

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

S

D

SENATE BILL 127
Commerce Committee Substitute Adopted 5/8/13
Third Edition Engrossed 5/13/13
PROPOSED HOUSE COMMITTEE SUBSTITUTE S127-PCS75353-MC-14

Short Title: Economic Development Modifications.

(Public)

Sponsors:

Referred to:

February 25, 2013

A BILL TO BE ENTITLED
AN ACT TO PERMIT THE DEPARTMENT OF COMMERCE TO CONTRACT WITH A
NORTH CAROLINA NONPROFIT CORPORATION FOR THE PERFORMANCE OF
CERTAIN ECONOMIC DEVELOPMENT FUNCTIONS.

The General Assembly of North Carolina enacts:

**PART I. AUTHORIZE CONTRACTING OF ECONOMIC DEVELOPMENT
FUNCTIONS BY THE DEPARTMENT OF COMMERCE**

SECTION 1.1. Part 1 of Article 10 of Chapter 143B of the General Statutes is
amended by adding a new section to read:

"§ 143B-431A. Department of Commerce – contracting of functions.

(a) Purpose. – The purpose of this section is to establish a framework whereby the Department of Commerce may support through financial and other means one or more nonprofit corporations that will render advisory, research, and recruiting recommendations regarding incentives or grant awards for fostering and retaining jobs and business development, marketing, and consultation in the development of a comprehensive, long-range strategic plan for economic development through public and private means. It is the intent of the General Assembly that the Department be given flexibility and discretion in developing a plan to work cooperatively with nonprofit corporations for these purposes while safeguarding the programmatic and fiscal integrity of economic development programs of the State.

(b) Contract. – The Department of Commerce is authorized to contract with one or more North Carolina nonprofit corporations to perform one or more of the Department's functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

- (1) The obligation or commitment of funds under this Article, such as the One North Carolina Fund, the Job Development Investment Grant Program, the Industrial Development Fund, or the Job Maintenance and Capital Development Fund, by a North Carolina nonprofit corporation.
- (2) The Division of Employment Security, including the administration of unemployment insurance.
- (3) The functions set forth in G.S. 143B-431(a)(2).
- (4) The administration of funds or grants received from the federal government or its agencies.



* S 1 2 7 - P C S 7 5 3 5 3 - M C - 1 4 *

(c) Oversight. – There is established the Economic Development Oversight Committee, which is a Board as that term is defined in G.S. 138A-3 of the State Government Ethics Act. The Committee shall consist of seven ex officio members as follows: the Secretary of Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of Environment and Natural Resources, the Secretary of Revenue, the Director of the Office of State Budget and Management, one member appointed by the Speaker of the House of Representatives, and one member appointed by the President Pro Tempore of the Senate.

The members of the Committee who are appointed by the General Assembly may not be members of the General Assembly. The Committee shall meet at least quarterly upon the call of the chair. The duties of the Committee shall include all of the following:

- (1) Monitoring and oversight of the performance of a contract entered into pursuant to this section by the Department with a North Carolina nonprofit corporation.
- (2) Receiving, reviewing, and referring complaints, as appropriate.
- (3) Requesting enforcement of the contract by the Attorney General or the Department.
- (4) Auditing, at least biennially, either by use of the State Auditor or internal auditors of the Department, of the records of a North Carolina nonprofit corporation with which the Department has contracted pursuant to this section during and after the term of the contract to verify data affecting performance and reports.
- (5) Coordination of economic development grant programs of the State between the Department of Commerce, the Department of Transportation, and the Department of Environment and Natural Resources.
- (6) Any other duties set forth in the contract.

(d) Limitations. – Prior to contracting with a North Carolina nonprofit corporation pursuant to this section and in order for a North Carolina nonprofit corporation to receive State funds, the following conditions shall be met:

- (1) At least 45 days prior to entering into or amending in a nontechnical manner a contract authorized by this section, the Department shall submit the contract or amendment, along with a detailed explanation of the contract or amendment, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office.
- (2) The North Carolina nonprofit corporation adheres to the following governance provisions related to its governing board:
 - a. The board shall be composed of 15 voting members, as follows: eight members and the chair appointed by the Governor, three members appointed by the Speaker of the House of Representatives, and three members appointed by the President Pro Tempore of the Senate. The nine members appointed by the Governor shall reflect the diversity of the State's geography, and each member shall have expertise in one or more of the following areas:
 1. Agribusiness, as recommended by the Commissioner of Agriculture.
 2. Financial Services.
 3. Information Technology.
 4. Biotechnology or Life Sciences.
 5. Energy.
 6. Manufacturing.
 7. Military or Defense.

