

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 807
PROPOSED SENATE COMMITTEE SUBSTITUTE H807-PCS10876-MC-34

Short Title: Championship NC Act.

(Public)

Sponsors:

Referred to:

April 18, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE ECONOMIC INCENTIVES FOR THE PURPOSE OF BRINGING A
3 SPORTS CHAMPIONSHIP EMPLOYER TO THE STATE, INCREASING THE
4 NUMBER OF JOBS AND RESEARCH OPPORTUNITIES IN THE STATE, AND
5 INCREASING THE NUMBER OF CHAMPIONSHIP-LEVEL EVENTS OCCURRING IN
6 THE STATE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 143B-437.02 reads as rewritten:

9 **"§ 143B-437.02. Site infrastructure development.**

10 ...

11 (b) Fund. – The Site Infrastructure Development Fund is created as a restricted reserve
12 in the Department of Commerce. Funds in the fund do not revert but remain available to the
13 Department for these purposes. The Department may use the funds in the fund only for ~~the~~
14 ~~following purposes:~~

15 ~~(1) For-site development in accordance with this section.~~

16 ~~(2) To acquire options and hold options for the purchase of land in accordance~~
17 ~~with subsection (m) of this section.~~

18 (c) Definitions. – The definitions in G.S. 143B-437.51 apply in this section. In addition,
19 the following definitions apply in this section:

20 (1) Department. – The Department of Commerce.

21 (2) Site development. – Any of the following:

22 a. A restricted grant or a forgivable loan made to a business to enable the
23 business to acquire land, improve land, or both.

24 b. A grant to one or more State agencies or nonprofit corporations to
25 enable the grantees to acquire land, improve land, or both and to lease
26 the property to a business.

27 c. A grant to one or more local government units to enable the units to
28 acquire land, improve land, or both and to lease the property to a
29 business.

30 (d) Eligibility. – To be eligible for consideration for site development for a project, a
31 business must ~~meet both of the following conditions:~~ satisfy the conditions of subdivision (1) or
32 (2) of this subsection:

33 (1) The business is a manufacturing employer. A business is a manufacturing
34 employer if it meets both of the following:

35 a. The business will invest at least one hundred million dollars
36 (\$100,000,000) of private funds in the project.



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1 (2)b. The project will employ at least 100 new employees.

2 (2) The business is a sports championship employer. A business is a sports
3 championship employer if all of the requirements of this subdivision are met.
4 For purposes of calculating the economic benefits required by this
5 subdivision, the minimum amounts are satisfied if supported by Departmental
6 estimates made prior to the time of entering the agreement.

7 a. The business will invest at least five million dollars (\$5,000,000) of
8 private funds in the project. The investments required by this
9 sub-subdivision must be completed no later than December 31, 2023,
10 and must be used by the business, along with other funds, to complete
11 facilities consisting of at least two buildings totaling no less than
12 30,000 square feet, designed and built in a style consistent with the
13 surrounding campus, which will house at a minimum an equipment
14 testing center for research for advancements pertaining to the business
15 and associated support staff, a museum and visitor center, and
16 departments within the business. These facilities must be maintained
17 in service for a continuous period of at least 10 years.

18 b. The project will produce for the State a total economic benefit of at
19 least eight hundred million dollars (\$800,000,000) over the term of the
20 agreement.

21 c. The project will employ at least 35 new employees and at least 50 total
22 employees with an average annual salary of not less than eighty
23 thousand dollars (\$80,000). These positions must be maintained for a
24 continuous period of at least 10 years.

25 d. The business is a national sports nonprofit, event organizer, and
26 governing body that is responsible for staging and holding
27 championship events and agrees to hold championship events in the
28 State with an aggregate economic benefit of five hundred million
29 dollars (\$500,000,000) over the term of the agreement. The
30 championship events must include (i) at least one men's major
31 professional championship event every five to seven years having an
32 economic benefit of ninety million dollars (\$90,000,000) per event,
33 (ii) at least one women's major professional championship event every
34 10 years, and (iii) at least 13 additional championship events not
35 otherwise required in this subdivision at venues in this State.

