

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

S

2

SENATE BILL 660*

Finance Committee Substitute Adopted 4/25/17

Short Title: Economic Development Incentives Modifications.

(Public)

Sponsors:

Referred to:

April 5, 2017

6 The General Assembly of North Carolina enacts:

PART I. MODIFY CONTRACTING FOR PERFORMANCE OF DUTIES BY THE DEPARTMENT OF COMMERCE

SECTION 1.(a) G.S. 143B-431.01 reads as rewritten:

"§ 143B-431.01. Department of Commerce – contracting of functions.

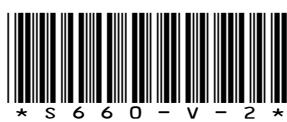
...
(b) Contract. – The Department of Commerce is authorized to contract with a North Carolina nonprofit corporation to perform one or more of the Department's functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The contract entered into pursuant to this section between the Department and the Economic Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143 of the General Statutes and G.S. 143C-6-23. If the Department contracts with a North Carolina nonprofit corporation to promote and grow the travel and tourism industries, then all funds appropriated to the Department for tourism marketing purposes shall be used for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing. The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

(5) ... Sitzung des Finanzministers vom 1. Februar 1861, S. 111, 112. Dagegen ist

(5) Site certification functions and activities performed by the Department.
(6) The performance of one or more functions, powers, duties, or obligations of
any other State agency.

...
(e) Mandatory Contract Terms. – Any contract entered into under this section must include all of the following:

...
(2) A provision requiring the nonprofit corporation to provide by September 1 of each year, and more frequently as requested, a report to the Department on prior State fiscal year program activities, objectives, and



accomplishments and prior State fiscal year itemized expenditures and fund sources. The report shall also include all of the following:

- a. Jobs anticipated to result from efforts of the nonprofit corporation. This includes the name and contact person of each company creating new jobs in the State, the location of each project, and project leads that were not submitted to the Department for possible discretionary incentives pursuant to Chapter 143B of the General Statutes.
- b. Developed performance metrics of economic development functions itemized by county, by development tier area designation, as defined by G.S. 143B-437.08, and by Collaboration for Prosperity Zones created pursuant to G.S. 143B-28.1.
- c. Any proposed amendments to the areas of expertise required to be represented on the governing board of the nonprofit corporation.
- d. A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the proportion of State and private funds for each position and shall include the means used by the nonprofit corporation to foster employee efforts for economic development in rural and low-income areas in the State. Any bonuses paid to employees shall be based upon overall job performance and not be based on a specific project lead. Bonuses awarded for job performance may only be measured by reference to work alleviating economic distress in development tier one or two areas, as defined by G.S. 143B-437.08, unless the job performance resulted in an award to a high-yield project, as defined in G.S. 143B-437.51. The bonus award structure shall ensure that job performance for work alleviating economic distress in development tier one areas results in the greatest incentive.

(17) A provision prohibiting the nonprofit corporation from contracting with any State agency other than the Department for the performance of one or more of the agency's functions, powers, duties, or obligations.

SECTION 1.(b) This section is effective when it becomes law.

PART II. DISCRETIONARY ECONOMIC DEVELOPMENT FUND MODIFICATIONS

SECTION 2.1.(a) G.S. 143B-437.51 reads as rewritten:

"§ 143B-437.51. Definitions.

The following definitions apply in this Part:

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base period. The term does not include a position filled by a worker with an H-1B visa/with H-1B status.

SECTION 2.1.(b1) G.S. 143B-437.52(a) reads as rewritten:

"(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee, in

1 consultation with the Attorney General, shall develop criteria to be used in determining whether
2 the conditions of this section are satisfied and whether the project described in the application
3 is otherwise consistent with the purposes of this Part. Before entering into an agreement, the
4 Committee must find that all the following conditions are met:

- 5 (1) The project proposed by the business will create, during the term of the
6 agreement, a net increase in employment in this State by the business.
- 7 (2) The project will benefit the people of this State by increasing opportunities
8 for employment and by strengthening this State's economy by, for example,
9 providing worker training opportunities, constructing and enhancing critical
10 infrastructure, increasing development in strategically important industries,
11 or increasing the State and local tax base.
- 12 (3) The project is consistent with economic development goals for the State and
13 for the area where it will be ~~located~~located, including the anticipated effect
14 the project described in the application will have on the development factors,
15 as calculated pursuant to G.S. 143B-437.08, of the area.
- 16 (4) A grant under this Part is necessary for the completion of the project in this
17 State.
- 18 (5) The total benefits of the project to the State outweigh its costs and render the
19 grant appropriate for the project.
- 20 (6) For a project located in a development tier three area, the affected local
21 governments have participated in recruitment and offered incentives in a
22 manner appropriate to the project."

23 **SECTION 2.1.(b2)** Effective January 1, 2018, G.S. 143B-437.52(c) reads as

24 rewritten:

25 "c) Award Limitations. – The following limitations apply to grants awarded under this
26 Part:

- 27 (1) Maximum liability. – The maximum amount of total annual liability for
28 grants awarded in any single calendar year under this Part, including
29 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is
30 twenty million dollars (\$20,000,000) for a year in which no grants are
31 awarded for a high-yield project and is thirty-five million dollars
32 (\$35,000,000) for a year in which a grant is awarded for a high-yield project.
33 No agreement may be entered into that, when considered together with other
34 existing agreements governing grants awarded during a single calendar year,
35 could cause the State's potential total annual liability for grants awarded in a
36 single calendar year to exceed the applicable amount. The Department shall
37 make every effort to ensure that the average percentage of withholdings of
38 eligible positions for grants awarded under this Part does not exceed the
39 average of the range provided in G.S. 143B-437.56(a).
- 40 (2) Semiannual commitment limitations. – Of the amount authorized in
41 subdivision (1) of this subsection, no more than fifty percent (50%),
42 excluding roll-over amounts, may be awarded in any single calendar
43 semiannual period. A roll-over amount is any amount from a previous
44 semiannual period in the same calendar year that was not awarded as a grant.
45 The limitation of this subdivision does not apply to a grant awarded to a
46 high-yield project.
- 47 (3) Geographic limitations. – Of the amount authorized in subdivision (1) of this
48 subsection, no more than fifty percent (50%) may be awarded for projects
49 located in whole or in part in development tier three areas. Of the amount
50 that may be awarded for projects located in whole or in part in development
51 tier three areas pursuant to this subdivision, no more than fifty percent (50%)

1 may be awarded for projects located in whole or in part in attainment areas.
2 The limitations of this subdivision do not apply to a grant awarded to a
3 high-yield project."

4 **SECTION 2.1.(c) G.S. 143B-437.56 reads as rewritten:**

5 **"§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

6 (a) Subject to the provisions of subsections (a1) and (d) of this section, the amount of
7 the grant awarded in each case shall be a percentage of the withholdings of eligible positions
8 for a period of years. The percentage shall be no more than (i) eighty percent (80%) for a
9 development tier one areaarea, (ii) no more than seventy percent (70%) for a development tier
10 two area, (iii) no more than sixty percent (60%) for a development tier three area that is not
11 designated as an attainment area pursuant to G.S. 143B-437.08, and (iv) no more than fifty
12 percent (50%) for a county designated as an attainment area pursuant to G.S. 143B-437.08.and
13 no more than seventy five percent (75%) for any other area. If the project will be located in
14 more than one area designation, the location with the highest area designation determines the
15 maximum percentage to be used. The percentage used to determine the amount of the grant
16 shall be based on criteria developed by the Committee, in consultation with the Attorney
17 General, after considering at least the following:

18 (1) The number of eligible positions to be created.
19 (2) The expected duration of those positions.
20 (3) The type of contribution the business can make to the long-term growth of
21 the State's economy.
22 (4) The amount of other financial assistance the project will receive from the
23 State or local governments.
24 (5) The total dollar investment the business is making in the project.
25 (6) Whether the project utilizes existing infrastructure and resources in the
26 community.
27 (7) Whether the project is located in a development zone.
28 (8) The number of eligible positions that would be filled by residents of a
29 development zone.
30 (9) The extent to which the project will mitigate unemployment in the State and
31 locality.