8. Tourism, as recommended by the North Carolina Travel and Tourism Coalition.

9. Retail, Distribution, and Logistics.

b. Of the three members appointed by the Speaker of the House of Representatives, no more than one shall be from a metropolitan area, and one shall be on the recommendation of the North Carolina Chamber of Commerce.

c. Of the three members appointed by the President Pro Tempore of the Senate, no more than one shall be from a metropolitan area, and one shall be on the recommendation of the North Carolina Federation of Independent Businesses.

d. No member of the board may take any official action or use the member's official position to profit in any manner the board member's immediate family, a business with which the board member or the board member's immediate family has a business association, or a client of the board member or the board member's immediate family with whom the board member, or the board member's immediate family, has an existing business relationship for matters before the board. No board member shall attempt to profit from a proposed project of the Department if the profit is greater than that which would be realized by other persons living in the area where the project is located. If the profit under this subsection would be greater for the board member than other persons living in the area where the project is located, not only shall the member abstain from voting on that issue, but once the conflict of interest is apparent, the member shall not discuss the project with any other board member or other officer or employee of the Department except to state that a conflict of interest exists. Under this sub-subdivision, a board member is presumed to profit if the profit would be realized by a board member's immediate family, a business with which the board member or the board member's immediate family has a business association, or a client of the board member or the board member's immediate family with whom the board member, or the board member's immediate family, has an existing business relationship for matters before the board. No board member, in contemplation of official action by the board member, by the board, or in reliance on information that was made known to the board member in the board member's official capacity and that has not been made public, shall (i) acquire a pecuniary interest in any property, transaction, or enterprise or gain any pecuniary benefit that may be affected by such information or official action or (ii) intentionally aid another to do any of the above acts. As used in this sub-subdivision, the following terms mean:

1. Board. – The governing board of a nonprofit corporation with which the Department contracts pursuant to this section.

2. Board member. – A member of the board.

3. Business association. – A director, employee, officer, or partner of a business entity, or owner of more than ten percent (10%) interest in any business entity.

4. Department. – The Department of Commerce.

- S127-PCS75353-MC-14

1 funds of any subsidiary or affiliate of the nonprofit corporation. An affiliate
2 of the nonprofit corporation exists when both are directly or indirectly
3 controlled by the same parent corporation or by the same or associated
4 financial interests by stock ownership, interlocking directors, or by any other
5 means whatsoever, whether the control is direct or through one or more
6 subsidiary, affiliated, or controlled corporations.

7 (4) A provision providing that any recommendation or advice to the Department
8 be accompanied by a statement indicating whether the corporation or any
9 affiliated member of the corporation has received, directly or indirectly, any
10 gift, contribution, or item or service of value for which fair market value was
11 not paid if such was received from an entity that is the subject of the
12 recommendation or advice. The statement shall also include the amount and
13 date of each gift, contribution, or item or service of value received.

14 (5) A certification by the North Carolina nonprofit corporation that it is in
15 compliance with the requirements of Chapter 55A of the General Statutes.

16 (6) A provision providing that the corporation shall adopt and publish a
17 resolution or policy containing a code of ethics to guide actions by the
18 governing board members in the performance of the member's duties as a
19 member of that governing board. The resolution or policy required by this
20 subdivision shall address at least all of the following:

21 a. The need to obey all applicable laws regarding actions taken as a
22 board member.

23 b. The need to uphold the integrity and independence of the board.

24 c. The need to avoid impropriety in the exercise of the board member's
25 duties.

26 d. The need to faithfully perform the board member's duties.

27 e. The need to conduct the affairs of the governing board in an open
28 and public manner and to avoid conflicts of interest.