36 e. At each men's major professional championship event held in this
37 State as required by this subdivision, the business provides at no cost
38 a hospitality pavilion to the Department or a nonprofit corporation
39 with which the Department contracts pursuant to G.S. 143B-431.01 or
40 both that will accommodate at least 40 people. The requirement of this
41 section does not include costs for staffing the hospitality pavilion or
42 catering costs. This provision constitutes a gift accepted on behalf of
43 the State for use by the State or for the benefit of the State as permitted
44 under G.S. 138A-32(f)(5).

45 (e) Health Insurance. – A business is eligible for consideration for site development under
46 this section only if the business provides health insurance for all of the full-time employees of
47 the project with respect to which the application is made. For the purposes of this subsection, a
48 business provides health insurance if it pays at least fifty percent (50%) of the premiums for
49 health care coverage that equals or exceeds the minimum provisions of the basic health care plan
50 of coverage recommended by the Small Employer Carrier Committee pursuant to
51 ~~G.S. 58-50-125~~ requirements for small group health benefit plans under State or federal law.

1 Each year that a contract for site development under this section is in effect, the business
2 must provide the Department of Commerce a certification that the business continues to provide
3 health insurance for all full-time employees of the project governed by the contract. If the
4 business ceases to provide health insurance to all full-time employees of the project, Department
5 shall provide for reimbursement of an appropriate portion of the site development funds provided
6 to the business.

7 (f) Safety and Health Programs. – In order for a business to be eligible for consideration
8 for site development under this section, the business must have no citations under the
9 Occupational Safety and Health Act that have become a final order within the past three years
10 for willful serious violations or for failing to abate serious violations with respect to the location
11 for which the grant is made. For the purposes of this subsection, "serious violation" has the same
12 meaning as in G.S. 95-127.

13 (g) Environmental Impact. – A business is eligible for consideration for site development
14 under this part only if the business certifies that, at the time of the application, there has not been
15 a final determination unfavorable to the business with respect to an environmental disqualifying
16 event. For the purposes of this section, a "final determination unfavorable to the business" occurs
17 when there is no further opportunity for the business to seek administrative or judicial appeal,
18 review, certiorari, or rehearing of the environmental disqualifying event and the disqualifying
19 event has not been reversed or withdrawn.

20 (h) Selection. – The Department of Commerce shall administer the selection of projects
21 to receive site development. The selection process shall include the following components:

- 22 (1) Criteria. – The Department of Commerce must develop criteria to be used to
23 identify and evaluate eligible projects for possible site development.
- 24 (2) Initial evaluation. – The Department must evaluate major competitive projects
25 to determine if site development is merited and to determine whether the
26 project is eligible and appropriate for consideration for site development.
- 27 (3) Application. – The Department must require a business to submit an
28 application in order for a project to be considered for site development. The
29 Department must prescribe the form of the application, the application
30 process, and the information to be provided, including all information
31 necessary to evaluate the project in accordance with the applicable criteria.
- 32 (4) Committee. – The Department must submit to the Economic Investment
33 Committee the applications for projects the Department considers eligible and
34 appropriate for consideration for site development. In evaluating each
35 application, the Committee must consider all of the factors set out in Section
36 2.1(b) of S.L. 2002-172.
- 37 (5) Findings. – In order to recommend a project for site development, the
38 Committee must make all of the following findings:
 - 39 a. The conditions for eligibility have been met.
 - 40 b. Site development for the project is necessary to carry out the public
41 purposes provided in subsection (a) of this section.
 - 42 c. The project is consistent with the economic development goals of the
43 State and of the area where it will be located.
 - 44 d. The affected local governments have participated in recruitment and
45 offered incentives in a manner appropriate to the project.
 - 46 e. The price and nature of any real property to be acquired is appropriate
47 to the project and not unreasonable or excessive.
 - 48 f. Site development under this section is necessary for the completion of
49 the project in this State.
- 50 (6) Recommendations. – If the Committee recommends a project for site
51 development, it must recommend the amount of State funds to be committed,

1 the preferred form and details of the State participation, and the performance
2 criteria and safeguards to be required in order to protect the State's investment.

