

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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**SENATE BILL 660**  
**Finance Committee Substitute Adopted 4/25/17**  
**PROPOSED HOUSE COMMITTEE SUBSTITUTE S660-CSMcf-6 [v.5]**  
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Short Title: Economic Development Incentives Modifications.

(Public)

Sponsors:

Referred to:

April 5, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE CERTAIN CHANGES TO ECONOMIC DEVELOPMENT INCENTIVES OF THE STATE AND TO THE USE OF DEVELOPMENT TIERS AND RANKINGS.

The General Assembly of North Carolina enacts:

**PART I. DISCRETIONARY ECONOMIC DEVELOPMENT FUND MODIFICATIONS**

**SECTION 1.1.(a)** The Department of Commerce shall study the uses and annual utilization of the Industrial Development Fund Utility Account created pursuant to G.S. 143B-437.01 and whether the effectiveness and utilization of the Account can be improved by expanding the core uses of the Account to include providing funds to economically distressed counties for projects resulting in the retention of existing jobs. No later than April 1, 2018, the Department shall submit to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division a report containing, at a minimum, all of the following information:

- (1) A detailed listing of funding sources and amounts for the Account over the past five years.
- (2) A detailed listing of project expenditures, including the development tier designation of each project, from the Account over the past five years.
- (3) For each of the five previous fiscal years, an accounting of the amount of funds in the Account at the beginning of the fiscal year and the amount and percentage of funds remaining in the Account at the end of the fiscal year.
- (4) Additional projects that would have been funded for each of the previous five fiscal years if job retention projects qualified for the Account.
- (5) An identification of any means of protecting the State's investment in projects resulting in the retention of existing jobs, including clawbacks, minimum private investment eligibility criteria, and other contractual methods of recapturing funds allocated to underperforming or incomplete projects and including any recommended legislation to achieve this subdivision.

**SECTION 1.1.(b)** This section is effective when it becomes law.**SECTION 1.2.(a)** G.S. 143B-437.51 reads as rewritten:**"§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

...



(6a) High-growth area. – The classification assigned to an area pursuant to G.S. 143B-437.08.

~~(6a)~~(6b) High-yield project. – A project for which the agreement requires that a business invest at least five hundred million dollars (\$500,000,000) in private funds and create at least 1,750 eligible ~~positions~~positions for projects located in a high-growth area, at least 1,600 positions for projects located in a development tier three area, at least 1,200 positions for projects located in a development tier two area, or at least 800 positions for projects located in a development tier one area. If a project will be located in more than one area, the location with the highest development tier designation determines the job creation requirements due under this subdivision.

...."

**SECTION 1.2.(b)** G.S. 143B-437.52(a)(3) 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 consultation with the Attorney General, shall develop criteria to be used in determining whether the conditions of this section are satisfied and whether the project described in the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

...

(3) The project is consistent with economic development goals for the State and for the area where it will be ~~located~~located, including the anticipated effect the project described in the application will have on the economic indicators, as calculated pursuant to G.S. 143B-437.08, of the area.

...."

**SECTION 1.2.(c)** If Senate Bill 257, 2017 Regular Session, becomes law, then G.S. 143B-437.52, as amended by that act, reads as rewritten:

**"§ 143B-437.52. Job Development Investment Grant Program.**

...

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

(1) Maximum liability. – The maximum amount of total annual liability for grants awarded in any single calendar year under this Part, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is twenty million dollars (\$20,000,000) for a year in which no grants are awarded for a high-yield project located in whole or in part in a development tier two or three area and is thirty-five million dollars (\$35,000,000) for a year in which a grant is awarded for a high-yield ~~project~~project located in whole or in part in a development tier two or three area. No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during a single calendar year, could cause the State's potential total annual liability for grants awarded in a single calendar year to exceed the applicable amount. The Department shall make every effort to ensure that the average percentage of withholdings of eligible positions for grants awarded under this Part does not exceed the average of the range provided in G.S. 143B-437.56(a). ~~The limitation in this subdivision does not apply to transformative projects.~~Grants awarded for either (i) transformative projects or (ii) projects located wholly within a

development tier one area are not included in the calculation of the State's potential total annual liability for grants awarded in a single calendar year.

...."

**SECTION 1.2.(d)** If Senate Bill 257, 2017 Regular Session, does not become law, then G.S. 143B-437.52 reads as rewritten:

**"§ 143B-437.52. Job Development Investment Grant Program.**

...