29 (f) Report. – By September 30 of each year, and more frequently as requested, the
30 Department shall submit a report to the Joint Legislative Commission on Governmental
31 Operations, the Joint Legislative Economic Development and Global Engagement Oversight
32 Committee, and the Fiscal Research Division on any performance for which the Department
33 has contracted pursuant to this section. The report shall contain, at a minimum, a copy of the
34 most recent report required by the Department pursuant subdivision (2) of subsection (e) of this
35 section, an executive summary of that report, a listing of each entity to which the nonprofit
36 corporation has recommended awarding funds and the amount of funds recommended to be
37 awarded, and any other information the Secretary determines is necessary or that is specifically
38 requested in writing.

39 (g) Public Information. – A North Carolina nonprofit corporation with which the
40 Department contracts pursuant to this section is subject to the requirements of Chapter 132 and
41 Article 33C of Chapter 143 of the General Statutes for meetings in which the corporation
42 recommends a grant of State funds."

43 **SECTION 1.2.(a)** G.S. 143B-434 is repealed.

44 **SECTION 1.2.(b)** G.S. 143B-434.01 reads as rewritten:

45 **"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

46 (a) **Definitions.** – The following definitions apply in this section:

47 (1) ~~Board.~~ – ~~The Economic Development Board.~~

48 ...

49 (6) Secretary. – The Secretary of Commerce or the governing board of a North
50 Carolina nonprofit corporation with which the Department contracts

1 pursuant to G.S. 143B-431A for the performance of the Secretary's
2 responsibilities under this section.

3 (b) ~~Board to Prepare Plan.~~ – The ~~Board Secretary~~ shall ~~prepare~~ review and update the
4 existing Plan by April 1, 1994, on or before April 1 of each year. ~~The Board shall review and~~
5 ~~update this Plan by April 1 of each year.~~ The original Plan shall cover a period of four years
6 and each annual update shall extend the time frame by one year so that a four-year plan is
7 always in effect. The ~~Board Secretary~~ shall provide copies of the Plan and each annual update
8 to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan
9 shall encompass all of the components set out in this section.

10 (c) Purpose. – The purpose of this section is to require the ~~Board Secretary~~ to apply
11 strategic planning principles to its economic development efforts. This requirement is expected
12 to result in:

13 (1) The selection of a set of priority development objectives that recognizes the
14 increasingly competitive economic environment and addresses the changing
15 needs of the State in a more comprehensive manner.

16 (2) The effective utilization of available and limited resources.

17 (3) A commitment to achieve priority objectives and to sustain the process.

18 (d) (1) Public and Private Input. – At each stage as it develops and updates the Plan,
19 the ~~Board Secretary~~ shall solicit input from all parties involved in economic
20 development in North Carolina, including:

21 a. Each of the programs and organizations that, for State budget
22 purposes, identifies economic development as one of its global goals.

23 b. Local economic development departments and regional economic
24 development organizations.

25 c. The Board of Governors of The University of North Carolina.

26 (2) The ~~Board Secretary~~ shall also hold hearings in each of the Regions to solicit
27 public input on economic development before the initial Plan is completed.
28 The purposes of the public hearings are to:

29 a. Assess the strengths and weaknesses of recent regional economic
30 performance.

31 b. Examine the status and competitive position of the regional resource
32 base.

33 c. Identify and seek input on issues that are key to improving the
34 economic well-being of the Region.

35 The ~~Board Secretary~~ shall hold additional hearings from time to time to
36 solicit public input regarding economic development activities.

37 (3) Each component of the Plan shall be based on this broad input and, to the
38 extent possible, upon a consensus among all affected parties. The ~~Board~~
39 ~~Secretary~~ shall coordinate its planning process with any State capital
40 development planning efforts affecting State infrastructure such as roads and
41 water and sewer facilities.

42 (e) Environmental Scan. – The first step in developing the Plan shall be to develop an
43 environmental scan based on the input from economic development parties and the public and
44 on information about the economic environment in North Carolina. To prepare the scan, the
45 ~~Board Secretary~~ shall gather the ~~following~~ information required in this subsection and ensure
46 that the information is updated periodically. The updated information may be provided in
47 whatever format and through whatever means is most efficient. The information required to
48 prepare the scan includes all of the following:

49 ...

50 (f) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.

(g) Vision and Mission Statements. – The ~~Board-Secretary~~ shall develop a vision statement for economic development that would describe the preferred future for North Carolina and what North Carolina would be like if all economic development efforts were successful. The ~~Board-Secretary~~ shall then develop a mission statement that outlines the basic purpose of each of North Carolina's economic development programs. Because special purpose nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk activity of investing in and supporting new business creation in the State, they should be assigned a dominant role in this key component of economic development activity.

