

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS15140-TM-5 (03/12)

Short Title: Local Incentives for Historic Rehabilitation. (Public)

Sponsors: Senators Rucho and Brock (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE LOCAL GOVERNMENTS TO APPROPRIATE MONEY FOR  
3 HISTORIC REHABILITATION AND TO CLARIFY AND STANDARDIZE THE  
4 REQUIREMENTS FOR APPROPRIATING FUNDS FOR LOCAL ECONOMIC  
5 DEVELOPMENT.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 158-7.1 reads as rewritten:

8 **"§ 158-7.1. Local development.**

9 (a) Economic Development. – Each county and city in this State is authorized to make  
10 appropriations for ~~the purposes of aiding and encouraging the location of manufacturing~~  
11 ~~enterprises, making industrial surveys and locating industrial and commercial plants in or near~~  
12 ~~such city or in the county; encouraging the building of railroads or other purposes which, in the~~  
13 ~~discretion of economic development purposes.~~ These appropriations must be determined by the  
14 governing body of the city or of the county commissioners of the county, will to increase the  
15 population, taxable property, agricultural industries and industries, employment, industrial  
16 output, or business prospects of any the city or county. These appropriations may be funded by  
17 the levy of property taxes pursuant to G.S. 153A-149 and 160A-209 and by the allocation of  
18 other revenues whose use is not otherwise restricted by law. The specific activities listed in  
19 subsection (b) of this section are not intended to limit the grant of authority provided by this  
20 section.

21 (b) Specific Activities. – A county or city may undertake any of the following specific  
22 economic development activities. ~~(This listing is not intended to limit by implication or~~  
23 ~~otherwise the grant of authority set out in subsection (a) of this section).~~ The activities listed in  
24 this subsection may be funded by the levy of property taxes pursuant to G.S. 153A-149 and  
25 G.S. 160A-209 and by the allocation of other revenues whose use is not otherwise restricted by  
26 law; activities under this section:

- 27 (1) A county or city may acquire and develop land for an industrial park, to be  
28 used for manufacturing, assembly, fabrication, processing, warehousing,  
29 research and development, office use, or similar industrial or commercial  
30 purposes. A county may acquire land anywhere in the county, including  
31 inside of cities, for an industrial park, while a city may acquire land  
32 anywhere in the county or counties in which it is located. A county or city  
33 may develop the land by installing utilities, drainage facilities, street and  
34 transportation facilities, street lighting, and similar facilities; may demolish  
35 or rehabilitate existing structures; and may prepare the site for industrial or



1 commercial uses. A county or city may convey property located in an  
2 industrial park pursuant to subsection (d) of this section.

3 (2) A county or city may acquire, assemble, and hold for resale property that is  
4 suitable for industrial or commercial use. A county may acquire such  
5 property anywhere in the county, including inside of cities, while a city may  
6 acquire such property inside the city or, if the property will be used by a  
7 business that will provide jobs to city residents, anywhere in the county or  
8 counties in which it is located. A county or city may convey property  
9 acquired or assembled under this subdivision pursuant to subsection (d) of  
10 this section.

11 (3) A county or city may acquire options for the acquisition of property that is  
12 suitable for industrial or commercial use. The county or city may assign such  
13 an option, following such procedures, for such consideration, and subject to  
14 such terms and conditions as the county or city deems desirable.

15 (4) A county or city may acquire, construct, convey, or lease a building suitable  
16 for industrial or commercial use.

17 (5) A county or city may construct, extend or own utility facilities or may  
18 provide for or assist in the extension of utility services to be furnished to an  
19 industrial facility, whether the utility is publicly or privately owned.

20 (6) A county or city may extend or may provide for or assist in the extension of  
21 water and sewer lines to industrial properties or facilities, whether the  
22 industrial property or facility is publicly or privately owned.

23 (7) A county or city may engage in site preparation for industrial properties or  
24 facilities, whether the industrial property or facility is publicly or privately  
25 owned.

26 (8) A county or city may make grants or loans for the rehabilitation of  
27 commercial or noncommercial historic structures, whether the structure is  
28 publicly or privately owned.

29 (c) Public Hearing. – Any appropriation or expenditure pursuant to ~~subsection (b) of~~  
30 this section must be approved by the county or city governing body after a public hearing. The  
31 county or city shall publish notice of the public hearing at least 10 days before the hearing is  
32 held. If the appropriation or expenditure is for the acquisition of an interest in real property, the  
33 notice shall describe the interest to be acquired, the proposed acquisition cost of such interest,  
34 the governing body's intention to approve the acquisition, the source of funding for the  
35 acquisition and such other information needed to reasonably describe the acquisition. If the  
36 appropriation or expenditure is for the improvement of privately owned property by site  
37 preparation or by the extension of water and sewer lines to the property, the notice shall  
38 describe the improvements to be made, the proposed cost of making the improvements, the  
39 source of funding for the improvements, the public benefit to be derived from making the  
40 improvements, and any other information needed to reasonably describe the improvements and  
41 their purpose.