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

- (1) Maximum liability. – The maximum amount of total annual liability for grants awarded in any single calendar year under this Part, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is twenty million dollars (\$20,000,000) for a year in which no grants are awarded for a high-yield project located in whole or in part in a development tier two or three area and is thirty-five million dollars (\$35,000,000) for a year in which a grant is awarded for a high-yield ~~project~~ project located in whole or in part in a development tier two or three area. No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during a single calendar year, could cause the State's potential total annual liability for grants awarded in a single calendar year to exceed the applicable amount. The Department shall make every effort to ensure that the average percentage of withholdings of eligible positions for grants awarded under this Part does not exceed the average of the range provided in G.S. 143B-437.56(a). Grants awarded for projects located wholly within a development tier one area are not included in the calculation of the State's potential total annual liability for grants awarded in a single calendar year.

...."

**SECTION 1.2.(e)** The statutory changes to G.S. 143B-437.51 and G.S. 143B-437.52(a) in this section become effective July 1, 2017, and apply to agreements entered into on or after that date. The statutory change to G.S. 143B-437.52(c) in this section becomes effective January 1, 2018, and applies to liability for grants awarded on or after that date.

**SECTION 1.3.(a)** G.S. 143B-437.55(b) reads as rewritten:

"(b) Application Fee. – When filing an application under this section, the business must pay the Committee a fee of (i) ten thousand dollars ~~(\$10,000)~~ (\$10,000) if the project is either a high-yield project, regardless of location in the State, or is located in a development tier three area, (ii) five thousand dollars (\$5,000) if the project is located in a development tier two area, or (iii) one thousand dollars (\$1,000) if the project is located in a development tier one area. If a project is not a high-yield project or will be located in more than one development tier area, the location with the highest development tier area designation determines the fee due under this section. The fee is due at the time the application is filed. The Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies. The proceeds of the fee are receipts of the agency to which they are credited. Within 30 days of receipt of an application under this section but prior to any award being made, the Department of Commerce shall notify each governing body of an area where a submitted application proposes locating a project of the information listed in this subsection, provided that the governing body agrees, in writing, to any confidentiality requirements imposed by the Department under G.S. 132-6(d). The information required by this subsection includes all of the following:

- (1) The estimated amount of the grant anticipated to be awarded to the applicant for the project.
- (2) Any economic impact data submitted with the application or prepared by the Department.
- (3) Any economic impact estimated by the Department to result from the project."

**SECTION 1.3.(b)** This section becomes effective July 1, 2017, and applies to applications filed on or after that date.

**SECTION 1.4.(a)** G.S. 143B-437.56(d) reads as rewritten:

"(d) For any eligible position that is located in a development tier three area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier two area, ninety percent (90%) of the annual grant approved for disbursement shall be payable to the business, and ten percent (10%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position created for a high-yield project in years in which the business receives the enhanced percentage pursuant to subsection (a1) of this section, regardless of location in the State, ninety-five percent (95%) of the annual grant approved for disbursement shall be payable to the business and five percent (5%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee. ~~This subsection does not apply to a high-yield project in years in which the business receives the enhanced percentage pursuant to subsection (a1) of this section.~~"

**SECTION 1.4.(b)** This section becomes effective July 1, 2017, and applies to grants awarded on or after that date.

**SECTION 1.5.(a)** G.S. 143B-437.58(a) reads as rewritten:

"(a) No later than March 1 of each year, for the preceding grant year, every business that is awarded a grant under this Part shall submit to the Committee an annual payroll report showing withholdings as a condition of its continuation in the grant program and identifying eligible positions that have been created during the base period that remain filled at the end of each year of the grant. Annual reports submitted to the Committee shall include social security numbers of individual employees identified in the reports. Upon request of the Committee, the business shall also submit a copy of its State and federal tax returns. Payroll and tax information, including social security numbers of individual employees and State and federal tax returns, submitted under this subsection is tax information subject to G.S. 105-259. Aggregated payroll or withholding tax information submitted or derived under this subsection is not tax information subject to G.S. 105-259. When making a submission under this section, the business must pay the Committee a fee of ~~the greater of two thousand five hundred dollars (\$2,500) or three-five~~ one-hundredths of one percent ~~(.03%)(.05%)~~ of an amount equal to the grant less the maximum amount to be transferred pursuant to G.S. 143B-437.61. The fee is due at the time the submission is made. The Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies. The proceeds of the fee are receipts of the agency to which they are credited."

