

1999-2000

**HOUSE
ECONOMIC GROWTH &
COMMUNITY
DEVELOPMENT
COMMITTEE**

MINUTES

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999 SESSION**

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
JARRELL, Mary, Chair	Edna Lee Collar Committee Assistant	733-5749	2219	3
WOMBLE, Larry, Vice-Chair	Phyllis Cameron	733-5777	537	56
ALLEN, Gordon	Lillie Pearce	733-5662	530	10
ARNOLD, Gene	Nancy Kirby	733-5806	1420	88
BAREFOOT, Daniel	Jackie Pittman	715-3021	416B	72
BRASWELL, Jerry	Blinda Edwards	715-3001	420	96
CANSLER, Lanier	Barbara Cansler	733-5605	1209	110
CARPENTER, James	Ann Jordan	733-5859	1004	109
FOX, Stanley	Mary Capps	733-5757	1217	46
GOODWIN, Wayne	Kristen Younts	733-4838	502	81
HUNTER, Howard	Barbara Phillips	733-2962	613	68
KINNEY, Ted	Eryn Gee	733-5758	2123	22
LUEBKE, Paul	Norma Bowen	733-7663	529	44
McCOMAS, Daniel	Jayne Walton	733-5786	606	111
MINER, David	Susan Phillips	733-5861	1006	76
MORGAN, Richard	Dixie Epps	715-3011	418B	64
MORRIS, Mia	Joy Feagin	733-5741	1315	115
PRESTON, Jean	Sandra Ellis	733-5706	603	78
WALEND, Trudi	Ken Walend	715-3012	418A	119
WRIGHT, Thomas	Clarestine Stewart	733-5754	1303	5
Karen Cochrane-Brown, Staff Attorney		733-2578	545	

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999-2000 SESSION
MEMBERSHIP**



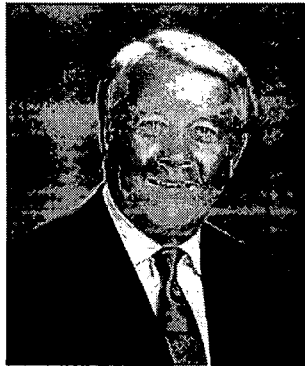
Mary L. Jarrell, CHAIR



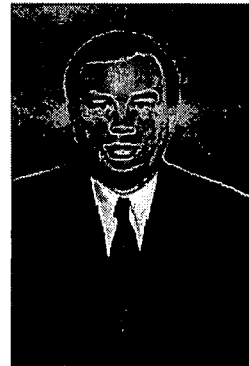
Larry Womble Vice-Chair



Gordon Allen



Gene Arnold



Daniel Barefoot



Jerry Braswell



Lanier Cansler



James Carpenter



Stanley Fox



Wayne Goodwin



Howard Hunter

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999-2000 SESSION
MEMBERSHIP**



Ted Kinney



Paul Luebke



Daniel McComas



David Miner



Richard Morgan



Mia Morris



Jean Preston



Trudi Walend



Thomas Wright

ATTENDANCE

ECONOMIC GROWTH AND COMMUNITY DEVELOPMENT

(Name of Committee)

[illegible]

NORTH CAROLINA GENERAL ASSEMBLY
COMMITTEE SUMMARY REPORT

1999-2000 Biennium		HOUSE: ECONOMIC GROWTH & COMMUNITY DEVELOPMENT		Valid Through 14-JUL-1999	
BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE
H 119	SUTTON	ECONOMIC DEVELOPMENT EMINENT DOMAIN	*H -RE-REF COM ON RULES	04-07-99	04-21-99
H 142=	WRIGHT	ENTERPRISE ZONE DEVELOPMENT ACT	H -REF TO COM ON ECONGRTH	02-25-99	
H 970=	MCMAHAN	AFFORDABLE HOUSING	H -RE-REF COM ON FINANCE	04-12-99	05-04-99
H 971=	MCMAHAN	EXPAND MUNICIPAL SERVICE DISTRICTS	H -REF TO COM ON ECONGRTH	04-12-99	
H1226	RAYFIELD	COMM. DEV. BLOCK GRANT ALLOCATIONS	H -REF TO COM ON ECONGRTH	04-15-99	
H1327	BONNER	DEFINITIONS OF DEVELOPMENT ZONE	H -RE-REF COM ON ECONGRTH	05-19-99	
H1397	COLE	EXPAND DEVELOPMENT ZONES	S -REF TO COM ON FINANCE	04-29-99	05-13-99
S 708=	ODOM	AFFORDABLE HOUSING	*S -PLACED ON CAL FOR 07-14	05-03-99	05-11-99
S 772=	CLODFELTER	EXPAND MUNICIPAL SERVICE DISTRICTS	S -CONCURRED ON 2ND READING	04-28-99	05-11-99
S1152	CLODFELTER	NONRESIDENTIAL ABANDONED STRUCTURES	H -REF TO COM ON ECONGRTH	05-03-99	

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.
* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT**

ROOM 544 LOB

March 23, 1999

10:00 A.M.