(h) Goals and Objectives. – The ~~Board-Secretary~~, using data from the public input and the environmental scan, shall formulate a list of goals and objectives. Goals shall be long-range, four years or more, and shall address both needs of economically distressed Regions and counties as well as opportunities for Regions and counties not distressed. The goals shall be developed with realism but should also be selected so as to encourage every Region and county within the State to develop to its maximum potential. Objectives shall be one year or less in scope and shall, if achieved, lead to the realization of the goals formulated by the ~~Board-Secretary~~ as provided in this section.

Both goals and objectives should be stated largely in economic terms, that is, they should be related to specific population, employment, demographic targets, or economic sector targets. Both efficiency and equity considerations are to be addressed and balanced with special emphasis placed on the needs of disadvantaged or economically distressed populations and communities. The goals and objectives should not state how the economic targets are to be reached, but rather what the economic conditions will be if they are obtained. So that the progress of North Carolina's economic development efforts can be monitored, the ~~Board-Secretary~~ shall set objectives for each goal that allow measurement of progress toward the goal. Objectives should be quantifiable and time-specific in order to serve as performance indicators.

...

(j) Implementation Plan. – Based upon all of the foregoing steps, the ~~Board-Secretary~~ shall establish an implementation plan assigning to the appropriate parties specific responsibilities for meeting measurable objectives. The implementation plan shall contain all necessary elements so that it may be used as a means to monitor performance, guide appropriations, and evaluate the outcomes of the parties involved in economic development in the State.

(k) Annual Evaluation. – The ~~Board-Secretary~~ shall annually evaluate the State's economic performance based upon the statistics listed in this subsection and upon the ~~Board's Secretary's~~ stated goals and objectives in its Plan. The statistics upon which the evaluation is made should be available to policymakers. The information may be provided in whatever format and through whatever means is most efficient.

...

(l) Accountability. – The ~~Board-Secretary~~ shall make all data, plans, and reports available to the General Assembly, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Senate Appropriations Committee on Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources at appropriate times and upon request. The ~~Board-Secretary~~ shall prepare and make available on an annual basis public reports on each of the major sections of the Plan and the Annual Report indicating the degree of success in attaining each development objective."

SECTION 1.2.(c) G.S. 143B-431A(d), as enacted by Section 1.1 of this act, is amended by adding the following new sub-subdivision to read:

"(d) Limitations. – Prior to contracting with a North Carolina nonprofit corporation pursuant to this section and in order for a North Carolina nonprofit corporation to receive State funds, the following conditions shall be met:

...
(2) The North Carolina nonprofit corporation adheres to the following governance provisions related to its governing board:

...
g. The board is required to perform the following duties:

1. To provide advice concerning economic and community development planning for the State, including a strategic business facilities development analysis of existing, available buildings or shell or special-use buildings and sites.
2. To recommend economic development policy to the Secretary of Commerce, the General Assembly, and the Governor.
3. To recommend annually to the Governor biennial and annual appropriations for economic development programs.
4. To recommend how best to coordinate economic development efforts among the various agencies and entities, including those created by executive order of the Governor, that receive economic development appropriations, including the assignment of key responsibilities for different aspects of economic development and resource allocation and planning designed to encourage each agency to focus on its area of primary responsibility and not diffuse its resources by conducting activities assigned to other agencies."

SECTION 1.2.(d) G.S. 143B-437.03 is repealed.

SECTION 1.3. The Department of Commerce shall study and develop a plan for contracting with one or more North Carolina nonprofit corporations for the performance of economic development and tourism marketing activities and duties of the Department, including a research-based tourism marketing program. The Department shall consult with various stakeholders from organizations involved in economic development recruitment and activities in the State. The Department shall consider the benefits and costs of implementing the plan developed pursuant to this study, including increasing the ability of the State to respond in a timely manner to economic development opportunities; the advantages and likelihood of increased cooperation and synergies between established economic development funding streams; the ability to better leverage economic development funds to greater effect; personnel issues; issues relating to increased liability, if any; and safeguards and best practices to ensure proper use of and return on State funds expended for economic development. The Department shall examine the efforts of other states that have permitted public-private partnerships for economic development activities or other means to allow corporate entities to assist in the performance of economic development activities. The Department's plan shall include a schedule for implementation of contracting its activities and duties to one or more nonprofit corporations, and the schedule shall provide that the implementation occur in at least three phases, detailing which activities and duties shall be contracted in each phase and the anticipated advantages of the phased implementation.

