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SENATE BILL 127
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Short Title: Economic Development Modifications.

(Public)

Sponsors:

Referred to:

February 25, 2013

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

5 The General Assembly of North Carolina enacts:

6
7 **PART I. AUTHORIZE CONTRACTING OF ECONOMIC DEVELOPMENT**
8 **FUNCTIONS BY THE DEPARTMENT OF COMMERCE**

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

11 **"§ 143B-431A. Department of Commerce – contracting of functions.**

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

21 (b) Contract. – The Department of Commerce is authorized to contract with one or
22 more North Carolina nonprofit corporations to perform one or more of the Department's
23 functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this
24 subsection. If the Department contracts with a North Carolina nonprofit corporation to promote
25 and grow the travel and tourism industries, then all funds appropriated to the Department for
26 tourism marketing purposes shall be used for a research-based comprehensive marketing
27 program directed toward consumers in key markets most likely to travel to North Carolina and
28 not for ancillary activities, such as statewide branding and business development marketing.
29 The Department may not contract with a North Carolina nonprofit corporation regarding any of
30 the following:

31 (1) The obligation or commitment of funds under this Article, such as the One
32 North Carolina Fund, the Job Development Investment Grant Program, the



1 Industrial Development Fund, or the Job Maintenance and Capital
2 Development Fund, by a North Carolina nonprofit corporation.

3 (2) The Division of Employment Security, including the administration of
4 unemployment insurance.

5 (3) The functions set forth in G.S. 143B-431(a)(2).

6 (4) The administration of funds or grants received from the federal government
7 or its agencies.

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

15 The members of the Committee who are appointed by the Speaker of the House of
16 Representatives or by the President Pro Tempore of the Senate may not be members of the
17 General Assembly. The Committee shall meet at least quarterly upon the call of the chair. The
18 duties of the Committee shall include all of the following:

19 (1) Monitoring and oversight of the performance of a contract entered into
20 pursuant to this section by the Department with a North Carolina nonprofit
21 corporation.

22 (2) Receiving, reviewing, and referring complaints regarding the contract or the
23 performance of the nonprofit corporation, as appropriate.

24 (3) Requesting enforcement of the contract by the Attorney General or the
25 Department.

26 (4) Auditing, at least biennially, either by use of the State Auditor or internal
27 auditors of the Department, of the records of a North Carolina nonprofit
28 corporation with which the Department has contracted pursuant to this
29 section during and after the term of the contract to verify data affecting
30 performance and reports.

31 (5) Coordination of economic development grant programs of the State between
32 the Department of Commerce, the Department of Transportation, and the
33 Department of Environment and Natural Resources.

34 (6) Any other duties deemed necessary by the Committee.

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

38 (1) At least 45 days prior to entering into or amending in a nontechnical manner
39 a contract authorized by this section, the Department shall submit the
40 contract or amendment, along with a detailed explanation of the contract or
41 amendment, to the Joint Legislative Commission on Governmental
42 Operations and the Fiscal Research Division.

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

45 a. The board shall be composed of 15 voting members, as follows: eight
46 members and the chair appointed by the Governor, three members
47 appointed by the Speaker of the House of Representatives, and three
48 members appointed by the President Pro Tempore of the Senate. The
49 nine members appointed by the Governor shall reflect the diversity of
50 the State's geography, and each member appointed by the Governor
51 shall have expertise in one or more of the following areas:

- 1 1. Agribusiness, as recommended by the Commissioner of
- 2 Agriculture.
- 3 2. Financial Services.
- 4 3. Information Technology.
- 5 4. Biotechnology or Life Sciences.
- 6 5. Energy.
- 7 6. Manufacturing.
- 8 7. Military or Defense.
- 9 8. Tourism, as jointly recommended by the North Carolina
- 10 Travel and Tourism Coalition and the North Carolina Travel
- 11 Industry Association.
- 12 9. Retail, Distribution, and Logistics.
- 13 b. Of the three members appointed by the Speaker of the House of
- 14 Representatives, no more than one shall be from a metropolitan area,
- 15 and one shall be on the recommendation of the North Carolina
- 16 Chamber of Commerce.
- 17 c. Of the three members appointed by the President Pro Tempore of the
- 18 Senate, no more than one shall be from a metropolitan area, and one
- 19 shall be on the recommendation of the North Carolina Federation of
- 20 Independent Businesses.
- 21 d. No member of the board may take any official action or use the
- 22 member's official position to profit in any manner the board
- 23 member's immediate family, a business with which the board
- 24 member or the board member's immediate family has a business
- 25 association, or a client of the board member or the board member's
- 26 immediate family with whom the board member, or the board
- 27 member's immediate family, has an existing business relationship for
- 28 matters before the board. No board member shall attempt to profit
- 29 from a proposed project of the Department if the profit is greater than
- 30 that which would be realized by other persons living in the area
- 31 where the project is located. If the profit under this subsection would
- 32 be greater for the board member than other persons living in the area
- 33 where the project is located, not only shall the member abstain from
- 34 voting on that issue, but once the conflict of interest is apparent, the
- 35 member shall not discuss the project with any other board member or
- 36 other officer or employee of the Department except to state that a
- 37 conflict of interest exists. Under this sub-subdivision, a board
- 38 member is presumed to profit if the profit would be realized by a
- 39 board member's immediate family, a business with which the board
- 40 member or the board member's immediate family has a business
- 41 association, or a client of the board member or the board member's
- 42 immediate family with whom the board member, or the board
- 43 member's immediate family, has an existing business relationship for
- 44 matters before the board. No board member, in contemplation of
- 45 official action by the board member, by the board, or in reliance on
- 46 information that was made known to the board member in the board
- 47 member's official capacity and that has not been made public, shall
- 48 (i) acquire a pecuniary interest in any property, transaction, or
- 49 enterprise or gain any pecuniary benefit that may be affected by such
- 50 information or official action or (ii) intentionally aid another to do

- 1 any of the above acts. As used in this sub-subdivision, the following
2 terms mean:
- 3 1. Board. – The governing board of a nonprofit corporation with
4 which the Department contracts pursuant to this section.
 - 5 2. Board member. – A member of the board.
 - 6 3. Business association. – A director, employee, officer, or
7 partner of a business entity, or owner of more than ten percent
8 (10%) interest in any business entity.
 - 9 4. Department. – The Department of Commerce.
 - 10 5. Immediate family. – Spouse, children, parents, brothers, and
11 sisters.
 - 12 6. Official action. – Actions taken while a board member related
13 to or in connection with the person's duties as a board
14 member, including, but not limited to, voting on matters
15 before the board, proposing or objecting to proposals for
16 economic development actions by the Department or the
17 board, discussing economic development matters with other
18 board members or Department staff or employees in an effort
19 to further the matter after the conflict of interest has been
20 discovered, or taking actions in the course and scope of the
21 position as a board member and actions leading to or resulting
22 in profit.
 - 23 7. Profit. – Receive monetary or economic gain or benefit,
24 including an increase in value whether or not recognized by
25 sale or trade.
- 26 e. No State officer or employee may serve on the board.
- 27 f. The board shall meet at least quarterly at the call of its chair. Each
28 quarter and upon request, the board shall report to the Chair of the
29 Economic Development Oversight Committee on the progress of the
30 State's economic development.
- 31 (3) The amount of State funds that may be used for the annual salary of any one
32 employee of a corporation shall not exceed the amount most recently set by
33 the General Assembly in a Current Operations Appropriations Act.
- 34 (e) Mandatory Contract Terms. – Any contract entered into under this section must
35 include all of the following:
- 36 (1) A provision requiring the corporation provide to the Joint Legislative
37 Economic Development and Global Engagement Oversight Committee, the
38 Department of Commerce, and the Fiscal Research Division a copy of the
39 corporation's annual audited financial statement within seven days of
40 issuance of the statement.
 - 41 (2) A provision requiring the corporation to provide, by September 1 of each
42 year, and more frequently as requested, a report to the Department on prior
43 State fiscal year program activities, objectives, and accomplishments and
44 prior State fiscal year itemized expenditures and fund sources. The report
45 shall also include (i) jobs anticipated to result and actually resulting from
46 efforts of the nonprofit corporation, (ii) developed performance metrics of
47 economic development functions, itemized by county, by development tier
48 area designation, as defined by G.S. 143B-437.08, and by Collaboration for
49 Prosperity Zone created pursuant to G.S. 143B-28.1, and (iii) any proposed
50 amendments to the areas of expertise required to be represented on the
51 governing board of the corporation.