32 ...
33 (d) For any eligible position that is located in a county designated as an attainment area
34 pursuant to G.S. 143B-437.08, fifty percent (50%) of the annual grant approved for
35 disbursement shall be payable to the business, and fifty percent (50%) shall be payable to the
36 Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a
37 development tier three area, seventy five percent (75%)area that is not designated as an
38 attainment area pursuant to G.S. 143B-437.08, seventy percent (70%) of the annual grant
39 approved for disbursement shall be payable to the business, and twenty five percent
40 (25%)thirty percent (30%) shall be payable to the Utility Account pursuant to
41 G.S. 143B-437.61. For any eligible position that is located in a development tier two area,
42 ninety percent (90%) of the annual grant approved for disbursement shall be payable to the
43 business, and ten percent (10%) shall be payable to the Utility Account pursuant to
44 G.S. 143B-437.61. A position is located in the development tier area that has been assigned to
45 the county in which the project is located at the time the application is filed with the
46 Committee. This subsection does not apply to a high-yield project in years in which the
47 business receives the enhanced percentage pursuant to subsection (a1) of this section.

48 ..."
49 **SECTION 2.2. G.S. 143B-437.72 reads as rewritten:**
50 **"§ 143B-437.72. Agreements required; disbursement of funds.**

51 ...

(b) Company Performance Agreements. – An agreement between a local government and a grantee business must contain the following provisions:

- (1) A commitment to create or retain a specified number of jobs within a specified salary range at a specific location and commitments regarding the time period in which the jobs will be created or retained and the minimum time period for which the jobs must be maintained. Provisions regarding the commitment required pursuant to this subdivision may not include the number of jobs filled by workers with H-1B visas/with H-1B status.
- (2) A commitment to provide proof satisfactory to the local government and the State of new jobs created or existing jobs retained and the salary level of those jobs.
- (3) A provision that funds received under the agreement may be used only for a purpose specified in G.S. 143B-437.71(b).
- (4) A provision allowing the State or the local government to inspect all records of the business that may be used to confirm compliance with the agreement or with the requirements of this Part.
- (5) A provision establishing the method for determining compliance with the agreement.
- (6) A provision establishing a schedule for disbursement of funds under the agreement that allows disbursement of funds only in proportion to the amount of performance completed under the agreement.
- (6a) A provision establishing that a business that has completed performance and become entitled to a final disbursement of funds under the agreement must timely request, in writing to the Secretary of Commerce, a disbursement of funds within not more than one year from the date of completed performance or forfeit the disbursement.
- (6b) A provision establishing that a business that anticipates becoming entitled to a disbursement of funds under the agreement shall notify the Secretary of Commerce of the potential payment no later than March 1 of the fiscal year preceding the fiscal year in which the performance is anticipated to be completed.
- (7) A provision requiring recapture of grant funds if a business subsequently fails to comply with the terms of the agreement.
- (8) Any other provision the State or the local government finds necessary to ensure the proper use of State or local funds.

(c) Local Government Grant Agreement. – An agreement between the State and one or more local governments shall contain the following provisions:

(1) A commitment on the part of the local government to match the funds allocated by the State, as provided in this subdivision. A local match may include cash, fee waivers, in-kind services, the donation of assets, the provision of infrastructure, or a combination of these.

- a. For a local government in a development tier one area, as defined in G.S. 143B-437.08, the State shall provide no more than three dollars (\$3.00) for every one dollar (\$1.00) provided by the local government.
- b. For a local government in a development tier two area, as defined in G.S. 143B-437.08, the State shall provide no more than two dollars (\$2.00) for every one dollar (\$1.00) provided by the local government.
- c. For a local government in a development tier three area that is not designated as an attainment area, as defined in G.S. 143B-437.08, the

1 State shall provide no more than one dollar (\$1.00) for every one
2 dollar (\$1.00) provided by the local government.

3 d. For a local government in an attainment area, as defined in
4 G.S. 143B-437.08, the State shall provide no more than one dollar
5 (\$1.00) for every four dollars (\$4.00) provided by the local
6 government.