**SECTION 1.5.(b)** This section becomes effective July 1, 2017, and applies to agreements entered into on or after that date.

## **PART II. ELIMINATE ADJUSTMENT FACTORS**

**SECTION 2.1.(a)** Effective January 1, 2018, and applicable to improvements funded on or after that date, 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 prior to~~ the adjustments of that section ~~are being~~ applied.

...."

**SECTION 2.1.(b)** Effective January 1, 2020, and applicable to improvements funded on or after that date, G.S. 143B-437.01(a1), as amended by subsection (a) of this section, 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 prior to the adjustments of that section being applied.~~ G.S. 143B-437.08.

...."

**SECTION 2.1.(c)** Effective January 1, 2018, G.S. 143B-437.51, and applicable to agreements entered on or after that date, reads as rewritten:

**"§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

...

- (4a) Development tier. – The classification assigned to an area pursuant to G.S. ~~143B-437.08;143B-437.08 prior to the adjustments of that section being applied.~~

...."

**SECTION 2.1.(d)** Effective January 1, 2020, and applicable to agreements entered on or after that date, G.S. 143B-437.51, as amended by subsection (c) of this section, reads as rewritten:

**"§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

...

- (4a) Development tier. – The classification assigned to an area pursuant to G.S. ~~143B-437.08 prior to the adjustments of that section being applied.~~143B-437.08.

...."

**SECTION 2.1.(e)** Effective January 1, 2018, and applicable to agreements entered on or after that date, G.S. 143B-437.72(c) reads as rewritten:

"(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;143B-437.08 prior to the adjustments of that section being applied,~~ 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;143B-437.08 prior to the adjustments of that section being applied,~~ 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, as defined in G.S. ~~143B-437.08,~~ 143B-437.08 prior to the adjustments of that section being applied, the State shall provide no more than one dollar (\$1.00) for every one dollar (\$1.00) provided by the local government."

**SECTION 2.1.(f)** Effective January 1, 2020, and applicable to agreements entered on or after that date, G.S. 143B-437.72(c), as amended by subsection (e) of this section, reads as rewritten:

"(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 prior to the adjustments of that section being applied,~~ 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 prior to the adjustments of that section being applied,~~ 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, as defined in G.S. ~~143B-437.08 prior to the adjustments of that section being applied,~~ 143B-437.08, the State shall provide no more than one dollar (\$1.00) for every one dollar (\$1.00) provided by the local government."

**SECTION 2.1.(g)** Effective January 1, 2018, and applicable to grants awarded on or after that date, G.S. 143B-472.35(a2)(18) reads as rewritten:

- "(18) Tier 1, 2, or 3 counties. – North Carolina counties annually ranked by the Department of Commerce based upon the counties' economic well-being and assigned a Tier ~~designation~~ designation without regard to the adjustments of that section being applied. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2, and the 20 least distressed as Tier 3."

**SECTION 2.1.(h)** Effective January 1, 2020, and applicable to grants awarded on or after that date, G.S. 143B-472.35(a2)(18), as amended by subsection (g) of this section, reads as rewritten:

- "(18) Tier 1, 2, or 3 counties. – North Carolina counties annually ranked by the Department of Commerce based upon the counties' economic well-being and assigned a Tier ~~designation without regard to the adjustments of that section being applied.~~ designation. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2, and the 20 least distressed as Tier 3."

**SECTION 2.1.(i)** Effective January 1, 2018, and applicable to grants and loans awarded on or after that date, G.S. 143B-472.127(a) reads as rewritten:

- "(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-prior to~~ the application of any adjustment of that section. The funds available for grants or loans under this program may be used as follows:

...

- (2) To provide matching grants or loans to local government units located in either (i) a development tier one or tier two area or (ii) a rural census tract in a development tier three area that will productively reuse or demolish buildings and properties or construct or expand rural health care facilities, with priority given to towns or communities with populations of less than 5,000. The development tier designation of a county shall be determined as provided in G.S. ~~143B-437.08-143B-437.08 prior to the application of any adjustment of that section.~~ For purposes of this section, the term "rural census tract" means a census tract having a population density of less than 500 people per square mile according to the most recent decennial federal census.

...."