1 (3) A provision providing that, upon termination of the contract or a request by
2 the Department of enforcement of the contract by the Attorney General, or
3 upon action of the General Assembly repealing the charter of a nonprofit
4 corporation with which the Department has contracted under this section and
5 to which the Department has provided assets or funds, all assets and funds of
6 the nonprofit corporation, including financial and operational records and the
7 right to receive future funds pursuant to the contract, will be returned to the
8 Department for economic development purposes. For purposes of this
9 subdivision, assets and funds of the nonprofit corporation include assets and
10 funds of any subsidiary or affiliate of the nonprofit corporation. An affiliate
11 of the nonprofit corporation exists when both are directly or indirectly
12 controlled by the same parent corporation or by the same or associated
13 financial interests by stock ownership, interlocking directors, or by any other
14 means whatsoever, whether the control is direct or through one or more
15 subsidiary, affiliated, or controlled corporations.

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

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

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

- 30 a. The need to obey all applicable laws regarding actions taken as a
31 board member.
32 b. The need to uphold the integrity and independence of the board.
33 c. The need to avoid impropriety in the exercise of the board member's
34 duties.
35 d. The need to faithfully perform the board member's duties.
36 e. The need to conduct the affairs of the governing board in an open
37 and public manner and to avoid conflicts of interest.

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

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

- 1 **SECTION 1.2.(a)** G.S. 143B-434 is repealed.
- 2 **SECTION 1.2.(b)** G.S. 143B-434.01 reads as rewritten:
- 3 **"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**
- 4 (a) Definitions. – The following definitions apply in this section:
- 5 (1) ~~Board. – The Economic Development Board.~~
- 6 ...
- 7 (6) Secretary. – The Secretary of Commerce or the governing board of a North
- 8 Carolina nonprofit corporation with which the Department contracts
- 9 pursuant to G.S. 143B-431A for the performance of the Secretary's
- 10 responsibilities under this section.
- 11 (b) ~~Board to Prepare Plan. – The Board Secretary shall prepare review and update the~~
- 12 ~~existing Plan by April 1, 1994, on or before April 1 of each year. The Board shall review and~~
- 13 ~~update this Plan by April 1 of each year. The original Plan shall cover a period of four years~~
- 14 and each annual update shall extend the time frame by one year so that a four-year plan is
- 15 always in effect. The ~~Board Secretary~~ shall provide copies of the Plan and each annual update
- 16 to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan
- 17 shall encompass all of the components set out in this section.
- 18 (c) Purpose. – The purpose of this section is to require the ~~Board Secretary~~ to apply
- 19 strategic planning principles to its economic development efforts. This requirement is expected
- 20 to result in:
- 21 (1) The selection of a set of priority development objectives that recognizes the
- 22 increasingly competitive economic environment and addresses the changing
- 23 needs of the State in a more comprehensive manner.
- 24 (2) The effective utilization of available and limited resources.
- 25 (3) A commitment to achieve priority objectives and to sustain the process.
- 26 (d) (1) Public and Private Input. – At each stage as it develops and updates the Plan,
- 27 the ~~Board Secretary~~ shall solicit input from all parties involved in economic
- 28 development in North Carolina, including:
- 29 a. Each of the programs and organizations that, for State budget
- 30 purposes, identifies economic development as one of its global goals.
- 31 b. Local economic development departments and regional economic
- 32 development organizations.
- 33 c. The Board of Governors of The University of North Carolina.
- 34 (2) The ~~Board Secretary~~ shall also hold hearings in each of the Regions to solicit
- 35 public input on economic development before the initial Plan is completed.
- 36 The purposes of the public hearings are to:
- 37 a. Assess the strengths and weaknesses of recent regional economic
- 38 performance.
- 39 b. Examine the status and competitive position of the regional resource
- 40 base.
- 41 c. Identify and seek input on issues that are key to improving the
- 42 economic well-being of the Region.
- 43 The ~~Board Secretary~~ shall hold additional hearings from time to time to
- 44 solicit public input regarding economic development activities.
- 45 (3) Each component of the Plan shall be based on this broad input and, to the
- 46 extent possible, upon a consensus among all affected parties. The ~~Board~~
- 47 Secretary shall coordinate its planning process with any State capital
- 48 development planning efforts affecting State infrastructure such as roads and
- 49 water and sewer facilities.
- 50 (e) Environmental Scan. – The first step in developing the Plan shall be to develop an
- 51 environmental scan based on the input from economic development parties and the public and

1 on information about the economic environment in North Carolina. To prepare the scan, the
2 ~~Board-Secretary~~ shall gather the following information required in this subsection and ensure
3 that the information is updated periodically. The updated information may be provided in
4 whatever format and through whatever means is most efficient. The information required to
5 prepare the scan includes all of the following:

6 ...
7 (f) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.