The Department shall make a report to the Joint Legislative Commission on Governmental Operations no later than March 1, 2014, and prior to entering into a contract pursuant to G.S. 143B-431A, as enacted by this act.

SECTION 1.4. G.S. 126-5(c2) is amended by adding a new subdivision to read:

"(c2) The provisions of this Chapter shall not apply to:

...

(5) Officers and employees of a North Carolina nonprofit corporation with which the Department of Commerce has contracted pursuant to the authority granted in G.S. 143B-431A."

SECTION 1.5. Section 1.2 of this act becomes effective January 1, 2014. Notwithstanding G.S. 143B-434.01(b), the Board shall prepare the Comprehensive Strategic Economic Development Plan by December 31, 2013. The remainder of this Part becomes effective July 1, 2013. For purposes of G.S. 143B-431A(d)(3), as enacted by this act, the limitation for the amount of State funds that may be used for the annual salary of an employee of a nonprofit corporation with which the Department of Commerce contracts is one hundred twenty thousand dollars (\$120,000) until the General Assembly modifies that amount by setting a different amount in an Operations Appropriations Act.

PART II. MODIFY NORTH CAROLINA BOARD OF SCIENCE AND TECHNOLOGY

SECTION 2.1. Part 18 of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 18. North Carolina Board of ~~Science and Technology~~. Science, Technology, and Innovation.

"§ 143B-472.80. North Carolina Board of ~~Science and Technology~~; Science, Technology, and Innovation; creation; powers and duties.

The North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation of the Department of Commerce is created. The Board has the following powers and duties:

...

(4) To advise and make recommendations to the Governor, the General Assembly, the Secretary of Commerce, and ~~the Economic Development Board~~ any North Carolina nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431A on the role of ~~science and technology~~ science, technology, and innovation in the economic growth and development of North Carolina.

...

"§ 143B-472.81. North Carolina Board of ~~Science and Technology~~; Science, Technology, and Innovation; membership; organization; compensation; staff services.

(a) The North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation consists of the Governor, the Secretary of Commerce, and ~~17-23~~ members appointed as follows: the Governor shall appoint one member from the University of North Carolina at Chapel Hill, one member from North Carolina State University at Raleigh, and two members from other components of the University of North Carolina, one of which shall be from a historically black college or university, all nominated by the President of the University of North Carolina; one member from Duke University, nominated by the President of Duke University; one member from a private college or university, other than Duke University, in North Carolina, nominated by the President of the Association of Private Colleges and Universities; one member of the North Carolina Community College System; one member representing K-12 public education; one member from the Research Triangle Institute, nominated by the executive committee of the board of that institute; one member from the Microelectronics Center of North Carolina, nominated by the executive committee of the board of that center; one member from the North Carolina Biotechnology Center, nominated by the executive committee of the board of that center; four ~~six~~ members from private industry in North Carolina, ~~at least one of whom shall be a professional engineer registered pursuant to Chapter 89C of the General Statutes or a person who holds at least a bachelors degree in engineering from an accredited college or university; and two members from public agencies in North Carolina.~~ Carolina; and seven at-large members. Two members shall be appointed by the

General Assembly, one shall be appointed upon the recommendation of the President Pro Tempore of the Senate, and one shall be appointed upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. The nominating authority for any vacancy on the Board among members appointed by the Governor shall submit to the Governor two nominations for each position to be filled, and the persons so nominated shall represent different disciplines.

...."

SECTION 2.2. G.S. 143B-437.80 reads as rewritten:

"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to offset costs associated with applying to the United States Small Business Administration for Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...

(c) Grant. – The North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation may award grants to reimburse an eligible business for up to fifty percent (50%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three thousand dollars (\$3,000). A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation for a grant under this section on a form prescribed by the Board that includes at least all of the following:

...."

SECTION 2.3. G.S. 143B-437.81 reads as rewritten:

"§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.