7"

8 **SECTION 2.3.(a)** G.S. 143B-437.01(a) reads as rewritten:

9 "(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a
10 special account to be known as the Industrial Development Fund Utility Account ("Utility
11 Account") to provide funds to assist the local government units of the most economically
12 distressed counties in the State in retaining or creating jobs, including expanding the
13 existing job base. The Department of Commerce shall adopt rules providing for the
14 administration of the program. Those rules shall include the following provisions, which shall
15 apply to each grant from the account:

16 (1) The funds shall be used for construction of or improvements to new or
17 existing water, sewer, gas, telecommunications, high-speed broadband,
18 electrical utility distribution lines or equipment, or transportation
19 infrastructure for existing or new or proposed buildings. To be eligible for
20 funding, the water, gas, telecommunications, high-speed broadband,
21 electrical utility lines or facilities, or transportation infrastructure shall be
22 located on the site of the building or, if not located on the site, shall be
23 directly related to the operation of the job creation activity. To be eligible for
24 funding, the sewer infrastructure shall be located on the site of the building
25 or, if not located on the site, shall be directly related to the operation of the
26 job creation activity, even if the sewer infrastructure is located in a county
27 other than the county in which the building is located.

28 ...

29 (2) The funds shall be used by the city and county governments for projects that
30 are reasonably anticipated to result in the creation of new jobs, including
31 expanding the existing job base, or retention of existing jobs. There shall be
32 no maximum funding amount per new job to be created or per project.

33"

34 **SECTION 2.3.(b)** This section is effective when it becomes law and applies to
35 grants awarded on or after that date.

36 **SECTION 2.4.** Subsections (a), (b1), and (c) of Section 2.1 of this Part and Section
37 2.2 of this Part become effective January 1, 2017, and apply to awards made on or after that
38 date. Except as otherwise provided, the remainder of this Part is effective when it becomes law.

39 **PART III. DEVELOPMENT TIER MODIFICATIONS**

40 **SECTION 3.(a)** G.S. 143B-437.08 reads as rewritten:

41 **"§ 143B-437.08. Development tier designation.**

42 ...

43 (b) Development Factor. – Each year, on or before November 30, the Secretary of
44 Commerce shall assign to each county in the State a development factor that is the sum of the
45 following:

46 (1) The county's rank in a ranking of counties by average rate of unemployment
47 from lowest to highest, for the most recent 12 months for which data are
48 available.

- (2) The county's rank in a ranking of counties by median household income from highest to lowest, for the most recent 12 months for which data are available.
- (3) The county's rank in a ranking of counties by percentage growth in population from highest to lowest, for the most recent 36 months for which data are available.
- (4) The county's rank in a ranking of counties by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.

(c) Annual Ranking. – After computing the development factor as provided in this section and making the adjustments required in this section, the Secretary of Commerce shall rank all the counties within the State according to their development factor from highest to lowest. The Secretary shall then identify all the areas of the State by development tier and publish this information. A development tier designation is effective only for the calendar year following the designation.

(c1) Index. – The Secretary of Commerce shall cost adjust the national value for per capita income to determine the State value for that factor and shall determine the State value for the factors listed in subdivisions (1), (3), and (4) of subsection (b) of this section. Using these metrics, the Secretary shall create an index, as follows: (i) the State average rate of unemployment divided by the county's average rate, (ii) the county's per capita income divided by the per capita income value for the State determined pursuant to this subsection, (iii) the county's percentage growth in population divided by the State's percentage growth, and (iv) the county's adjusted assessed property value per capita divided by the State adjusted assessed property value per capita. After computing the indices as provided in this subsection, the Secretary shall rank and publish all the counties within the State according to their index scores, along with the value against which the factor is compared, from lowest to highest. The Secretary shall separately designate any county with performance greater than that of the benchmarks for all indexed development factors as an "attainment area." An index score average and achievement area designation is effective only for the calendar year following the designation.