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

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

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

33 ...
34 (j) Implementation Plan. – Based upon all of the foregoing steps, the ~~Board-Secretary~~
35 shall establish an implementation plan assigning to the appropriate parties specific
36 responsibilities for meeting measurable objectives. The implementation plan shall contain all
37 necessary elements so that it may be used as a means to monitor performance, guide
38 appropriations, and evaluate the outcomes of the parties involved in economic development in
39 the State.

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

45 ...
46 (l) Accountability. – The ~~Board-Secretary~~ shall make all data, plans, and reports
47 available to the General Assembly, the Joint Legislative Commission on Governmental
48 Operations, the Joint Legislative Economic Development and Global Engagement Oversight
49 Committee, the Senate Appropriations Committee on Natural and Economic Resources, and the
50 House of Representatives Appropriations Subcommittee on Natural and Economic Resources at
51 appropriate times and upon request. The ~~Board-Secretary~~ shall prepare and make available on

1 an annual basis public reports on each of the major sections of the Plan and the Annual Report
2 indicating the degree of success in attaining each development objective."

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

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

8 ...
9 (2) The North Carolina nonprofit corporation adheres to the following
10 governance provisions related to its governing board:

11 ...

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

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

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

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

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

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

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

6 ...
7 (5) Officers and employees of a North Carolina nonprofit corporation with
8 which the Department of Commerce has contracted pursuant to the authority
9 granted in G.S. 143B-431A."

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

18 **PART II. MODIFY NORTH CAROLINA BOARD OF SCIENCE AND** 19 **TECHNOLOGY**

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

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

24 **"§ 143B-472.80. North Carolina Board of ~~Science and Technology~~; Science, Technology,**
25 **and Innovation; creation; powers and duties.**

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

28 ...
29 (4) To advise and make recommendations to the Governor, the General
30 Assembly, the Secretary of Commerce, and ~~the Economic Development~~
31 ~~Board~~ any North Carolina nonprofit corporation with which the Department
32 of Commerce contracts pursuant to G.S. 143B-431A on the role of science
33 and technology; science, technology, and innovation in the economic growth
34 and development of North Carolina.
35

36 ...
37 **"§ 143B-472.81. North Carolina Board of ~~Science and Technology~~; Science, Technology,**
38 **and Innovation; membership; organization; compensation; staff services.**

39 (a) The North Carolina Board of ~~Science and Technology~~; Science, Technology, and
40 Innovation consists of the Governor, the Secretary of Commerce, and ~~17-23~~ members
41 appointed as follows: the Governor shall appoint one member from the University of North
42 Carolina at Chapel Hill, one member from North Carolina State University at Raleigh, and two
43 members from other components of the University of North Carolina, one of which shall be
44 from a historically black college or university, all nominated by the President of the University
45 of North Carolina; one member from Duke University, nominated by the President of Duke
46 University; one member from a private college or university, other than Duke University, in
47 North Carolina, nominated by the President of the Association of Private Colleges and
48 Universities; one member of the North Carolina Community College System; one member
49 representing K-12 public education; ~~one member from the Research Triangle Institute,~~
50 ~~nominated by the executive committee of the board of that institute~~; ~~one member from the~~
51 ~~Microelectronics Center of North Carolina, nominated by the executive committee of the board~~

1 of that center; one member from the North Carolina Biotechnology Center, nominated by the
2 executive committee of the board of that center; four ~~six~~ members from private industry in
3 North Carolina, at least one of whom shall be a professional engineer registered pursuant to
4 Chapter 89C of the General Statutes or a person who holds at least a bachelors degree in
5 engineering from an accredited college or university; and two members from public agencies in
6 ~~North Carolina.~~ Carolina, one of whom is also a member of a State or federally recognized
7 North Carolina Indian Tribe; and seven at-large members. Two members shall be appointed by
8 the General Assembly, one shall be appointed upon the recommendation of the President Pro
9 Tempore of the Senate, and one shall be appointed upon the recommendation of the Speaker of
10 the House of Representatives in accordance with G.S. 120-121. The nominating authority for
11 any vacancy on the Board among members appointed by the Governor shall submit to the
12 Governor two nominations for each position to be filled, and the persons so nominated shall
13 represent different disciplines.

14"

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

16 "**§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

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

25 ...

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

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

40"

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

42 "**§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.**

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

49 ...

