

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 831
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40409-NIa-134A

Short Title: Film Soundstage Grant Program.

(Public)

Sponsors: Representative Autry.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE A SPECIAL FUND IN THE DEPARTMENT OF COMMERCE TO
3 PROVIDE GRANT FUNDING TO APPLICANTS TO CONSTRUCT SOUNDSTAGES
4 AND TO APPROPRIATE MONIES FOR THAT PURPOSE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** There is created in the Department of Commerce a special,
7 nonreverting account to be known as the Production Soundstage Grant Fund. The purpose of the
8 Fund is to provide grants to applicants to construct soundstages in the State. The Department, in
9 consultation with the North Carolina Film Office (Film Office), shall adopt guidelines for the
10 administration of the program. Those guidelines shall include the following provisions, which
11 shall apply to each grant from the account:

- 12 (1) The funds are not used to provide grant funding in excess of two million
13 dollars (\$2,000,000) per soundstage.
14 (2) Priority for the use of funds shall be given for the construction of soundstages
15 that are reasonably anticipated to maximize the benefit to the State, in
16 consideration of at least the following factors:
17 a. The current and historical production activity within the region in
18 which the soundstage is to be constructed.
19 b. The anticipated utilization of the proposed soundstage by production
20 companies.
21 c. The degree to which the recipient of the funds will contribute matching
22 funds.

23 **SECTION 1.(b)** Definitions. – The following definitions apply in this section:

- 24 (1) Department. – The Department of Commerce.
25 (2) Production. – Defined in G.S. 143B-437.02A.
26 (3) Production company. – Defined in G.S. 105-164.3.
27 (4) Secretary. – The Secretary of Commerce.
28 (5) Soundstage. – A building, including ancillary buildings, that is (i)
29 purpose-built, renovated, or converted for production, (ii) has a minimum of
30 20,000 square feet of floor space, (iii) incorporates a permanent grid, and (iv)
31 has column spacing of at least 40 feet by 40 feet with a clear height of at least
32 24 feet under the permanent grid. For purposes of this definition, "ancillary
33 buildings" are used for office space, mill space, workshops, and property or
34 wardrobe storage if production-related and located on property contiguous to
35 a soundstage that is funded in whole or in part by funds provided in this act.



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1 **SECTION 1.(c)** Application. – Applicants shall apply to the Secretary for a grant on
2 a form prescribed by the Secretary. The Secretary, in consultation with the Film Office, shall
3 evaluate the applications to ensure compliance with the provisions of this section. The application
4 shall include all documentation and information the Secretary and the Film Office deem
5 necessary to evaluate the grant application.

6 **SECTION 1.(d)** Award. – The amounts committed for grants allowed under this
7 section may not exceed the unencumbered, unexpended balance in the Fund.

8 **SECTION 1.(e)** Substantiation. – The Secretary may not release grant funds until
9 the substantiation process required by this subsection is complete. The Department, in
10 consultation with the Film Office, shall establish substantiation guidelines for applicants
11 applying for funds under this section which shall include, at a minimum, all of the following:

- 12 (1) A written proposal submitted by the applicant that includes the following:
13 a. The proposed use of the grant funds.
14 b. The economic benefit the applicant expects to result from the creation
15 of the soundstage.
16 c. Evidence of reasonably anticipated utilization of the soundstage based
17 on the frequency of historical production activity.
18 d. The disclosure of all relevant stakeholders, in addition to the State,
19 who have committed funding for the soundstage.
20 e. The ownership structure of the soundstage, including the party or
21 parties responsible for the ongoing maintenance of the soundstage.

22 **SECTION 1.(f)** Report. – The Department, in consultation with the Film Office,
23 shall provide a report no later than December 1, 2024, and annually thereafter, to the chairs of
24 the Joint Legislative Economic Development and Global Engagement Oversight Committee and
25 the Fiscal Research Division on the implementation of the program. The report shall include, at
26 a minimum, all of the following:

- 27 (1) The total cost of grants awarded.
28 (2) The total number of production companies using, or scheduled to use, a
29 soundstage.
30 (3) The total State and local tax revenue directly attributable to a soundstage.

31 **SECTION 1.(g)** Guidelines. – The Department of Commerce shall develop
32 guidelines related to the administration of the Production Soundstage Grant Fund and to the
33 selection of soundstages that will receive grants from the Fund. At least 20 days before the
34 effective date of any guidelines or nontechnical amendments to the guidelines, the Department
35 of Commerce shall publish the proposed guidelines on the Department's website and provide
36 notice to persons who have requested notice of proposed guidelines. In addition, the Department
37 must accept oral and written comments on the proposed guidelines during the 15 business days
38 beginning on the first day that the Department has completed these notifications.

39 **SECTION 1.(h)** Clawback. – If an applicant receives a grant under this program (i)
40 for which it submitted incorrect information or was otherwise ineligible to apply or (ii) with
41 which it expends such funds in a manner inconsistent with the provisions of this section, the
42 applicant must forfeit the grant awarded under this section and is liable for the amounts received.

43 **SECTION 1.(i)** Sunset. – This section expires for funds not awarded by July 1, 2028.
44 For funds awarded before July 1, 2028, this section expires for soundstages not placed in service
45 by July 1, 2030.

46 **SECTION 2.** The sum of twelve million five hundred thousand dollars
47 (\$12,500,000) in nonrecurring funds for the 2023-2024 fiscal year is appropriated from the
48 General Fund to the Department of Commerce to be allocated to the Production Soundstage Grant
49 Fund established under this act. The Department may use up to five percent (5%) of the funds
50 appropriated under this section for administrative costs.

51 **SECTION 3.** This act becomes effective July 1, 2023.