(a) Program. – There is established the North Carolina SBIR/STTR Matching Funds Program to be administered by the North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II awards.

...

(c) Grant. – The North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal

proposal submission. Over its lifetime, a business may receive a maximum of five awards under this section.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation for a grant under this section on a form prescribed by the Board that includes at least all of the following:

...."

PART III. CREATION OF COLLABORATION FOR PROSPERITY ZONES

SECTION 3.1. Intent to create Collaboration for Prosperity Zones. – It is the intent of the General Assembly to establish geographically uniform zones in this State to facilitate collaborative and coordinated planning and use of resources, to improve cooperation with other governmental and nonprofit entities at the local and regional level, to facilitate administrative efficiencies within State government, to receive advice on economic development issues by local boards established by a North Carolina nonprofit corporation with which the Department of Commerce contracts, and, to the extent feasible, to establish one-stop sources in each region for citizens and businesses seeking State services at a regional level.

SECTION 3.2. Article 1 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-28.1. Create Collaboration for Prosperity Zones.

For purposes of enhanced collaboration and cooperation between governmental agencies, planning, use of resources, and improved efficiency at a regional level, the State is hereby divided into eight zones as follows:

- (1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain, and Transylvania Counties.
- (2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke, Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey Counties.
- (3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.
- (4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties.
- (5) North Central Region, consisting of Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Orange, Person, Vance, Wake, and Warren Counties.
- (6) Sandhills (South Central) Region, consisting of Bladen, Columbus, Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson, and Scotland Counties.
- (7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Nash, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, and Wilson Counties.
- (8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne Counties."

SECTION 3.3. Agencies shall, by January 1, 2014, report to the Joint Legislative Commission on Governmental Operations and the Study Commission on Collaboration for Prosperity on how they plan to abolish regions and transform them into Collaboration for Prosperity Zones as defined by this act.

SECTION 3.4. This Part becomes effective July 1, 2013.

PART IV. REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR PROSPERITY ZONE

SECTION 4.1. No later than January 1, 2014, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office. For purposes of this Part, the Department of Commerce may contract with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for each office in each of the Collaboration for Prosperity Zones.

No later than January 1, 2014, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other educational agencies and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be colocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

SECTION 4.2. In addition to other related tasks assigned by their respective agencies, liaisons in each Collaboration for Prosperity Zone shall work to enhance collaboration and cooperation between their departments and other State agencies, local governmental agencies, and other regional public and nonprofit entities. The liaisons from the Departments of Environment and Natural Resources and Transportation shall work to consolidate and simplify the process for citizens and businesses seeking permits from their respective agencies. The liaisons from the Department of Commerce shall be used to support local economic development efforts, to coordinate such efforts, and to coordinate the Department of Commerce's activities within each Collaboration for Prosperity Zone. The liaisons from the community college system shall work closely with the Department of Commerce and other State and local governmental agencies and local businesses in the zone to promote job development through career technical education.

SECTION 4.3.(a) The Departments of Transportation and Environment and Natural Resources shall jointly report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, and the Study Commission on Interagency Collaboration for Prosperity, as follows:

- (1) No later than January 1, 2014, on the establishment of colocated liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.
- (2) No later than April 1, 2014, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with the other Department and with other governmental agencies, improved administrative efficiencies, and any steps taken to make services to citizens and businesses within each zone more efficient, economical, and user friendly.

SECTION 4.3.(b) The Community Colleges System Office shall report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, and the Study Commission on Interagency Collaboration for Prosperity, as follows:

- (1) No later than January 1, 2014, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

- (2) No later than April 1, 2014, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of educational resources, and improved administrative efficiencies.

SECTION 4.3.(c) The Department of Commerce shall include in its first report under G.S. 143B-431(c1), as enacted by this act, a report on the establishment and activities of its liaisons in each Collaboration for Prosperity Zone. The Department of Commerce shall send a copy of this report to the Office of State Budget and Management and to the Study Commission on Interagency Collaboration for Prosperity.

SECTION 4.4. The Departments of Commerce, Environment and Natural Resources, and Transportation and the Community Colleges System Office shall use funds available to carry out the requirements of this section.

SECTION 4.5. Except as otherwise provided, this Part becomes effective July 1, 2013, and expires July 1, 2017.