(d) Data. – In measuring rates of ~~unemployment~~ unemployment, per capita income, and median household income, the Secretary shall use the latest available data published by a State or federal agency generally recognized as having expertise concerning the data. In measuring population and population growth, the Secretary shall use the most recent estimates of population certified by the State Budget Officer. For the purposes of this section, population statistics do not include people incarcerated in federal or State prisons.

(e) Adjustment for Certain Small Counties. Regardless of the actual development factor, any county that has a population of less than 12,000 shall automatically be ranked one of the 40 highest counties, any county that has a population of less than 50,000 shall automatically be ranked one of the 80 highest counties, and any county that has a population of less than 50,000 and more than nineteen percent (19%) of its population below the federal poverty level according to the most recent federal decennial census shall automatically be ranked one of the 40 highest counties.

(f) Adjustment for Development Tier One Areas. Regardless of the actual development factor, a county designated as a development tier one area shall automatically be ranked one of the 40 highest counties until it has been a development tier one area for at least two consecutive years.

(g) Exception for Two-County Industrial Park. An eligible two-county industrial park has the lower development tier designation of the designations of the two counties in which it is located if it meets all of the following conditions:

1 (1) It is located in two contiguous counties, one of which has a lower
2 development tier designation than the other.
3 (2) At least one third of the park is located in the county with the lower tier
4 designation.
5 (3) It is owned by the two counties or a joint agency of the counties, is under
6 contractual control of designated agencies working on behalf of both
7 counties, or is subject to a development agreement between both counties
8 and third party owners.
9 (4) The county with the lower tier designation contributed at least the lesser of
10 one half of the cost of developing the park or a proportion of the cost of
11 developing the park equal to the proportion of land in the park located in the
12 county with the lower tier designation.
13 (5) Expired, effective July 1, 2012, pursuant to Session Laws 2009-524, s. 2.

14 (h) ~~Exception for Certain Multijurisdictional Industrial Parks.~~ An eligible industrial
15 park created by interlocal agreement under G.S. 158-7.4, and parcels of land located within the
16 industrial park that are subsequently transferred and used for industrial or commercial purposes
17 authorized for cities and counties under G.S. 158-7.1, have the lowest development tier
18 designation of the designations of the counties in which they are located if all of the following
19 conditions are satisfied:

20 (1) The industrial park is located, at one or more sites, in three or more
21 contiguous counties.
22 (2) At least one of the counties in which the industrial park is located is a
23 development tier one area.
24 (3) The industrial park is owned by three or more units of local government or a
25 nonprofit corporation owned or controlled by three or more units of local
26 government.
27 (4) In each county in which the industrial park is located, the park has at least
28 250 developable acres. A transfer of acreage that reduces the number of
29 developable acres below 250 developable acres in a county does not affect
30 an industrial park's eligibility under this subsection if the transfer is to an
31 owner who uses or develops the acreage for industrial or commercial
32 purposes authorized for cities and counties under G.S. 158-7.1. For the
33 purposes of this subdivision, "developable acres" includes acreage that is
34 owned directly by the industrial park or its owners or that is the subject of a
35 development agreement between the industrial park or its owners and a
36 third party owner.
37 (5) The total population of all of the counties in which the industrial park is
38 located is less than 200,000.
39 (6) In each county in which the industrial park is located, at least sixteen and
40 eight tenths percent (16.8%) of the population was Medicaid eligible for the
41 2003-2004 fiscal year based on 2003 population estimates.

42 (i) Expired, effective July 1, 2013, pursuant to Session Laws 2009-505, s. 2, as
43 amended by Session Laws 2012-36, s. 1.

44 (j) ~~Exception for Eco-Industrial Park.~~ An Eco-Industrial Park has a development tier
45 one designation. An Eco-Industrial Park is an industrial park that the Secretary of Commerce
46 has certified meets the following requirements:

47 (1) It has at least 100 developable acres.
48 (2) It is located in a county that is not required under G.S. 143-215.107A to
49 perform motor vehicle emissions inspections.

- (3) Each building located in the industrial park is constructed in accordance with energy efficiency and water use standards established in G.S. 143-135.37 for construction of a major facility.
- (4) Each business located in the park is in a clean industry sector according to the Toxic Release Inventory by the United States Environmental Protection Agency.

