utility account in enterprise tier III areas and for telecommunications and high-speed broadband. New grant fund effective when bill becomes law.

August 22, 2002

**H 1734. NC ECONOMIC STIMULUS AND JOB CREATION ACT.** Intro. 6/17/02. House committee substitute makes the following changes to 2nd edition. Amends proposed GS 143B-437.47 to provide that professional and semi-professional sports teams are not eligible for grants. Amends proposed GS 143B-437.48 to add President of the Community College System and the Comm'r of Labor to the Economic Investment Committee, to require a four-fifths (was unanimous) vote by this Committee, to require Committee members found to have a conflict of interest to forfeit compensation received for services in violation of law, and to prohibit those convicted of a conflict from receiving compensation from businesses awarded grants for two years after the conviction. Amends proposed GS 143B-437.49 to require additional information in required annual reports on the Job Development Investment Grant Program and to require quarterly reports on

agreements entered into in that quarter. Amends proposed GS 143B-437.50 to limit maximum grants to 75% (was 80%) of withholdings for eligible positions, to limit grants to twelve (was fifteen) years, and to add mitigation of unemployment as a factor in setting grant amounts. Amends proposed GS 143B-437.51 to add provisions preventing businesses from manipulating employee withholdings to increase grant amounts, to require businesses to engage in fair employment practices (including endeavoring to use small, physically handicapped, minority, and women contractors), and to require businesses to give priority consideration to hiring North Carolina residents. Amends proposed GS 143B-437.52 to require businesses receiving grants to make annual reports on compliance with fair employment requirements. Amends proposed GS 143B-437.53 to require termination of agreements and recapture of grant funds upon finding a business has manipulated employee withholdings to increase a grant. Allows Economic Investment Committee to consider other relevant factors in setting criteria for grant amounts.

August 26, 2002

**H 1734. NC ECONOMIC STIMULUS AND JOB CREATION ACT.** Intro. 6/17/02. House amendments make the following changes to 3rd edition. Add provision to proposed GS 143B-437.46 to set a \$15 million limit on the maximum amount of total annual grants for the Job Development Investment Grant Program. Encourage the U.S. Congress to enact legislation banning the use of tax and other financial incentives by the states to attract business. Revise the membership of the Economic Investment Committee established by proposed GS 143B-437.48 by: (1) substituting the co-chair of the North Carolina Partnership for Economic Development (other than the Secretary of Commerce) for the Director of the Office of State budget and Management, (2) adding two members to be appointed by the General Assembly (a local government official recommended by the Senate Pro Tem. of the Senate and a person recommended by the Speaker of the House of Representatives who is not a member of the General Assembly, a state or local government employee, or a person engaged in economic development or business recruitment), and (3) requiring action of the committee be approved by five of its seven members. Add a requirement that the annual reports required by proposed GS 143B-437.49 include information on grants awarded by congressional districts. Revise proposed GS 143B-437.44 to provide that grant funds shall not be used as venture capital, business incubator, or initial capitalization funds (was an intent that grants not be so used). Revise proposed GS 143B-437.47 to require (was allow) termination of agreement if business ceases to provide health insurance for all of its full-time employees.

September 25, 2002

**H 1734. NC ECONOMIC STIMULUS AND JOB CREATION ACT.** Intro. 6/17/02. Senate committee substitute makes the following changes to 4th edition. Rewrites new GS 105-129.4(b6) to provide that taxpayer is not eligible for a credit if the taxpayer has received a notice of an overdue tax debt (previously "final assessment") and that debt has not been satisfied or resolved. Rewrites GS 105-129.3A(c) to provide that for purpose of wage standard requirement of GS 105-129.4 the percentage used to calculate the wage standard for an establishment located in a development zone in an enterprise tier three, four, or five area is 100%. Sets the maximum number of agreements the Economic Investment Committee may enter into in one calendar year at 15 and limiting the state's liability exposure to \$10 million in a calendar year. Adds grant eligibility criterion that business must have no citations under the Occupational Safety and Health Act that have become a final order within the past 3 years for willful serious violations or for failing to abate serious violations with respect to the location for which the grant is made. Reduces the size of the Economic Investment Committee to five members. Deletes requirement that application include certification that the project will not be undertaken in NC unless the applicant is awarded a grant. Makes annual report due on or before April 30 of each year. Deletes requirement that annual report include distribution of grants by Congressional districts. Provides that the amount of a grant associated with any specific eligible position may not exceed \$6,500 in any year. Rewrites and adds to required contents of every community economic development agreement, including provisions that: (1) encourage the business to use small contractors, minority contractors, physically handicapped contractors, and women contractors whenever practicable; (2) encourage the business to hire NC residents; (3) encourage the business to use