**SECTION 2.1.(j)** Effective January 1, 2020, and applicable to grants and loans awarded on or after that date, G.S. 143B-472.127(a), as amended by subsection (i) of this section, reads as rewritten:

"(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 prior to the application of any adjustment of that section.~~ G.S. 143B-437.08. The funds available for grants or loans under this program may be used as follows:

...

- (2) To provide matching grants or loans to local government units located in either (i) a development tier one or tier two area or (ii) a rural census tract in a development tier three area that will productively reuse or demolish buildings and properties or construct or expand rural health care facilities, with priority given to towns or communities with populations of less than 5,000. The development tier designation of a county shall be determined as provided in G.S. ~~143B-437.08 prior to the application of any adjustment of that section.~~ 143B-437.08. For purposes of this section, the term "rural census tract" means a census tract having a population density of less than 500 people per square mile according to the most recent decennial federal census.

...."

**SECTION 2.1.(k)** Effective January 1, 2018, and applicable to grants and loans awarded on or after that date, G.S. 143B-472.128(j) reads as rewritten:

"(j) 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-prior to~~ the application of any adjustment of that section.

...."

**SECTION 2.1.(l)** Effective January 1, 2020, and applicable to grants and loans awarded on or after that date, G.S. 143B-472.128, as amended by subsection (k) of this section, reads as rewritten:

"(j) 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 prior to the application of any adjustment of that section.~~143B-437.08.

...."

**SECTION 2.1.(m)** Effective January 1, 2018, and applicable to block grants awarded on or after that date, G.S. 143B-437.04 reads as rewritten:

**"§ 143B-437.04. Community development block grants.**

(a) The Department of Commerce shall adopt guidelines for the awarding of Community Development Block Grants to ensure that:

(1) No local match is required for grants awarded for projects located in counties that have one of the 25 highest rankings under G.S. 143B-437.08 ~~prior to the application of any adjustment of that section~~ or counties that have 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.

...."

**SECTION 2.1.(n)** Effective January 1, 2020, and applicable to block grants awarded on or after that date, G.S. 143B-437.04, as amended by subsection (m) of this section, reads as rewritten:

**"§ 143B-437.04. Community development block grants.**

(a) The Department of Commerce shall adopt guidelines for the awarding of Community Development Block Grants to ensure that:

(1) No local match is required for grants awarded for projects located in counties that have one of the 25 highest rankings under G.S. 143B-437.08 ~~prior to the application of any adjustment of that section~~ or counties that have 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.

...."

**SECTION 2.1.(o)** Effective November 30, 2019, G.S. 143B-437.08 reads as rewritten:

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

...

(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) High-Growth Area. – The Secretary of Commerce shall determine the statewide value for the economic indicators listed in subsection (b) of this section. The Secretary shall separately designate any county with performance greater than all of these statewide values as a



"high-growth area." A high-growth area designation is effective only for the calendar year following the designation.

...

~~(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.~~

...

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

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

~~(1) It has at least 100 developable acres.~~

~~(2) It is located in a county that is not required under G.S. 143-215.107A to 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.~~

..."

**SECTION 2.2.(a)** It is the intent of the General Assembly to eliminate the use of adjustment factors for economic development purposes for awards or agreements for projects entered into on or after January 1, 2020, as well as to continue to examine the development factors used to calculate relative economic distress of the counties of this State, as provided in G.S. 143B-437.08. The General Assembly finds that a number of non-economic development programs use the annual rankings by the Department of Commerce, including the application of adjustment factors, for purposes of programmatic criteria, which makes it difficult to tailor the development factors solely for economic development purposes without having unintended consequences on unrelated programs. In order to facilitate modifications to the development factors to maximize the gathering and analysis of data relevant to economic distress and development and to ensure that unrelated programs have program-specific criteria relevant to the goals of those programs, all entities, including, but not limited to, the entities listed in this section, shall, no later than January 1, 2018, examine the continued use of the development factors set forth in G.S. 143B-437.08. In examining this use, each entity shall also (i) identify alternative, program-specific criteria and (ii) report any findings and draft legislation necessary to make appropriate modifications to the applicable statutes pertaining to the program. In the event the entity desires to continue to use the development factors provided in G.S. 143B-437.08, the entity shall (i) provide the analysis that supports the continued use of the development factors, including an analysis of how targeted programs match the use of the development factors, (ii) further examine the effects of the elimination of the adjustment factors, as enacted by Section 2.1 of this act, and (iii) determine whether the retention of those