PART V. STUDY COMMISSION ON INTERAGENCY COLLABORATION FOR PROSPERITY

SECTION 5.1.(a) Creation of Commission. – The Study Commission on Interagency Collaboration for Prosperity is established in the General Assembly.

SECTION 5.1.(b) Membership. – The Study Commission on Interagency Collaboration for Prosperity shall consist of eight members, four members of the Senate appointed by the President Pro Tempore of the Senate and four members of the House of Representatives appointed by the Speaker of the House of Representatives.

SECTION 5.1.(c) Cochairs; Vacancies; Quorum. – The Study Commission on Interagency Collaboration for Prosperity shall have two cochairs, one designated by the President Pro Tempore of the Senate and one designated by the Speaker of the House of Representatives from among their respective appointees. The Commission shall meet upon the call of the cochairs. Any vacancy on the Commission shall be filled by the original appointing authority. A majority of the members of the Commission constitutes a quorum.

SECTION 5.1.(d) Compensation; Administration. – Members of the Study Commission on Interagency Collaboration for Prosperity shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1. The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet in the Legislative Building or the Legislative Office Building.

With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Study Commission on Interagency Collaboration for Prosperity in its work. The House of Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Study Commission on Interagency Collaboration for Prosperity, and the expenses relating to the clerical employees shall be borne by the Commission. The Study Commission on Interagency Collaboration for Prosperity may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02.

SECTION 5.2.(a) Duties. – The Study Commission on Interagency Collaboration for Prosperity shall review the reports submitted by the Departments of Commerce, Environment and Natural Resources, and Transportation and the Community Colleges System Office pursuant to Part IV of this act and any other information the Commission deems relevant. The Commission may also study and recommend to the 2014 Regular Session of the 2013 General Assembly legislation on the following topics:

- (1) Enhancing collaboration and cooperation between State and other governmental agencies in order to streamline and improve services to

citizens and businesses, to make such services more user-friendly, and to implement collaborative and cooperative interagency measures to enhance access to services.

(2) Reducing barriers faced by citizens and businesses in accessing services that are unnecessarily caused by agency specialization (which may produce a "silo mentality").

(3) Additional recommendations regarding liaison personnel, including expanding the requirement to other State departments.

(4) Ways to integrate collaboration between educational institutions in each Collaboration for Prosperity Zone on the one hand and other governmental agencies and local businesses on the other.

(5) Requiring the establishment of interagency one-stop shops in each Collaboration for Prosperity Zone.

(6) Consolidation of programs or services.

(7) Cross-training of employees.

(8) Identification of offices, equipment, and support services that may be efficiently and economically shared between agencies in each Collaboration for Prosperity Zone.

(9) The grouping of counties within each Collaboration for Prosperity Zone to determine whether there is a better configuration while keeping the same overall number of zones.

The report containing the recommendations shall identify any savings or costs identified by the Commission as likely to result from its recommendations.

SECTION 5.2.(b) Report. – The Study Commission on Interagency Collaboration for Prosperity shall report its recommendations under this section to the 2014 Regular Session of the 2013 General Assembly.

SECTION 5.2.(c) Agency Cooperation. – All State departments and agencies and local governments and their subdivisions shall furnish the Study Commission on Interagency Collaboration for Prosperity with any information in their possession or available to them.

SECTION 5.2.(d) Commission Termination. – The Study Commission on Interagency Collaboration for Prosperity shall terminate on the filing of its report or on July 1, 2014, whichever is later.

PART VI. REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS/STATUTES CREATING COMMISSIONS REPEALED

SECTION 6.1. Articles 2 and 4 of Chapter 158 of the General Statutes are repealed.

SECTION 6.2. Upon the dissolution of North Carolina's Eastern Region, the North Carolina's Eastern Region Development Commission, the governing body of North Carolina's Eastern Region, shall liquidate the assets of the Region to the extent possible and distribute all Region assets to the counties of the Region in proportion to the amount of the vehicle registration tax levied by the Commission and collected in each county. The assets of the Region that exceed the amount of the vehicle registration tax collected by the counties and are attributable to an appropriation made to the Region by the General Assembly shall revert to the General Fund and may not be distributed to the counties. A county may use funds distributed to it pursuant to this subsection only for economic development projects and infrastructure construction projects. In calculating the amount to be refunded to each county, the Region shall first allocate amounts loaned and not yet repaid as follows:

(1) Amounts loaned for a project in a county will be allocated to that county to the extent of its beneficial ownership of the principal of the interest-bearing trust account in which the proceeds of the vehicle registration tax levied by

the Commission was placed, and the county will become the owner of the right to repayment of the amount loaned to the extent of its beneficial ownership of the principal of the trust account.

