

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]

6/25/2017 3:16:27 PM

Short Title: Economic Development Incentives Modifications.

(Public)

Sponsors:

Referred to:

April 5, 2017

1 A BILL TO BE ENTITLED

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

5 The General Assembly of North Carolina enacts:

7 PART I. DISCRETIONARY ECONOMIC DEVELOPMENT FUND MODIFICATIONS

8 SECTION 1.1.(a) The Department of Commerce shall study the uses and annual
9 utilization of the Industrial Development Fund Utility Account created pursuant to G.S. 143B-
10 437.01 and whether the effectiveness and utilization of the Account can be improved by
11 expanding the core uses of the Account to include providing funds to economically distressed
12 counties for projects resulting in the retention of existing jobs. No later than April 1, 2018, the
13 Department shall submit to the Joint Legislative Economic Development and Global
14 Engagement Oversight Committee and the Fiscal Research Division a report containing, at a
15 minimum, all of the following information:

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

31 SECTION 1.1.(b) This section is effective when it becomes law.

32 SECTION 1.2.(a) G.S. 143B-437.51 reads as rewritten:

33 "§ 143B-437.51. Definitions.

34 The following definitions apply in this Part:

35 ...



(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.

11

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:

1

(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.

11

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.

Δ_W

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

- 60 -

(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 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.

11

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

(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 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.

11

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

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

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

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

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

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

28 "(a) No later than March 1 of each year, for the preceding grant year, every business that
29 is awarded a grant under this Part shall submit to the Committee an annual payroll report
30 showing withholdings as a condition of its continuation in the grant program and identifying
31 eligible positions that have been created during the base period that remain filled at the end of
32 each year of the grant. Annual reports submitted to the Committee shall include social security
33 numbers of individual employees identified in the reports. Upon request of the Committee, the
34 business shall also submit a copy of its State and federal tax returns. Payroll and tax
35 information, including social security numbers of individual employees and State and federal
36 tax returns, submitted under this subsection is tax information subject to G.S. 105-259.
37 Aggregated payroll or withholding tax information submitted or derived under this subsection
38 is not tax information subject to G.S. 105-259. When making a submission under this section,
39 the business must pay the Committee a fee of ~~the greater of two thousand five hundred dollars~~
40 ~~(\$2,500) or three-five~~ one-hundredths of one percent ~~(.03%)~~^(.05%) of an amount equal to the
41 grant less the maximum amount to be transferred pursuant to G.S. 143B-437.61. The fee is due
42 at the time the submission is made. The Secretary of Commerce, the Secretary of Revenue, and
43 the Director of the Office of State Budget and Management shall determine the allocation of
44 the fee imposed by this section among their agencies. The proceeds of the fee are receipts of the
45 agency to which they are credited."

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

48 **PART II. ELIMINATE ADJUSTMENT FACTORS**

49 **SECTION 2.1.(a)** Effective January 1, 2018, and applicable to improvements
50 funded on or after that date, G.S. 143B-437.01(a1) reads as rewritten:

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

2 ...

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

6 "

7 **SECTION 2.1.(b)** Effective January 1, 2020, and applicable to improvements
8 funded on or after that date, G.S. 143B-437.01(a1), as amended by subsection (a) of this
9 section, reads as rewritten:

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

11 ...

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

15 "

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

18 **"§ 143B-437.51. Definitions.**

19 The following definitions apply in this Part:

20 ...

21 (4a) Development tier. – The classification assigned to an area pursuant to G.S.
22 ~~143B-437.08, 143B-437.08 prior to the adjustments of that section being~~
23 ~~applied.~~143B-437.08.

24 "

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

28 **"§ 143B-437.51. Definitions.**

29 The following definitions apply in this Part:

30 ...

31 (4a) Development tier. – The classification assigned to an area pursuant to G.S.
32 ~~143B-437.08 prior to the adjustments of that section being applied.~~143B-437.08.