(k) Report. – By November 30 of each year, the Secretary of Commerce shall submit a written report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the General Assembly on the tier rankings required by subsection (c) of this section, including a map of the State whereupon the tier ranking of each county is designated."

SECTION 3.(b) G.S. 143B-437.01(a1) reads as rewritten:

"(a1) Definitions. – The following definitions apply in this section:

•

(4) Economically distressed county. – A county that is defined as a development tier one or two area under ~~G.S. 143B-437.08 after the adjustments of that section are applied.~~ G.S. 143B-437.08.

11

....
SECTION 3.(c) G.S. 143B-472.127 reads as rewritten:

"§ 143B-472.127. Programs administered.

(a) The Rural Economic Development Division shall be responsible for administering the program whereby economic development grants or loans are awarded by the Rural Infrastructure Authority as provided in G.S. 143B-472.128 to local government units. The Rural Infrastructure Authority shall, in awarding economic development grants or loans under the provisions of this subsection, give priority to local government units of the counties that have one of the 80 highest rankings under ~~G.S. 143B-437.08 after the adjustment of that section~~ G.S. 143B-437.08. The funds available for grants or loans under this program may be used as follows:

11

....
SECTION 3.(d) G.S. 143B-472.128 reads as rewritten:

"§ 143B-472.128. Rural Infrastructure Authority created: powers.

(i) Powers and Duties. – The Authority has the following powers and duties:

(2) To award grants or loans as provided in G.S. 143B-472.127. In awarding grants or loans under G.S. 143B-472.127(a), priority shall be given to local government units of the counties that have one of the 80 highest rankings under ~~G.S. 143B-437.08~~ after the adjustment of that section G.S. 143B-437.08.

11

....

SECTION 3.(e) This Part becomes effective January 1, 2018, and applies to development awards made and related determinations occurring on or after that date.

PART IV RURAL ASSISTANCE

SECTION 4.(a) For each Collaboration for Prosperity Zone established in § 28.1, the employees of the Department of Commerce in the zone shall examine each date of the plan required by G.S. 143B-434.01, collate all information relevant to the county, region, and other unit of local government in the zone, and provide a copy of the information to each unit of local government within the zone. The collated information shall identify any additional regional assets not otherwise contained in the annual update.

1 For any asset identified in the annual update or identified by the employees, an analysis shall be
2 performed to identify appropriate potential industries best suited to maximize the beneficial
3 economic impact of each asset. The employees shall identify for each asset any potential
4 additional infrastructure needs anticipated for identified appropriate potential industries. The
5 Department shall provide to the Economic Development and Global Engagement Joint
6 Oversight Committee a list of any assets remaining in the collated information for more than
7 two years by January 1 of each year.

8 **SECTION 4.(b)** For each Collaboration for Prosperity Zone established in
9 G.S. 143B-28.1, the employees of the Department of Commerce in the zone shall submit a
10 report to the Joint Legislative Economic Development and Global Engagement Oversight
11 Committee and the Fiscal Research Division on the following: (i) jobs anticipated to result
12 from efforts of the employees, including the name and contact person of each company creating
13 new jobs in the zone, (ii) the location of each project, including the development tier
14 designation of the location, and (iii) project leads that were not submitted to the Department for
15 possible discretionary incentives pursuant to Chapter 143B of the General Statutes.

16 **SECTION 4.(c)** This Part is effective when it becomes law.

17 **PART V. IMPROVE PROJECT IMPACT**

18 **SECTION 5.(a)** G.S. 143B-428 reads as rewritten:

19 **"§ 143B-428. Department of Commerce – declaration of policy.**

20 It is hereby declared to be the policy of the State of North Carolina to actively encourage
21 the expansion of existing environmentally sound North Carolina industry; to actively encourage
22 the recruitment of environmentally sound national and international industry into North
23 Carolina through industrial recruitment efforts and through effective advertising, with an
24 emphasis on high-wage-paying industry; to promote the development of North Carolina's labor
25 force to meet the State's growing industrial needs; to promote the growth and development of
26 our travel and tourist industries; to promote the development of our State ports; and to assure
27 throughout State government, the coordination of North Carolina's economic development
28 efforts, with an emphasis on maximizing the return on investment of economic
29 development dollars by selecting projects and project locations on the basis of providing the
30 greatest relief to communities experiencing chronic economic distress."