50 (c) Grant. – The North Carolina Board of ~~Science and Technology.~~ Science,
51 Technology, and Innovation may award grants to match the funds received by a business

1 through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars
2 (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon
3 receipt of the SBIR/STTR Phase I award and application for funds under this section.
4 Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission
5 by the business of the Phase II application to the funding agency and acceptance of the Phase I
6 report by the funding agency. A business may receive only one grant under this section per
7 year. A business may receive only one grant under this section with respect to each federal
8 proposal submission. Over its lifetime, a business may receive a maximum of five awards
9 under this section.

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

13
14

15 **PART III. CREATION OF COLLABORATION FOR PROSPERITY ZONES**

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

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

26 **"§ 143B-28.1. Create Collaboration for Prosperity Zones.**

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

- 30 (1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham,
31 Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain,
32 and Transylvania Counties.
- 33 (2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke,
34 Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey
35 Counties.
- 36 (3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston,
37 Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.
- 38 (4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell,
39 Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry,
40 and Yadkin Counties.
- 41 (5) North Central Region, consisting of Chatham, Durham, Franklin, Granville,
42 Harnett, Johnston, Lee, Orange, Person, Vance, Wake, and Warren Counties.
- 43 (6) Sandhills (South Central) Region, consisting of Bladen, Columbus,
44 Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson,
45 and Scotland Counties.
- 46 (7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan,
47 Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Nash,
48 Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, and
49 Wilson Counties.

1 (8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin,
2 Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne
3 Counties."

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

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

9
10 **PART IV. REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR**
11 **PROSPERITY ZONE**

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

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

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

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

- 45 (1) No later than January 1, 2014, on the establishment of collocated liaisons
46 within each Collaboration for Prosperity Zone and a description of the
47 activities the liaisons have been assigned to perform.
- 48 (2) No later than April 1, 2014, on the activities of the liaisons, specifically any
49 activities undertaken that resulted in enhanced collaboration and
50 coordination with the other Department and with other governmental
51 agencies, improved administrative efficiencies, and any steps taken to make

1 services to citizens and businesses within each zone more efficient,
2 economical, and user friendly.

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

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

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

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

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

22 **SECTION 4.5.** Except as otherwise provided, this Part becomes effective July 1,
23 2013, and expires July 1, 2017.

24 25 **PART V. STUDY COMMISSION ON INTERAGENCY COLLABORATION FOR** 26 **PROSPERITY**

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

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

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

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

45 With approval of the Legislative Services Commission, the Legislative Services
46 Officer shall assign professional staff to assist the Study Commission on Interagency
47 Collaboration for Prosperity in its work. The House of Representatives' and the Senate's
48 Directors of Legislative Assistants shall assign clerical staff to the Study Commission on
49 Interagency Collaboration for Prosperity, and the expenses relating to the clerical employees
50 shall be borne by the Commission. The Study Commission on Interagency Collaboration for

1 Prosperity may contract for professional, clerical, or consultant services, as provided by
2 G.S. 120-32.02.

3 **SECTION 5.2.(a)** Duties. – The Study Commission on Interagency Collaboration
4 for Prosperity shall review the reports submitted by the Departments of Commerce,
5 Environment and Natural Resources, and Transportation and the Community Colleges System
6 Office pursuant to Part IV of this act and any other information the Commission deems
7 relevant. The Commission may also study and recommend to the 2014 Regular Session of the
8 2013 General Assembly legislation on the following topics:

- 9 (1) Enhancing collaboration and cooperation between State and other
10 governmental agencies in order to streamline and improve services to
11 citizens and businesses, to make such services more user-friendly, and to
12 implement collaborative and cooperative interagency measures to enhance
13 access to services.
- 14 (2) Reducing barriers faced by citizens and businesses in accessing services that
15 are unnecessarily caused by agency specialization (which may produce a
16 "silo mentality").
- 17 (3) Additional recommendations regarding liaison personnel, including
18 expanding the requirement to other State departments.
- 19 (4) Ways to integrate collaboration between educational institutions in each
20 Collaboration for Prosperity Zone on the one hand and other governmental
21 agencies and local businesses on the other.
- 22 (5) Requiring the establishment of interagency one-stop shops in each
23 Collaboration for Prosperity Zone.
- 24 (6) Consolidation of programs or services.
- 25 (7) Cross-training of employees.
- 26 (8) Identification of offices, equipment, and support services that may be
27 efficiently and economically shared between agencies in each Collaboration
28 for Prosperity Zone.
- 29 (9) The grouping of counties within each Collaboration for Prosperity Zone to
30 determine whether there is a better configuration while keeping the same
31 overall number of zones.