adjustment factors for each program is warranted, and, if so, report any findings and draft legislation necessary to make appropriate modifications to import those adjustment factors into the applicable statutes pertaining to the program. The scope of this section is to apply to the use of the development tier designations determined pursuant to G.S. 143B-437.08 for all purposes and programs, including taxes, the North Carolina Development Farmland Preservation Trust Fund, the Spay and Neuter Program, the Abandoned Manufactured Home Cleanup Grants Program, the State Wastewater Reserve, the State Drinking Water Reserve, the Public Safety Assistance Points Grant Program, Oral Health Preventive Services, Medication Assistance, Qualified Allocation Plan for Low-Income Housing Tax Credits, and the Strategic Prioritization Funding Plan for Regional Impact Transportation Investment Projects. In addition to any other entities, this section applies to the following:

- (1) The Department of Agriculture and Consumer Services.
- (2) The Department of Environmental Quality.
- (3) The Department of Information Technology.
- (4) The Department of Health and Human Services.
- (5) The North Carolina Housing Finance Agency.
- (6) The Department of Transportation.
- (7) The Department of Revenue.

**SECTION 2.2.(b)** Each entity required to report under subsection (a) of this section shall submit the report no later than October 1, 2018, to the Fiscal Research Division, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to their respective joint oversight committees, including, but not limited to, the following:

- (1) The Departments of Agriculture and Consumer Services and Environmental Quality to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.
- (2) The Department of Information Technology to the Joint Legislative Oversight Committee on Information Technology.
- (3) The Department of Health and Human Services to the Joint Legislative Oversight Committee on Health and Human Services.
- (4) The North Carolina Housing Finance Agency to the Joint Legislative Oversight Committee on General Government.
- (5) The Department of Transportation to the Joint Legislative Transportation Oversight Committee.
- (6) The Department of Revenue to the Revenue Laws Study Committee.

### **PART III. IMPROVE PROJECT IMPACT**

**SECTION 3.** G.S. 143B-437.07 reads as rewritten:

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

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

- ...
- (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 Performance Reports and Assistance. – The Department of Commerce, using the economic indicators required by G.S. 143B-437.08, shall create an annual report on the performance of each county underperforming the statewide value in one or more economic indicators, shall provide the applicable portion of the report to each county, and shall offer assistance to each county, upon request, regarding how to improve performance relative to the economic indicator identified. The Department shall publish and submit an annual progress report to the Joint Legislative Economic Development and Global Engagement Oversight Committee providing, at a minimum, (i) a comparison of the performance of each county to the performance of the State for each economic indicator where the county underperformed the State for the year and (ii) a comparison of the county's reported performance for the year compared to the county's performance in the previous year. The Department shall submit a copy of the progress report on or before April 1 of each year."

#### PART IV. RURAL ASSISTANCE

**SECTION 4.** The Department of Commerce shall study methods to support data-driven analysis and assistance for each Collaboration for Prosperity Zone and each labor market area within a Prosperity Zone, including publication of available facilities for commercial development and potential uses of the facilities. The Department of Commerce shall report to the Joint Legislative Economic Development and Global Engagement Oversight Committee no later than January 1, 2018.

#### PART V. USE OF ECONOMIC DEVELOPMENT TIERS AND RANKINGS

**SECTION 5.** The Joint Legislative Economic Development and Global Engagement Oversight Committee shall study and make legislative recommendations on the following matters to and no later than the convening of the 2018 Regular Session of the 2017 General Assembly:

- (1) Study the purpose of the economic development tier system including the appropriate factors to designate the level of economic development in counties and multicounty areas.
- (2) Study the use of means alternative to the economic development tier system to designate the level of economic development in counties and multicounty areas, including indexing the performance of counties and regions against the performance of the State.

- (3) Propose legislation that more accurately identifies the level of economic development in counties based on economic indicators.
- (4) Propose legislation that renames the economically distressed counties to more appropriately describe the classification.
- (5) Study methods to promote regional economic development activities, including any programs by which funds for multi-county projects are apportioned among higher and lower development tier counties in order to facilitate projects locating in development tier one or two areas and providing regional economic development enhancement.
- (6) Solicit and study any recommendations from the EDPNC Economic Development Advisory Council.
- (7) Study the importance of a skilled workforce and the availability of customized training in recruiting and retaining industries in this State, including an analysis of existing apprenticeship programs.

**PART VI. EFFECTIVE DATE**

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