31 **SECTION 5.(b)** The Department of Commerce shall study means of effectuating
32 the clarification in policy set forth in subsection (a) of this section. As part of the study, the
33 Department shall examine ways to reformulate evaluation models and economic development
34 tools of the State so as (i) to reduce emphasis on awarding incentives to projects based
35 primarily on whether there is a net increase in State revenues and (ii) to increase emphasis on
36 awarding incentives to projects that locate in and improve counties performing below the
37 established performance goals. The Department shall report the results of the study, along with
38 any proposed legislative recommendations, to the Joint Legislative Oversight Committee on
39 Economic Development and Global Engagement no later than October 1, 2017.

40 **SECTION 5.(c)** G.S. 143B-437.07 reads as rewritten:

41 **"§ 143B-437.07. Economic development grant reporting.**

42 (a) Report. – The Department of Commerce ~~must shall~~ publish on or before October 1
43 of each year the information required by this subsection, itemized by business entity, for each
44 business or joint private venture to which the State has, in whole or in part, granted one or more
45 economic development incentives during the relevant time period. The relevant time period
46 ends June 30 preceding the publication date of this subsection and begins (i) for incentives not
47 awarded under Part 2G of this Article with the 2007 calendar year and (ii) for incentives
48 awarded under Part 2G of this Article with the 2002 calendar year. The information in the
49 report ~~must shall~~ include all of the following:
50

51 ...

(3) The name, mailing address, telephone number, and Web site of the business recipient, or recipients if a joint venture, and the physical location of the site receiving the incentive. If the physical location of the site is undecided, then the name of the county in which the site will be located. The information regarding the physical location ~~must~~shall indicate whether the physical location is a new or expanded facility.

• • •

(b) Online Posting/Written Submission. – The Department of Commerce ~~must~~shall post on its Internet Web site a summary of the report compiled in subsection (a) of this section. The summary report ~~must~~shall include the information required by subdivisions (2), (9), (11), and (12) of subsection (a) of this section. By October 1 of each year, the Department of Commerce ~~must~~shall submit the written report required by subsection (a) of this section to the Joint Legislative Commission on Governmental Operations, the Revenue Laws Study Committee, the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the General Assembly.

(c) Economic Development Incentive. – An economic development incentive includes any grant from the following programs: Job Development Investment Grant Program; the Job Maintenance and Capital Development Fund; One North Carolina Fund; and the Utility Account. The State also incents economic development through the use of tax expenditures in the form of tax credits and refunds. The Department of Revenue ~~must~~shall report annually on these statutory economic development incentives, as required under G.S. 105-256.

(d) County Improvement Plan and Reports. – The Department of Commerce, using the index required by G.S. 143B-437.08(c1), shall create a plan for improving the performance of each county underperforming the benchmark in one or more indexed development factors to the benchmark performance level at the time the plan was created. The plan shall cover a period of five years, and the Department shall create a new plan complying with this subsection at the expiration of the plan. The Department shall publish and submit an annual progress report to the Joint Legislative Oversight Committee on Economic Development and Global Engagement providing, at a minimum, a (i) comparison of the performance of each county to the benchmarked performance in each indexed development factor where the county underperformed the benchmark for the year and (ii) comparison of that performance to the county's performance in the previous year. The Department shall submit a copy of a plan for the first year after it is created and each progress report on or before April 1 of each year."

SECTION 5.(d) For purposes of the initial plan required by G.S. 143B-437.07(d), as enacted by this act, the Department shall consult with and use data compiled by the Center for Competitive Economies at the Kenan-Flagler Business School at the University of North Carolina in Chapel Hill for the study performed for the Joint Legislative Oversight Committee on Economic Development and Global Engagement.

SECTION 5.(e) This Part is effective when it becomes law.

PART VI. EFFECTIVE DATE

SECTION 6. Except as otherwise provided, this act is effective when it becomes