33 "

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

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

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

42 a. For a local government in a development tier one area, as defined in
43 G.S. ~~143B-437.08, 143B-437.08 prior to the adjustments of that~~
44 ~~section being applied,~~ the State shall provide no more than three
45 dollars (\$3.00) for every one dollar (\$1.00) provided by the local
46 government.

47 b. For a local government in a development tier two area, as defined in
48 G.S. ~~143B-437.08, 143B-437.08 prior to the adjustments of that~~
49 ~~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

1 Rural Infrastructure Authority shall, in awarding economic development grants or loans under
2 the provisions of this subsection, give priority to local government units of the counties that
3 have one of the 80 highest rankings under G.S. 143B-437.08 ~~after prior to~~ the application of
4 any adjustment of that section. The funds available for grants or loans under this program may
5 be used as follows:

6 ...

7 (2) To provide matching grants or loans to local government units located in
8 either (i) a development tier one or tier two area or (ii) a rural census tract in
9 a development tier three area that will productively reuse or demolish
10 buildings and properties or construct or expand rural health care facilities,
11 with priority given to towns or communities with populations of less than
12 5,000. The development tier designation of a county shall be determined as
13 provided in G.S. ~~143B-437.08~~143B-437.08 prior to the application of any
14 adjustment of that section. For purposes of this section, the term "rural
15 census tract" means a census tract having a population density of less than
16 500 people per square mile according to the most recent decennial federal
17 census.

18"

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

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

30 ...

31 (2) To provide matching grants or loans to local government units located in
32 either (i) a development tier one or tier two area or (ii) a rural census tract in
33 a development tier three area that will productively reuse or demolish
34 buildings and properties or construct or expand rural health care facilities,
35 with priority given to towns or communities with populations of less than
36 5,000. The development tier designation of a county shall be determined as
37 provided in G.S. ~~143B-437.08 prior to the application of any adjustment of~~
38 ~~that section~~143B-437.08. For purposes of this section, the term "rural
39 census tract" means a census tract having a population density of less than
40 500 people per square mile according to the most recent decennial federal
41 census.

42"

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

45 "(j) Powers and Duties. – The Authority has the following powers and duties:

46 ...

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

1 "

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

5 "(j) Powers and Duties. – The Authority has the following powers and duties:

6 ..."

7 (2) To award grants or loans as provided in G.S. 143B-472.127. In awarding
8 grants or loans under G.S. 143B-472.127(a), priority shall be given to local
9 government units of the counties that have one of the 80 highest rankings
10 under G.S. ~~143B-437.08 prior to the application of any adjustment of that section~~
11 143B-437.08.

12 "

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

15 **"§ 143B-437.04. Community development block grants.**

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

18 (1) No local match is required for grants awarded for projects located in
19 counties that have one of the 25 highest rankings under G.S. 143B-437.08
20 prior to the application of any adjustment of that section or counties that
21 have a population of less than 50,000 and more than nineteen percent (19%)
22 of its population below the federal poverty level according to the most recent
23 federal decennial census.

24 "

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

28 **"§ 143B-437.04. Community development block grants.**

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

31 (1) No local match is required for grants awarded for projects located in
32 counties that have one of the 25 highest rankings under G.S. 143B-437.08
33 prior to the application of any adjustment of that section or counties that
34 have a population of less than 50,000 and more than nineteen percent (19%)
35 of its population below the federal poverty level according to the most recent
36 federal decennial census.

37 "

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

40 **"§ 143B-437.08. Development tier designation.**

41 ..."

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

48 (c1) High-Growth Area. – The Secretary of Commerce shall determine the statewide
49 value for the economic indicators listed in subsection (b) of this section. The Secretary shall
50 separately designate any county with performance greater than all of these statewide values as a

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

3 ...
4 (e) ~~Adjustment for Certain Small Counties.~~ Regardless of the actual development
5 factor, any county that has a population of less than 12,000 shall automatically be ranked one of
6 the 40 highest counties, any county that has a population of less than 50,000 shall automatically
7 be ranked one of the 80 highest counties, and any county that has a population of less than
8 50,000 and more than nineteen percent (19%) of its population below the federal poverty level
9 according to the most recent federal decennial census shall automatically be ranked one of the
10 40 highest counties.