AGENDA

OPENING REMARKS

Representative Mary Jarrell, Committee Chair

***OVERVIEW OF DEPARTMENT OF COMMERCE ACTIVITIES IN REGARD TO
BUSINESS INDUSTRY AND WITH REGARD TO COMMUNITY ASSISTANCE
AND RECOMMENDATIONS OF ECONOMIC DEVELOPMENT BOARD***

Liza Aycock, Assistant Secretary for Administration
Department of Commerce

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
ECONOMIC GROWTH AND COMMUNITY DEVELOPMENT**

The House Committee on Economic Growth and Community Development met at 10:00 A.M. on Tuesday, March 23, 1999, in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Carpenter, Fox, Goodwin, Hunter, Kinney, Luebke, McComas, Morris, and Wright.


The Chair called the meeting to order and welcomed members to the first meeting of the 1999 Session of the House Committee on Economic Growth and Community Development. Representative Jarrell introduced the staff and assistants, the pages, and called on committee members to introduce themselves and express their individual interest in the Committee.

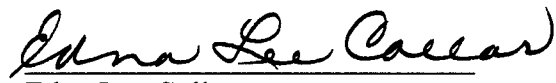
The Committee heard a presentation by Leza Aycock, Assistant Secretary for Administration at the Department of Commerce. Ms. Aycock briefed the Committee on the role of the Business and Industry Development Division and the Community Assistance Division at the Department of Commerce, including the programs they administer and the structure of their organization. An organizational chart was distributed. Copy of her remarks are attached and are made part of the minutes. She stated that Site Selection Magazine ranks NC #4 for new and expanded facilities. Unemployment is below 5 and in some areas below 2%. There is, however, room for improvement.

After Ms. Aycock's presentation, there was a question and answer session in which members addressed some of the concerns of their particular districts. Ms. Aycock explained how various entities work together in targeting efforts toward creating developments in poor areas to facilitate improvements.

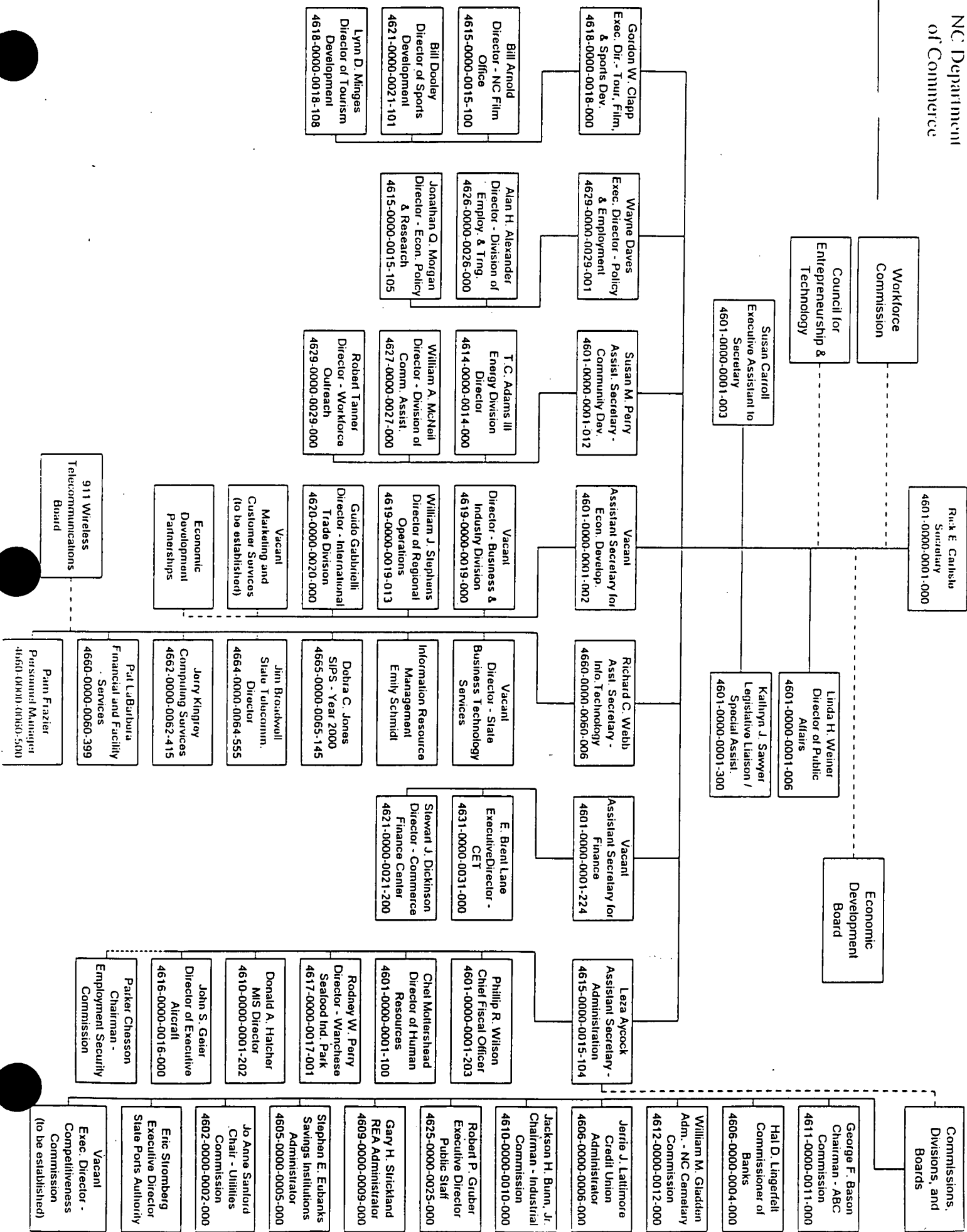
The meeting adjourned at 10:50 A.M. The presentation will be continued at the next meeting.