42 (d) Interests in Real Property. – A county or city may lease or convey interests in real  
43 property held or acquired pursuant to subsection (b) of this section in accordance with the  
44 procedures of this subsection. A county or city may convey or lease interests in property by  
45 private negotiation and may subject the property to such covenants, conditions, and restrictions  
46 as the county or city deems to be in the public interest or necessary to carry out the purposes of  
47 this section. Any such conveyance or lease must be approved by the county or city governing  
48 body, after a public hearing. The county or city shall publish notice of the public hearing at  
49 least 10 days before the hearing is held; the notice shall describe the interest to be conveyed or  
50 leased, the value of the interest, the proposed consideration for the conveyance or lease, and the  
51 governing body's intention to approve the conveyance or lease. Before such an interest may be

1 conveyed, the county or city governing body shall determine the probable average hourly wage  
2 to be paid to workers by the business to be located at the property to be conveyed and the fair  
3 market value of the interest, subject to whatever covenants, conditions, and restrictions the  
4 county or city proposes to subject it to. The consideration for the conveyance may not be less  
5 than the value so determined.

6 (d1) Repealed by Session Laws 1993, c. 497, s. 22.

7 (d2) Calculation of Consideration. – In arriving at the amount of consideration that it  
8 receives, the Board may take into account prospective tax revenues from improvements to be  
9 constructed on the property, prospective sales tax revenues to be generated in the area, as well  
10 as any other prospective tax revenues or income coming to the county or city over the next 10  
11 years as a result of the conveyance or lease provided the following conditions are met:

12 (1) The governing board of the county or city shall determine that the  
13 conveyance of the property will stimulate the local economy, promote  
14 business, and result in the creation of a substantial number of jobs in the  
15 county or city that pay at or above the median average wage in the county or,  
16 for a city, in the county where the city is located. A city that spans more than  
17 one county is considered to be located in the county where the greatest  
18 population of the city resides. For the purpose of this subdivision, the  
19 median average wage in a county is the median average wage for all insured  
20 industries in the county as computed by the Department of Commerce,  
21 Division of Employment Security, for the most recent period for which data  
22 is available.

23 (2) The governing board of the county or city shall contractually bind the  
24 purchaser of the property to construct, within a specified period of time not  
25 to exceed five years, improvements on the property that will generate the tax  
26 revenue taken into account in arriving at the consideration. Upon failure to  
27 construct the improvements specified in the contract, the purchaser shall  
28 reconvey the property back to the county or city.

29 (e) Local Government Budget and Fiscal Control Act. – All appropriations and  
30 expenditures pursuant to ~~subsections (b) and (c)~~ of this section shall be subject to the provisions  
31 of the Local Government Budget and Fiscal Control Acts of the North Carolina General  
32 Statutes, respectively, for cities and counties and shall be listed in the annual financial report  
33 the county or city submits to the Local Government Commission. The budget format for each  
34 such governing body shall make such disclosures in such detail as the Local Government  
35 Commission may by rule and regulation direct.

36 (f) Limitation. – At the end of each fiscal year, the total of the following for each  
37 county and city may not exceed one-half of one percent (0.5%) of the outstanding assessed  
38 property tax valuation for the county or city as of January 1 preceding the beginning of the  
39 fiscal year:

40 (1) The investment in property acquired at any time under subdivisions (b)(1)  
41 through (b)(4) of this section and owned at the end of the fiscal year.

42 (2) The amount expended during the fiscal year under subdivisions (b)(5) and  
43 (b)(7) of this section.

44 (3) The amount of tax revenue that was taken into account under subsection (d2)  
45 of this section and was expected to be received during the fiscal year.

46 The Local Government Commission shall review the annual financial reports filed by  
47 counties and cities to determine if any county or city has exceeded the limit set by this  
48 subsection. If the Commission finds that a county or city has exceeded this limit, it shall notify  
49 the county or city. A county or city that receives a notice from the Commission under this  
50 subsection must submit to the Commission for its review and approval any appropriation or  
51 expenditure the county or city proposes to make under this section during the next three fiscal

1 years. The Commission shall not approve an appropriation or expenditure that would cause a  
2 county or city to exceed the limit set by this subsection.

3 (g) Repealed by Session Laws 1989, c. 374, s. 1.

4 (h) Economic Development Agreement. – Each economic development agreement  
5 entered into between a private enterprise and a city or county shall clearly state their respective  
6 responsibilities under the agreement. Each agreement shall contain provisions regarding  
7 remedies for a breach of those responsibilities on the part of the private enterprise. These  
8 provisions shall include a provision requiring the recapture of sums appropriated or expended  
9 by the city or county upon the occurrence of events specified in the agreement. Events that  
10 would require the city or county to recapture funds would include the creation of fewer jobs  
11 than specified in the agreement, a lower capital investment than specified in the agreement, and  
12 failing to maintain operations at a specified level for a period of time specified in the  
13 agreement."

14 **SECTION 2.** This act is effective when it becomes law.