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

15 ...
16 (i) ~~Expired, effective July 1, 2013, pursuant to Session Laws 2009-505, s. 2, as
17 amended by Session Laws 2012-36, s. 1.~~

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

- 21 (1) ~~It has at least 100 developable acres.~~
- 22 (2) ~~It is located in a county that is not required under G.S. 143-215.107A to
23 perform motor vehicle emissions inspections.~~
- 24 (3) ~~Each building located in the industrial park is constructed in accordance with
25 energy efficiency and water use standards established in G.S. 143-135.37
26 for construction of a major facility.~~
- 27 (4) ~~Each business located in the park is in a clean industry sector according to
28 the Toxic Release Inventory by the United States Environmental Protection
29 Agency.~~

30 ..." **SECTION 2.2.(a)** It is the intent of the General Assembly to eliminate the use of
31 adjustment factors for economic development purposes for awards or agreements for projects
32 entered into on or after January 1, 2020, as well as to continue to examine the development
33 factors used to calculate relative economic distress of the counties of this State, as provided in
34 G.S. 143B-437.08. The General Assembly finds that a number of non-economic development
35 programs use the annual rankings by the Department of Commerce, including the application of
36 adjustment factors, for purposes of programmatic criteria, which makes it difficult to tailor the
37 development factors solely for economic development purposes without having unintended
38 consequences on unrelated programs. In order to facilitate modifications to the development
39 factors to maximize the gathering and analysis of data relevant to economic distress and
40 development and to ensure that unrelated programs have program-specific criteria relevant to
41 the goals of those programs, all entities, including, but not limited to, the entities listed in this
42 section, shall, no later than January 1, 2018, examine the continued use of the development
43 factors set forth in G.S. 143B-437.08. In examining this use, each entity shall also (i) identify
44 alternative, program-specific criteria and (ii) report any findings and draft legislation necessary
45 to make appropriate modifications to the applicable statutes pertaining to the program. In the
46 event the entity desires to continue to use the development factors provided in G.S. 143B-
47 437.08, the entity shall (i) provide the analysis that supports the continued use of the
48 development factors, including an analysis of how targeted programs match the use of the
49 development factors, (ii) further examine the effects of the elimination of the adjustment
50 factors, as enacted by Section 2.1 of this act, and (iii) determine whether the retention of those
51 factors, as enacted by Section 2.1 of this act, and (iii) determine whether the retention of those

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

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

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

- 23 (1) The Departments of Agriculture and Consumer Services and Environmental
24 Quality to the Joint Legislative Oversight Committee on Agriculture and
25 Natural and Economic Resources.
- 26 (2) The Department of Information Technology to the Joint Legislative
27 Oversight Committee on Information Technology.
- 28 (3) The Department of Health and Human Services to the Joint Legislative
29 Oversight Committee on Health and Human Services.
- 30 (4) The North Carolina Housing Finance Agency to the Joint Legislative
31 Oversight Committee on General Government.
- 32 (5) The Department of Transportation to the Joint Legislative Transportation
33 Oversight Committee.
- 34 (6) The Department of Revenue to the Revenue Laws Study Committee.

35 **PART III. IMPROVE PROJECT IMPACT**

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

37 **"§ 143B-437.07. Economic development grant reporting.**

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

- 46
- 47 ...
- 48 (3) The name, mailing address, telephone number, and Web site of the business
49 recipient, or recipients if a joint venture, and the physical location of the site
50 receiving the incentive. If the physical location of the site is undecided, then
51 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 multiconty areas.
 - (2) Study the use of means alternative to the economic development tier system to designate the level of economic development in counties and multiconty 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.