Respectfully submitted,


Rep. Mary Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

NC Department of Commerce



ABOUT THE NC DEPARTMENT OF COMMERCE

Since its inception in 1971, the Department of Commerce has evolved into the state's lead agency for economic, community and workforce development.

The department promotes a wide variety of opportunities to improve the economy of the entire Tar Heel State, rural and urban areas alike. Among its chief responsibilities are industry recruitment, community revitalization, international trade, and the promotion of tourism, sports development and film production.

Office of the Secretary

The Commerce Secretary's top management team includes five Assistant Secretaries responsible for overseeing the Department's major divisions. The Secretary's Office also includes:

- **Legislative Affairs:** The Department's legislative liaison coordinates and tracks legislation pertaining to Commerce's responsibilities.
- **Public Affairs:** The Public Affairs Office informs the media and the public about activities within the department and the results of its work through news releases, news conferences and responses to direct inquiries.
- **North Carolina Economic Development Board:** The Economic Development Board is an advisory board responsible for state economic development research, planning, and policy recommendations.

Economic Development Divisions

Business and Industry Development Division: The Business and Industry Development Division leads North Carolina's business and industrial recruitment efforts. Based in Raleigh, its staff works closely with other public and private development organizations to attract new industries to the state.

- **Regional Operations:** The Regional Operations Division has the responsibility – along with other state, regional and local development organizations – of promoting economic development in the different regions in North Carolina. Offices are located in Fletcher, Lenoir, Bryson City, Greensboro, Charlotte, Raleigh, Fayetteville, Edenton and Greenville.
- **North Carolina Partnerships for Economic Development:** North Carolina's seven regional partnerships enable regions to compete effectively for new investment and to devise effective economic development strategies based on regional opportunities and advantages. These seven areas are divided into the Western, Carolinas, Piedmont Triad, Research Triangle, Southeastern, Global Transpark and Northeastern regions.
- **International Trade:** The International Trade Division's primary goal is to help small and mid-sized firms market their products overseas through its Export Outreach Program, Trade Events Program and the Shared Foreign Sales Corporation Program. ITD has foreign offices located in Dusseldorf, Germany; London, England; Tokyo, Japan; Wan Chai, Hong Kong; Dubai, United Arab Emirates; Toronto, Canada and Mexico City, Mexico.
- **Tourism, Film and Sports Development:** The Division of Tourism, Film and Sports Development undertakes a broad range of marketing activities and cooperates with local and regional development agencies to attract individuals, groups, conferences, and athletic events, as well as film and television production projects to North Carolina.

In addition, the Assistant Secretary for Administration oversees the following divisions within Commerce:

- Human Resources
- Fiscal Management

- Management Information Systems
- Wanchese Seafood Industrial Park

Information Technology Services

- This division offers technology products and services directly to other state agencies and county and local governments. It is responsible for the distribution of state technology and provides a full range of computing and telecommunications services on a centralized, cost-shared basis.

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****For additional information, contact the Department of Commerce at 919-733-4151 or visit us at our website
www.commerce.state.nc.us.***

Community Development Divisions

Division of Community Assistance: The Division of Community Assistance assists local governments across the state through economic development, community development, growth management and downtown revitalization. DCA has three major components: the North Carolina Main Street program, the Community Development Block Grant (CDBG) program and local government services. Regional planning offices are located in Asheville, Fayetteville, Greenville, Raleigh, Salisbury, Washington, Wilmington, and Winston-Salem.

- Energy Division: The division's key responsibilities include promoting renewable energy and energy efficiency in every sector of the economy, preparing energy forecasts, and developing and updating North Carolina's energy emergency plans.
- Minority Development Initiative: The Minority Development Initiative works to ensure that minority populations are served by the Commerce Department's economic and community development activities that promote ownership, investment opportunities, job creation and improvement in the quality of life of these groups.

Policy, Research and Workforce Development Divisions

- Finance Center: The Commerce Finance Center administers a variety of economic development financing programs for businesses that want to locate or expand operations in the Tar Heel State.
- Research and Policy Development: The Research and Policy division maintains data on the state's economy which it provides to industrial clients and the public.
- Entrepreneurial and Technology Development: The Center for Entrepreneurship and Technology develops and implements initiatives to help small businesses and entrepreneurs adopt new technologies necessary to compete in the international marketplace. This division assists the high-tech/biotech entrepreneurial firms in North Carolina to secure non-traditional financing, seasoned management and advertising.
- Workforce Development: Workforce Development encompasses three areas -- Workforce Preparedness, Work First Project, and Employment and Training -- designed to help the state's new and existing industries find well-prepared employees and assist dislocated and welfare-to-work employees.

Administrative Divisions

The Assistant Secretary for Administration oversees the following administrative agencies, is responsible for administrative operations of its boards and commissions, and serves as the department's liaison with the State Ports Authority:

- | | |
|---|-----------------------------------|
| • Alcoholic Beverage Control Commission | • Public Staff |
| • Employment Security Commission | • N.C. Utilities Commission |
| • Banking Commission | • Utilities Commission |
| • Cemetery Commission | • Rural Electrification Authority |
| • Credit Union Division | • Savings Institutions Division |
| • Industrial Commission | |



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March 15, 1999

MEMORANDUM

TO: Representative Mary Jarrell, Chair,
House Economic Growth and Community Development Committee.