3 (i) Agreement. – Unless the Secretary of Commerce determines that the project is no
4 longer eligible or appropriate for site development, the Department shall enter into an agreement
5 to provide site development within available funds for a project recommended by the Committee.
6 Each site development agreement is binding and constitutes a continuing contractual obligation
7 of the State and the business. The site development agreement must include all of the
8 performance criteria, remedies, and other safeguards recommended by the Committee or required
9 by the Department to secure the State's investment. Each site development agreement must
10 contain a provision prohibiting a business from receiving a payment or other benefit under the
11 agreement at any time when the business has received a notice of an overdue tax debt and the
12 overdue tax debt has not been satisfied or otherwise resolved. Nothing in this section constitutes
13 or authorizes a guarantee or assumption by the State of any debt of any business or authorizes
14 the taxing power or the full faith and credit of the State to be pledged.

15 The Department shall cooperate with the Department of Administration and the Attorney
16 General's Office in preparing the documentation for the site development agreement. The
17 Attorney General shall review the terms of all proposed agreements to be entered into under this
18 section. To be effective against the State, an agreement entered into under this section must be
19 signed personally by the Attorney General.

20 (j) Safeguards. – To ensure that public funds are used only to carry out the public
21 purposes provided in this section, the Department shall require that each business that receives
22 State-funded site development must agree to meet performance criteria to protect the State's
23 investment and assure that the projected benefits of the project are secured. The performance
24 criteria to be required shall include creation and maintenance of an appropriate level of
25 employment and investment over the term of the agreement and any other criteria the Department
26 considers appropriate. The agreement must require the business to repay or reimburse an
27 appropriate portion of the State funds expended for the site development, based on the extent of
28 any failure by the business to meet the performance criteria. The agreement must provide a
29 method for securing these payments from the business, such as structuring the site development
30 as a conditional grant, a forgivable loan, or a revocable lease. The agreement must encourage the
31 business to partner with and use The University of North Carolina and the North Carolina
32 Community College System for needs related to research for advancements pertaining to the
33 business.

34 (k) Monitoring and Reports. – The Department is responsible for monitoring compliance
35 with the performance criteria under each site development agreement and for administering the
36 repayment in case of default. The Department shall pay for the cost of this monitoring from funds
37 appropriated to it for that purpose or for other economic development purposes.

38 On September 1 of each year the Fund has unexpended funds until all funds have been
39 expended, the Department shall report to the chairs of the Senate Appropriations Committee on
40 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives
41 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint
42 Legislative Economic Development and Global Engagement Oversight Committee regarding the
43 Site Infrastructure Development Program. This report shall include a listing of each agreement
44 negotiated and entered into during the preceding year, including the name of the business, the
45 cost/benefit analysis conducted by the Committee during the application process, a description
46 of the project, and the amount of the site development incentive expected to be paid under the
47 agreement during the current fiscal year. The report shall also include detailed information about
48 any defaults and repayment during the preceding year and the information contained in the report
49 required by G.S. 105-277.15A(g). The Department shall publish this report on its web site and
50 shall make printed copies available upon request.

1 ~~(l) Reserved for future codification purposes. Limitations. – The Department may enter~~
2 ~~into no more than two agreements under this section. The total aggregate cost of all agreements~~
3 ~~entered into under this section may not exceed forty-two million dollars (\$42,000,000). The total~~
4 ~~annual cost of an agreement entered into under this section may not exceed three million six~~
5 ~~hundred thousand dollars (\$3,600,000).~~

6 ~~(m) Options.—The Department of Commerce may acquire options and hold options for~~
7 ~~the purchase of land for an anticipated industrial site if all of the following conditions are met:~~

8 ~~(1) The options are necessary to provide a large, regional industrial site that~~
9 ~~cannot be assembled by local governments.~~

10 ~~(2) The acquisition of the options is approved by the Committee."~~

11 **SECTION 2.** There is transferred to the Site Infrastructure Development Fund for
12 the 2020-2021 fiscal year the sums of (i) three million five hundred thousand dollars (\$3,500,000)
13 from the One North Carolina Fund (Budget Code: 24609; Fund Code: 2560) and (ii) one hundred
14 thousand dollars (\$100,000) from the Job Development Investment Grant Special Revenue Fund
15 (Budget Code: 24609; Fund Code: 2565). Sums transferred in this section shall be used for
16 purposes consistent with this act. It is the intent of the General Assembly to appropriate over the
17 succeeding four fiscal years an additional fourteen million four hundred thousand dollars
18 (\$14,400,000), in equal installments, for the purpose of providing a total of eighteen million
19 dollars (\$18,000,000) for recruitment of a sports championship employer.

20 **SECTION 3.** This act is effective when it becomes law.