the NC State Ports; and (4) state that any disputes over interpretation of the agreement shall be submitted to binding arbitration. Requires attorney general to review the terms of all proposed agreements entered into by the committee and requires signature of the attorney general in order for agreement to be effective against the state. Provides for Sec'y of Commerce, Sec'y of Revenue, and director of the Office of State Budget and Management to determine allocation of the \$1,500 submission fees paid by businesses. Provides for expiration of the Committee's authority to enter into new agreements January 1, 2005. Deletes provision encouraging Congress to ban the use of tax and other financial incentives by states to attract businesses. Deletes provision exempting the committee from rule-making requirements when developing grant program guidelines. Prohibits members of the General Assembly serving on the Economic Investment Committee.

Rewrites GS 143B-434.3(a) relating to film industry incentives to provide that a production company, to be eligible for a grant, must engage in production activities in the state with expenditures in the state of at least \$1 million. Adds new GS 105-164.14(j) providing production companies with annual refund of part of the state sales tax on rental of transient accommodations as described in the act. Requires the Revenue Laws Study Committee to study options for additional economic incentives for the film industry and to report to the 2003 General Assembly.

Rewrites GS 40A-39a(4) to give railroad companies power of eminent domain for purpose of constructing an industrial siding, deleting requirement that the siding be ordered by the Utilities Comm'n.

Rewrites the corporate income tax rates set out in GS 105-130.3, effective for taxable years beginning on or after January 1, 2004.

Adds new GS 143B-434.4, creating a Travel and Tourism Capital Incentive Grant Program and setting out detailed provisions governing the program.

Rewrites GS 159D-7(d) to change the public hearing requirements when bonds proposed to be issued are to finance more than one industrial or pollution control facility.

Rewrites GS 147-86.30(c) to require the State Treasurer to invest up to \$3 million of reserved funds in fiscal year 2002-2003 as directed by the Health and Wellness Trust Fund Comm'n; and authorizes the Comm'n to direct the Treasurer to invest the funds in preferred or common stocks issued by a health related company incorporated or created or located in NC. Includes July 1, 2003, sunset.

Creates the "Special Obligation Settlement Bonds Act of 2002," authorizing the State Treasurer, with consent of the Council of State, to issue and sell special obligation bonds up to \$175 million to pay for the acquisition, construction and equipping of the Cancer Treatment Center (\$130 million) and the Biopharmaceutical Training Center (\$45 million). Sets out detailed conditions and procedures relating to the bonds.

October 2, 2002

**H 1734. NC STIMULUS AND JOB CREATION ACT.** Intro. 6/17/02. Senate amendment makes the following changes to 5th edition. Deletes amendment to GS 105-129.3A(c) which would have established percentage of 100% for purposes of calculating the wage standard requirement in enterprise tier three, four and five areas. Provides that amendments to GS 105-129.4(b) shall take effect whether or not House Bill 1665, 2001 General Assembly becomes law. Deletes portion of new subsection GS 143B-437.45(10) limiting definition of "withholdings." Requires that Economic Investment Comm'n consult with the Attorney General regarding implementation of various sections of act. Requires that Comm'n provide certain public notice and accept oral and written comments on proposed grant criteria but exempts Comm'n from formal rule-making requirements of GS 150B-1(d). Deletes addition to GS Ch. 143B providing travel and tourism capital incentive grant program; addition to GS 147-86.30(c) which provided for one-time investment of \$ 3 million in stocks issued by NC health-related company. Deletes provisions authorizing special obligation bonds of up to \$175 million for cancer treatment center and biopharmaceutical training center and replaces provisions with allocation to the Board of Governors of \$6 million in capital planning costs for a biopharmaceutical/bioprocess manufacturing training center at NCSU and related training facilities at various community colleges and a new cancer rehabilitation and treatment center to be located at UNC-CH.

October 3, 2002

**H 1734. NC ECONOMIC STIMULUS AND JOB CREATION ACT.** Intro. 6/17/02. Conference report recommends the following changes to 6th edition to reconcile matters in controversy. Deletes amendment to GS 105-164.14, which authorized refunds of State sales taxes paid by film production companies for rental of transient accommodations. Deletes amendment to GS 105-130.3, which changed C corporation income tax rate. Removes allocation of \$6 million capital planning costs for biopharmaceutical/bioprocess manufacturing training center at NCSU and new cancer treatment center at UNC-CH, but authorizes State Board of Community Colleges, UNC Board of Governors and NC Biotechnology Center to begin planning and development of training center and the Board of Directors of the UNC Health Care System to initiate planning of new cancer treatment center at UNC-CH.