FROM: Karen Cochrane Brown, Committee Counsel. *KCB*

RE: Orientation Meeting.

This memo is to give you some background on the issues to be presented at tomorrow's meeting.

The committee will hear a presentation by **LISA AYCOCK, Assistant Secretary for Administration at the Department of Commerce**. Ms. Aycock will brief the committee on the role of the Business and Industry Development Division and the Community Assistance Division at the Department of Commerce, including the programs they administer and their structure and organization.

In addition, Ms. Aycock will review the most recent Annual Report of the Economic Development Board. The Economic Development Board is composed of 36 members; 23 members appointed by the Governor, 4 members of the House appointed by the Speaker; 4 members of the Senate appointed by the President Pro Tempore; the Secretary of Commerce; the President of the University; the President of the Community College System; the Secretary of State; and the President of the Senate. The current House members are Representatives Berry, McComas, Miner, and Owens.

The Board is required by G.S. 143B-434.01 to prepare and annually update a Comprehensive Strategic Economic Development Plan, which covers a period of four years and each year extends the plan so that a four-year plan is always in effect. G.S. 143B-434.01(k) provides that "the Plan shall contain a section devoted to measuring results, to be called 'An Annual Report on Economic Development for the State'. The Annual Report shall contain a comparison of actual results with stated goals and objectives and significant and meaningful statistics to allow policymakers to adjust strategy and tactics as necessary to achieve the formulated goals."

I hope this is helpful. I am attaching the statute for your convenience. Please let me know if there is anything else you need.

PART 2. ECONOMIC DEVELOPMENT.

§ 143B-434. Economic Development Board - creation, duties, membership.

(a) Creation and Duties. - There is created within the Department of Commerce an Economic Development Board. The Board shall have the following duties:

(1) To provide economic and community development planning for the State.

(2) To recommend economic development policy to the Secretary of Commerce, the General Assembly, and the Governor. The recommendations may cover the following issues as well as any other economic development policy issues:

a. Use of tax abatements and other incentives to motivate economic development.

b. Definition of which specific activities and programs should be considered economic development activities and programs for the purpose of receiving State appropriations.

c. The role of institutions of higher education in economic development.

d. The use of State funds to leverage private nonprofit economic development initiatives.

e. The linkage of workforce preparedness activities and initiatives, and economic development planning.

(3) To recommend annually to the Governor biennial and annual appropriations for economic development programs.

(4) To develop and update annually a comprehensive strategic economic development plan, as provided in G.S. 143B-434.1.

The Board shall meet at least quarterly at the call of its chair or the Secretary. Each quarter the Secretary shall report to the Board on the program and progress of this State's economic development.

(b) Membership. - The Economic Development Board shall consist of 36 members. The Secretary of Commerce shall serve ex officio as a member and as the secretary of the Economic Development Board. Four members of the House of Representatives appointed by the Speaker of the House of Representatives, four members of the Senate appointed by the President Pro Tempore of the Senate, the President of The University of North Carolina, or designee, the President of the North Carolina Community College System, or designee, the Secretary of State, and the President of the Senate (or the designee of the President of the Senate), shall serve as members of the Board. The Governor shall appoint the remaining 23 members of the Board, provided that effective with the terms beginning July 1, 1997, one of those appointees shall be a representative of a nonprofit organization involved in economic development and two of those appointees shall be county economic development representatives. The Governor shall designate a chair and a vice-chair from among the members of the Board. Appointments to the Board made by the Governor for terms beginning July 1, 1997, and appointments to the Board made by the Speaker of the House of Representatives and the President Pro Tempore of the Senate for terms beginning July 9, 1993, should reflect the ethnic and gender diversity of the State as nearly as practical.

The initial appointments to the Board shall be for terms beginning on July 9, 1993. Of the initial appointments made by the Governor, the terms shall expire July 1, 1997. Of the initial appointments made by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate two appointments of each shall be designated to expire on July 1, 1995; the remaining terms shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years.

The appointing officer shall make a replacement appointment to serve for the unexpired term in the case of a vacancy.

The members of the Economic Development Board shall receive per diem and necessary travel and subsistence expenses payable to members of State Boards and agencies generally pursuant to G.S. 138-5 and [G.S.] 138-6, as the case may be. The members of the Economic Development Board who are members of the General Assembly shall not receive per diem but shall receive necessary travel and subsistence expenses at rates prescribed by G.S. 120-3.1.

(c) Advice and Staff. - The Secretaries of Administration, State, and Transportation, the Commissioners of Agriculture and Labor, and the State Treasurer, or their designees, shall advise the Board on economic development activities within the responsibility of their respective departments. Clerical and professional staff support to the Economic Development Board shall be provided by an Interagency Economic Development Group composed of representatives of the following State agencies:

- (1) The Department of Administration.
- (2) The Department of Agriculture and Consumer Services.
- (3) The Employment Security Commission.
- (4) The Department of Labor.
- (5) The Department of Transportation.

The Department of Commerce shall have the responsibility for coordinating the activities and efforts of the Interagency Economic Development Group.