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

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

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

40 **SECTION 5.2.(d)** Commission Termination. – The Study Commission on
41 Interagency Collaboration for Prosperity shall terminate on the filing of its report or on July 1,
42 2014, whichever is later.

43 44 **PART VI. REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS/STATUTES** 45 **CREATING COMMISSIONS REPEALED**

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

48 **SECTION 6.2.** Upon the dissolution of North Carolina's Eastern Region, the North
49 Carolina's Eastern Region Development Commission, the governing body of North Carolina's
50 Eastern Region, shall liquidate the assets of the Region to the extent possible and distribute all
51 Region assets to the counties of the Region in proportion to the amount of the vehicle

1 registration tax levied by the Commission and collected in each county. The assets of the
 2 Region that exceed the amount of the vehicle registration tax collected by the counties and are
 3 attributable to an appropriation made to the Region by the General Assembly shall revert to the
 4 General Fund and may not be distributed to the counties. A county may use funds distributed to
 5 it pursuant to this subsection only for economic development projects and infrastructure
 6 construction projects. In calculating the amount to be refunded to each county, the Region shall
 7 first allocate amounts loaned and not yet repaid as follows:

8 (1) Amounts loaned for a project in a county will be allocated to that county to
 9 the extent of its beneficial ownership of the principal of the interest-bearing
 10 trust account in which the proceeds of the vehicle registration tax levied by
 11 the Commission was placed, and the county will become the owner of the
 12 right to repayment of the amount loaned to the extent of its beneficial
 13 ownership of the principal of the trust account.

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

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

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

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

28 "**§ 120-123. Service by members of the General Assembly on certain boards and**
 29 **commissions.**

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

32 ...
 33 ~~(62) The North Carolina's Northeast Commission, as established by G.S. 158-8.2.~~
 34 ~~...."~~

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

36 "**§ 143-215.42. Acquisition of lands.**

37 ...
 38 (h) This section shall not authorize acquisition by condemnation of interests in land
 39 within the boundaries of any project to be constructed by the Tennessee Valley Authority, its
 40 agents or subdivision or any project licensed by the Federal Power Commission or interests in
 41 land owned or held for use by a public utility, as defined in G.S. 62-3. ~~No commission created~~
 42 ~~pursuant to G.S. 158-8 shall condemn or acquire any property to be used by the Tennessee~~
 43 ~~Valley Authority, its agents or subdivision."~~

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

45 "**§ 143-506.10. Designation of growth centers; achieving balanced growth.**

46 It shall be the policy of the State of North Carolina to support the expansion of the State and
 47 to designate growth areas or centers with the potential, capacity and desire for growth. The
 48 Governor, with the advice of county and municipal government officials and citizens, is
 49 charged with designating growth areas or centers, which shall include at least one center in
 50 each North Carolina county. Designation of growth areas or centers shall be reviewed annually.

1 These designations may be used for the purpose of establishing priority consideration for State
2 and federal assistance for growth.

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

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

9 **"§ 153A-398. Regional planning and economic development commissions.**

10 Two or more counties, cities, or counties and cities may create a regional planning and
11 economic development commission by adopting identical concurrent resolutions to that effect.
12 Such a commission has the powers granted by this Article and the powers granted by Chapter
13 158, Article 2, Article. If such a commission is created, it shall maintain separate books of
14 account for appropriations and expenditures made pursuant to this Article and for
15 appropriations and expenditures made pursuant to Chapter 158, Article 2, Article."

16 **SECTION 6.7.** The Revisor of Statutes may conform names and titles changed by
17 this Part and may correct statutory references as required by this Part throughout the General
18 Statutes. In making the changes authorized by this Part, the Revisor may also adjust subject
19 and verb agreement and the placement of conjunctions.

20 **SECTION 6.8.** It is the intent of the General Assembly that State marketing and
21 rebranding functions performed by regional economic development commissions shall be
22 performed by either the Department of Commerce or a North Carolina nonprofit corporation on
23 and after January 1, 2014, and that any funds appropriated for those functions will be available
24 to the Department for associated costs on or after that date.

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

26 **PART VII. EFFECTIVE DATE AND CONSTRUCTION**

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

29 **SECTION 7.2.** Except as otherwise provided, this act is effective when it becomes
30 law.
31