- (2) Amounts not allocated pursuant to subdivision (1) of this subsection shall be allocated among the remaining counties in proportion to the amount of the vehicle registration tax collected in each county, and the remaining counties shall become the owners of the right to repayment of the amounts loaned in proportion to the amount of the vehicle registration tax collected in each county.

Notes and other instruments representing the right to repayment shall, upon dissolution of the Region, be held and collected by the State Treasurer, who shall disburse the collections to the counties as provided in this subsection.

The Commission shall distribute those assets that it is unable to liquidate among the Region counties insofar as practical on an equitable basis, as determined by the Commission. Upon termination, the State of North Carolina shall succeed to any remaining rights, obligations, and liabilities of the Region not assigned to the Region counties.

SECTION 6.3. G.S. 120-123 reads as rewritten:

"§ 120-123. Service by members of the General Assembly on certain boards and commissions.

No member of the General Assembly may serve on any of the following boards or commissions:

...

~~(62) The North Carolina's Northeast Commission, as established by G.S. 158-8.2.~~

...."

SECTION 6.4. G.S. 143-215.42 reads as rewritten:

"§ 143-215.42. Acquisition of lands.

...

(h) This section shall not authorize acquisition by condemnation of interests in land within the boundaries of any project to be constructed by the Tennessee Valley Authority, its agents or subdivision or any project licensed by the Federal Power Commission or interests in land owned or held for use by a public utility, as defined in G.S. 62-3. ~~No commission created pursuant to G.S. 158-8 shall condemn or acquire any property to be used by the Tennessee Valley Authority, its agents or subdivision.~~

SECTION 6.5. G.S. 143-506.10 reads as rewritten:

"§ 143-506.10. Designation of growth centers; achieving balanced growth.

It shall be the policy of the State of North Carolina to support the expansion of the State and to designate growth areas or centers with the potential, capacity and desire for growth. The Governor, with the advice of county and municipal government officials and citizens, is charged with designating growth areas or centers, which shall include at least one center in each North Carolina county. Designation of growth areas or centers shall be reviewed annually. These designations may be used for the purpose of establishing priority consideration for State and federal assistance for growth.

Progress toward achieving balanced growth shall be measured by the strengthening of economic activity and the adequacy of public services within each of the State's multi-county regions ~~and, as to the geographical area included, the Southeastern Economic Development Commission regions.~~ The Governor, with the advice of county and municipal government officials and citizens, shall develop measures of progress toward achieving balanced growth."

SECTION 6.6. G.S. 153A-398 reads as rewritten:

"§ 153A-398. Regional planning and economic development commissions.

Two or more counties, cities, or counties and cities may create a regional planning and economic development commission by adopting identical concurrent resolutions to that effect.

Such a commission has the powers granted by this ~~Article and the powers granted by Chapter 158, Article 2, Article.~~ If such a commission is created, it shall maintain separate books of account for appropriations and expenditures made pursuant to this ~~Article and for appropriations and expenditures made pursuant to Chapter 158, Article 2, Article.~~"

SECTION 6.7. The Revisor of Statutes may, where necessitated by this Part, correct any reference in the General Statutes and make any other conforming changes.

SECTION 6.8. If Senate Bill 402, 2013 Regular Session of the General Assembly, becomes law and appropriates money to the regional economic development commissions, then the Department of Commerce shall retain fifty percent (50%) of the appropriation for State marketing and rebranding purposes. No funds shall be disbursed to the regional economic commissions after December 31, 2013.

SECTION 6.9. This Part becomes effective January 1, 2014.

PART VII. EFFECTIVE DATE AND CONSTRUCTION

SECTION 7.1. Nothing in this act shall be construed to obligate the General Assembly to appropriate funds to implement this act.

SECTION 7.2. Except as otherwise provided, this act is effective when it becomes law.