(1977, c. 198, s. 1; 1981, c. 47, s. 6; 1981 (Reg. Sess., 1982), c. 1191, s. 18; 1983, c. 717, s. 83; 1989, c. 751, ss. 7(29), 9(c); 1991 (Reg. Sess., 1992), c. 959, s. 85; c. 1038, s. 22; 1993, c. 321, s. 313(a); c. 561, s. 12; 1993 (Reg. Sess., 1994), c. 773, s. 15.1; 1997-261, s. 105.)

Editor's Note. - Session Laws 1981, c. 47, which amended this section, in s. 7, provided: "When the Speaker, President of the Senate, or Lieutenant Governor has designated a person to serve in his place as permitted by this act, that person shall be compensated in accordance with G.S. 120-3.1 if a member of the General Assembly, in accordance with G.S. 138-6 if a State officer or employee, and in accordance with G.S. 138-5 in any other case, except that a member of the General Assembly so designated may not receive per diem if the Speaker, President of the Senate or Lieutenant Governor may not receive per diem."

Effect of Amendments. - The 1997 amendment, effective July 1, 1997, substituted "Department of Agriculture and Consumer Services" for "Department of Agriculture" in subdivision (c)(2).

§ 143B-434.01. Comprehensive Strategic Economic Development Plan.

- (a) Definitions. - The following definitions apply in this section:

(1) Board. - The Economic Development Board.

(2) Department. - The Department of Commerce.

(3) Economic distress. - The presence of at least one trend indicator or at least one status indicator:

a. Trend indicators:

1. Weighted average age of industrial plants exceeding statewide average age.
2. Loss of population over the most recent three- to five-year period.
3. Below average job growth over the most recent three- to five-year period.
4. Outmigration over the most recent three- to five-year period.
5. Decline in real wages over the most recent three- to five-year period.
6. Above average rate of business failures over the most recent three- to five-year period.

b. Status indicators:

1. Per capita income below the State average.
2. Earnings or wages per job below the State average.
3. Unemployment above the State average.
4. Poverty rate above the State average.
5. Below average fiscal capacity.

(4) Plan. - The Comprehensive Strategic Economic Development Plan.

(5) Region. - One of the major geographic regions of the State defined in the Plan as an economic region based on compatible economic development factors.

(b) Board to Prepare Plan. - The Board shall prepare the Plan by April 1, 1994. The Board shall review and update this Plan by April 1 of each year. The original Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Board shall provide copies of the Plan and each annual update to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan shall encompass all of the components set out in this section.

(c) Purpose. - The purpose of this section is to require the Board to apply strategic planning principles to its economic development efforts. This requirement is expected to result in:

(1) The selection of a set of priority development objectives that recognizes the increasingly competitive economic environment and addresses the changing needs of the State in a more comprehensive manner.

(2) The effective utilization of available and limited resources.

(3) A commitment to achieve priority objectives and to sustain the process.

(d) Public and Private Input. - (1) At each stage as it develops and updates the Plan, the

Board shall solicit input from all parties involved in economic development in North Carolina, including:

- a. Each of the programs and organizations that, for State budget purposes, identifies economic development as one of its global goals.
- b. Local economic development departments and regional economic development organizations.
- c. The Board of Governors of The University of North Carolina.

(2) The Board shall also hold hearings in each of the Regions to solicit public input on economic development before the initial Plan is completed. The purposes of the public hearings are to:

- a. Assess the strengths and weaknesses of recent regional economic performance.
- b. Examine the status and competitive position of the regional resource base.
- c. Identify and seek input on issues that are key to improving the economic well-being of the Region.

The Board shall hold additional hearings from time to time to solicit public input regarding economic development activities.

(3) Each component of the Plan shall be based on this broad input and, to the extent possible, upon a consensus among all affected parties. The Board shall coordinate its planning process with any State capital development planning efforts affecting State infrastructure such as roads and water and sewer facilities.

(e) Environmental Scan. - The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the Board shall gather the following information. Thereafter, the information shall be updated periodically.

(1) Compilation of the latest economic and demographic data on North Carolina by State, Region, and county including population, population projections, employment, and employment projections, income and earnings status and outlook, migration and commuting patterns, unemployment, poverty, and other similar data.

(2) Compilation of the latest data on the strength of the business environment by State, Region, and county with emphasis on the dynamics of job creation: start-ups, expansions, locations, contractions, and failures. Special assessments are to be made of rural, small, and minority business components of overall activity.

(3) Compilation of the latest data on labor compensation, construction costs, utility rates, payroll costs, taxes, and other cost data normally considered by manufacturing firms and new businesses and shall be tabulated by State, Region, and county.

(4) Compilation of data on assets within the State and by Region and county to include the following:

- a. Available buildings, bona fide industrial parks, and sites.
- b. Characteristics of the available labor force (number, demographic attributes, skill levels, etc.).

