

September 11, 2007

**H 4. JOB MAINTENANCE AND CAPITAL DEVELOPMENT FUND.** Filed 9/11/07. *TO CREATE AN ECONOMIC DEVELOPMENT TOOL TO RETAIN HIGH-QUALITY JOBS IN THE STATE BY PROVIDING GRANT INCENTIVES FOR CAPITAL IMPROVEMENTS TO BUSINESSES THAT ARE PROPORTIONALLY RELATED TO EMPLOYEE RETENTION WITHIN THE STATE FOR POSITIONS MEETING CERTAIN WAGE, INSURANCE, HEALTH, ENVIRONMENTAL, AND OTHER RELEVANT STANDARDS.*

Enacts new Part 2 of Article 10 of GS Chapter 143B creating the Job Maintenance and Capital Development Fund as a restricted, nonreverting reserve in the Department of Commerce to provide a grant to a private business if (1) the business intends to invest at least \$200 million of private funds over six years in facility improvements and tangible personal property in a project, (2) the business already employs at least 2,000 full-time employees or equivalent contract employees at the project to be improved and agrees to maintain that level of employment for the term of the grant agreement, and (3) the project is located in a development tier one area.

To be eligible for the grant, the business must meet and maintain the following requirements: (1) pay full-time employees and equivalent contract employees an average weekly wage of at least 140% of the county average, (2) pay at least 50% of the premiums for full-time employees for health insurance meeting basic minimum standards, (3) have no final orders for citations within the last three years for certain occupational safety and health violations, and (4) have no pending enforcement action for significant environmental violations and have had no final significant environmental violations in the last three years at the location that is the subject of the grant.

The new part has detailed provisions regulating (1) the selection of grant recipients, (2) the agreements governing grants, and (3) performance requirements to ensure that the funds are used to carry out public purposes. The Economic Investment Committee (EIC) evaluates applications and recommends projects for grants, including the amount and details of the proposed grant. In determining the amount of a grant, the EIC must consider the amount of specified taxes, fees, and worker training expenses to be paid by the business. The act enacts new GS 150B-1(d)(18) to exempt the EIC and the Department of Commerce from the rule-making provisions of the Administrative Procedure Act in developing criteria and administering the Job Maintenance and Capital Development Fund.

The grant takes the form of a binding agreement that includes performance criteria, remedies, and other safeguards. A business cannot receive any benefit under a grant at any time that it has been notified of an overdue tax debt that remains unresolved. The business is required to maintain its employment level, including contract employees. If the employment level drops, the amount of the grant is reduced proportionally. The grant is reduced to zero for any year that the employment level is less than 80% of the required level. The business is also required to meet performance standards specified in the agreement, including levels of compensation, health insurance for full-time employees, and investment in the project. The business forfeits an appropriate portion of the grant if it fails to meet these performance standards and forfeits the entire grant if it fails to meet the requirements for initial eligibility for the grant.

The new part requires the Department of Commerce to monitor the grants and report quarterly to the Joint Legislative Commission on Governmental Operations. The act also directs the Joint Select Committee on Economic Development Incentives to report on all economic development incentives offered by NC, whether in the form of tax breaks, grants, loans, or appropriations. The committee may report to the 2008 session and must make a final report to the 2009 General Assembly.

A grant agreement may obligate the state to make payments to a private business for up to 10 years. There may be up to five agreements at a total cost of up to \$60 million and a cost of up to \$4 million a year. The bill appropriates \$5 million for 2008-09 from the General Fund to the Job Maintenance and Capital Development Fund. Effective July 1, 2007.

**Intro. by Dickson, Glazier, Lucas, McAllister.** GS 143B, 150B, APPROP, STUDY

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**H 4. JOB MAINTENANCE AND CAPITAL DEVELOPMENT FUND.** Filed 9/11/07. House committee substitute makes the following changes to 1st edition. Requires a grant recipient to make health insurance available to equivalent full-time contract employees. Specifies that the use of contract employees cannot be used to reduce compensation at the project that is the subject of a grant. Requires that in order for a business to be eligible for a grant, its newly hired employees must be US citizens or legal, documented residents authorized to work in the US.

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**SL 2007-552 (H 4). JOB MAINTENANCE AND CAPITAL DEVELOPMENT FUND. AN ACT TO CREATE AN ECONOMIC DEVELOPMENT TOOL TO RETAIN HIGH-QUALITY JOBS IN THE STATE BY PROVIDING GRANT INCENTIVES FOR CAPITAL IMPROVEMENTS TO BUSINESSES THAT ARE PROPORTIONALLY RELATED TO EMPLOYEE RETENTION WITHIN THE STATE FOR POSITIONS MEETING CERTAIN WAGE, INSURANCE, HEALTH, ENVIRONMENTAL, AND OTHER RELEVANT STANDARDS.** Summarized in *Daily Bulletin* 9/11/07. Enacted 9/11, 2007. Effective July 1, 2007.