- c. Special labor situations, such as military base discharges and large plant closings.
 - d. Available infrastructure capacities by county and Region including water, sewer, electrical, natural gas, telecommunication, highway access, and other pertinent services.
 - e. The fiscal capacity of counties and localities within counties to support the infrastructure development necessary to participate in the development process.
 - f. Analyses of assimilative capacity of riverine, estuarine, or ocean outfalls, or other environmental cost considerations.
 - g. Proximity analyses of counties in close alignment with major urban areas in bordering states.
 - h. Special educational and research capabilities.
 - i. Special transportation situations such as major airports, ports, and railyards.
 - j. Available data on the performance, contribution, and impact each economic sector (including, but not limited to, agriculture, finance, manufacturing, public utilities, trade, services, tourism, and government) is having on individual counties, Regions, and the State.
 - k. Available tourist and service assets.
 - l. Analyses of seasonal population and absentee ownership in resort and tourism areas and their impact on the delivery of public services.
 - m. Cost and availability of natural gas and electricity.
- (5) Compilation and analyses of data on economic and industrial changes in competitor states by Region, as applicable. This data shall be entered into a database and kept current. It shall include, specifically, all new plant location information such as origin of the plant, Standard Industrial Classification Code, employment, and investment.
- (6) Compilation of cost data, policies, and strategies in competitive Southeastern states as well as other United States regions and foreign countries.
- (7) Compilation of incentives and special programs being offered by other states.
- (8) Compilation and analyses of other data relating to economic development such as regulatory or legal matters, structural problems, and social considerations, e.g. unemployment, underemployment, poverty, support services, equity concerns, etc.
- (9) The cost of doing business in North Carolina and other competing states, as it may affect decisions by firms to locate in this State.
- (10) Competitive assets within the State and by Region and county, including infrastructure, tourist assets, natural resources, labor, educational and research resources, and transportation.
- (11) Other information relating to economic development such as regulatory or legal matters and social considerations.
- (f) Needs Assessment. - The Board, using data from the public input sessions and the environmental scan, shall prepare an assessment of economic development strengths, weaknesses, threats, and opportunities within the State by Region and by county. An assessment

shall also be conducted of each county to determine distressed areas existing within the county. The assessment will include the identification of key development issues within each geographic area and options available to address each issue.

(g) Vision and Mission Statements. - The Board shall develop a vision statement for economic development that would describe the preferred future for North Carolina and what North Carolina would be like if all economic development efforts were successful. The Board shall then develop a mission statement that outlines the basic purpose of each of North Carolina's economic development programs. Because special purpose nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk activity of investing in and supporting new business creation in the State, they should be assigned a dominant role in this key component of economic development activity.

(h) Goals and Objectives. - The Board using data from the public input and the environmental scan, shall formulate a list of goals and objectives. Goals shall be long-range, four years or more, and shall address both needs of economically distressed Regions and counties as well as opportunities for Regions and counties not distressed. The goals shall be developed with realism but should also be selected so as to encourage every Region and county within the State to develop to its maximum potential. Objectives shall be one year or less in scope and shall, if achieved, lead to the realization of the goals formulated by the Board as provided in this section.

Both goals and objectives should be stated largely in economic terms, that is, they should be related to specific population, employment, demographic targets, or economic sector targets. Both efficiency and equity considerations are to be addressed and balanced with special emphasis placed on the needs of disadvantaged or economically distressed populations and communities. The goals and objectives should not state how the economic targets are to be reached, but rather what the economic conditions will be if they are obtained. So that the progress of North Carolina's economic development efforts can be monitored, the Board shall set objectives for each goal that allow measurement of progress toward the goal. Objectives should be quantifiable and time-specific in order to serve as performance indicators.

(i) Formulation of Economic Development Strategy. - The Plan shall have as its action component a strategy set forth in a blueprint for directing resources of time and dollars toward the satisfaction of the goals and objectives stated in subsection (h) of this section. As a practical consequence of the economic environment, a focus on the competitiveness of indigenous industries and entrepreneurial development is required. The Plan shall include a strategy for the coordination of initiatives and activities for workforce preparedness, funded by federal or State sources, including, but not limited to, vocational education, applied technology education, remedial education, and job training, and the achievement of the economic development goals of the Plan. A balance of opportunity between rural and urban regions and between majority and minority populations should be an overriding consideration. Equity of opportunity for counties and communities across the State will involve the explicit consideration of local fiscal capacity and the fiscal ability to support development activities.

The concept of differentiation should be employed. The Plan should recognize the various strengths and weaknesses of the State and its component regions, subregions, and, in some cases, individual counties. The concept of market segmentation should be employed. Different Regions and subregions of the State should be promoted to different markets.

(j) Implementation Plan. - Based upon all of the foregoing steps, the Board shall establish an implementation plan assigning to the appropriate parties specific responsibilities for meeting measurable objectives. The implementation plan shall contain all necessary elements so that it may be used as a means to monitor performance, guide appropriations, and evaluate the

outcomes of the parties involved in economic development in the State.

(k) Annual Report. - The Plan shall contain a section devoted to measuring results, to be called "An Annual Report on Economic Development for the State of North Carolina". The Annual Report shall contain a comparison of actual results with stated goals and objectives and significant and meaningful statistics to allow policymakers to adjust strategy and tactics as necessary to achieve the formulated goals.

The Annual Report shall break down data by Regions and counties including:

(1) The net job change (expansions minus contractions) by the various economic sectors of the county, Region, and State.

(2) Realized capital investment in plants and equipment by new and expanding industry in each county, Region, and State.

(3) Manufacturing changes by county, Region, and State that affect the value of firms, total payrolls, average wages, value of shipments, contributions to gross State product, and value added.

(4) The net change in the number of firms by county, Region, and State with statistics on the dynamics of change: relocations in versus relocations out; births versus deaths; and expansions versus contractions.

(5) A measure of the status and performance of all sectors of the county, Region, and State economy including, but not limited to, manufacturing, agriculture, trade, finance, communications, transportation, utilities, services, and travel and tourism.

(6) An assessment of the relative status and performance of rural business development as opposed to that in urban areas.

(7) An analysis of the status of minority-owned businesses throughout the State.

(8) An assessment of the development capability of the various Regions of the State in terms of their environmental, fiscal, and administrative capacity. Those areas that are handicapped by barriers to development should be highlighted.

(9) An evaluation of the State's economic performance as indicated by the above statistics with the goals and objectives outlined in the Plan.

(l) Accountability. - The Board shall make all data, plans, and reports available to the General Assembly and the Joint Legislative Commission on Governmental Operations at appropriate times and upon request. The Board shall prepare and make available on an annual basis public reports on each of the major sections of the Plan and the Annual Report indicating the degree of success in attaining each development objective.

(1993, c. 321, s. 313(c); 1997-456, s. 27.)

Editor's Note. - The number of this section was assigned by the Revisor of Statutes, the number in Session Laws 1993, c. 321, s. 313(c), having been § 143B-434.1.

The subdivisions in subsection (d) of this section were renumbered pursuant to S.L. 1997-456, s. 27 which authorized the Revisor of Statutes to renumber or reletter sections and parts of sections having a number or letter designation that is incompatible with the General Assembly's computer database.

§ 143B-434.1. The North Carolina Travel and Tourism Board - creation, duties,

VISITOR REGISTRATION SHEET

Economic Growth and Community Development

Name of Committee

Mar. 23, 1999

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

STUART DIXON	- NCNB
Alice Barlow	Electrolab
Andy Roman	N.C. L.M.
Hunter Corn	N/A
Paul Lamb	Lamb Consulting
L. K. R. H.	ENR
David Simmons	ZDA PA
James Williams	NCC
Paul Haeel	N/A
For Ann Harris	HA, Inc
Lucius Pullen	Attorney
Jan Booth	UNC-CH / NC SU DS R

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB
MARCH 30, 1999
10:00 A.M.**

AGENDA

OPENING REMARKS

Representative Mary Jarrell, Committee Chair

**CONTINUATION OF OVERVIEW OF DEPARTMENT OF COMMERCE
ACTIVITIES IN REGARD TO BUSINESS INDUSTRY AND WITH REGARD TO
COMMUNITY ASSISTANCE AND RECOMMENDATIONS OF ECONOMIC
DEVELOPMENT BOARD**

Leza Aycock, Assistant Secretary for Administration
Department of Commerce

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH AND COMMUNITY
DEVELOPMENT
March 30, 1999

The House Committee on Economic Growth met at 10:00 A.M. on Tuesday, March 30, 1999, in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Arnold, Barefoot, Braswell, Carpenter, Fox, Goodwin, Hunter, Kinney, Luebke, Morris, Preston, Walend, and Wright. Also in attendance was Karen Cochrane-Brown, committee counselor. A visitor registration sheet is attached and made a part of the minutes.

The Chair called the meeting to order and welcomed members to the second meeting of the 1999 Session of the House Committee on Economic Growth and Community Development. Representative Jarrell introduced the staff and assistants, the pages, and called on those committee members who were not present at the first meeting to introduce themselves.

Leza Aycock, Assistant Secretary for Administration at the Department of Commerce, continued her presentation of Department of Commerce Activities in Regard to Business Industry and with Regard to Community Assistance and Recommendations of Economic Development Board. Ms. Aycock distributed charts on Priority Funding Areas in North Carolina. She discussed Divisions of the Economic Development Board which is comprised of 36 members and stated that each committee serves as lead entity. The Department of Commerce plans to submit to the General Assembly an update of strategic plans.

Some members asked questions, i.e., Representative Wright asked how priority needs will be funded in State development zones. Ms. Aycock explained that activities would qualify as Tier one or Tier Two (chart attached).

Representative Braswell stressed that efforts be taken by the Department of Commerce to assist areas identified as priority areas other than tax credits. Ms. Aycock responded that they are reviewing a number of strategies to come up with a plan to help people and places that have been "left behind."

Representative Arnold stated that we are losing jobs as well as gaining jobs and expressed concern should this get out of balance. He inquired as to the impact of electricity deregulation.

The University of North Carolina, as indicated by Ms. Aycock, is completing a study on dislocated workers and they will be happy to bring this report to the Committee in

approximately two weeks. They will have proposals for review in approximately two weeks in answer to questions by members and would expect proposed legislation to address many of these issues.

Ms. Aycock stated that on April 15 a website will be available to locate a suitable business for a business in a particular area.

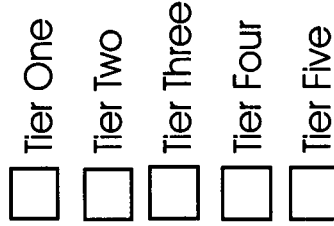
Some concerns were voiced by Representative Jarrell regarding plans to bring FedEx to the State and asked if there was any way to let them know FedEx was coming before the plans were made. Ms. Aycock explained that it was not the intent of the Department of Commerce to keep members of General Assembly "in the dark." Representative Luebke expressed concern regarding promises to companies, i.e., FedEx and Nucor. Ms. Aycock stated that she was not employed by the Department of Commerce during the negotiations, but would relay the message to Secretary Carlisle.

There being no further business, the meeting adjourned at 10:35 A.M.

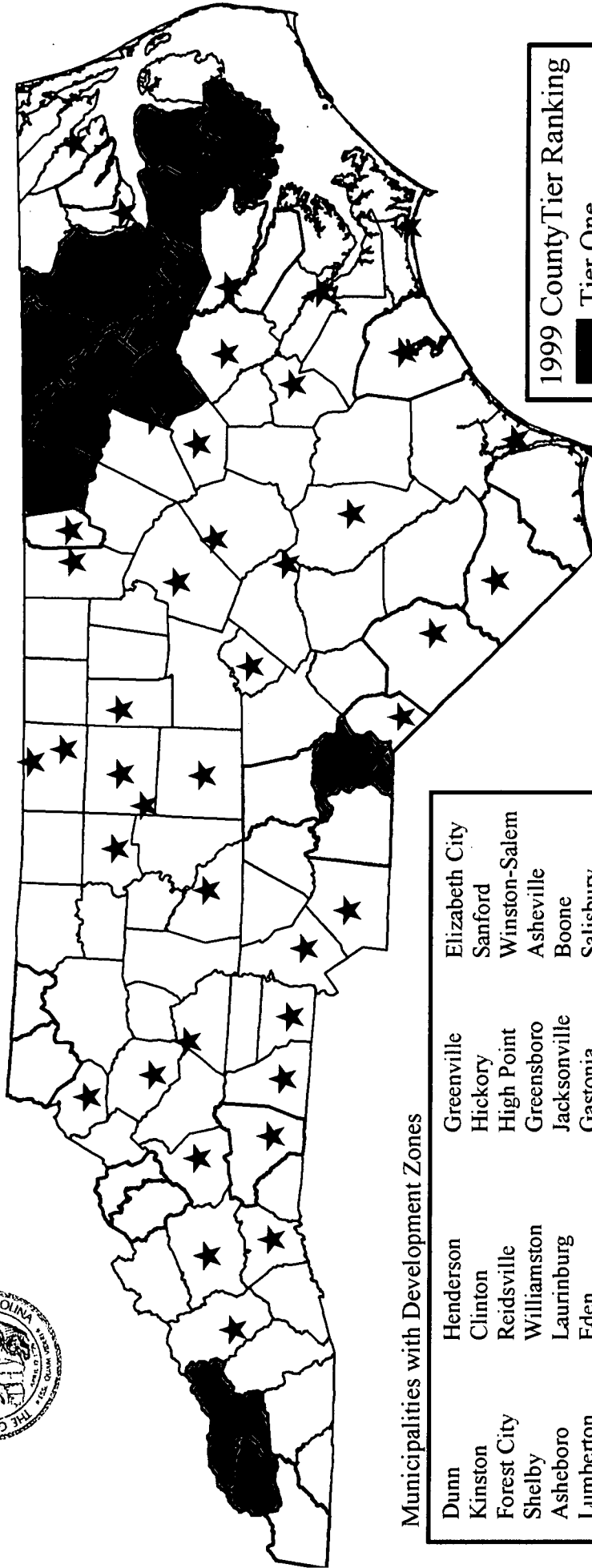

Representative Mary L. Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

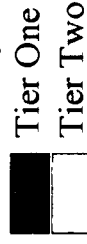
1999



State of North Carolina Priority Funding Areas



1999 County Tier Ranking



State Development Zones
Designation as of 03-23-99



Municipalities with Development Zones

Dunn	Henderson	Greenville	Elizabeth City
Kinston	Clinton	Hickory	Sanford
Forest City	Reidsville	High Point	Winston-Salem
Shelby	Williamston	Greensboro	Asheville
Asheboro	Laurinburg	Jacksonville	Boone
Lumberton	Eden	Gastonia	Salisbury
New Bern	Roanoke Rapids	Lenoir	Marion
Raleigh	Hamlet	Oxford	Burlington
Rocky Mount	Whiteville	Monroe	Edenton
Charlotte	Hendersonville	Wilmington	Morehead City
Clayton	Waynesville	Washington	Wilson

North Carolina in transition

Rick Carlisle, secretary of the state Department of Commerce, will be a panelist during two discussions on the global economy at this week's Emerging Issues Forum.



Carlisle

Times are good. Overall, the North Carolina economy may be performing better than at any point in its history.

In the eighth year of a remarkable economic expansion, North Carolina had a record-setting \$7.8 billion in investment in business and industry last year, easily topping 1992's previous high of \$7 billion. Major new companies located in some of our most distressed rural counties — counties that had seen little or no investment for decades.

Commerce and Employment Security Commission records show \$35 billion in new investment and 600,000 jobs in the last six years. Unemployment is at record lows, and real incomes and wages are rising.

SEE CARLISLE, PAGE 20A

FINAL WORD

What do you think of the global financial picture? Write to us, 250 or fewer words, at: Final Word, The News & Observer, P.O. Box 191, Raleigh, N.C. 27602; e-mail us at finalword@nando.com or fax a letter to 829-4529.

CARLISLE

CONTINUED FROM PAGE 19A

Good times are so good that economic prognosticators keep scanning the horizon for the inevitable clouds of inflation or recession; however, the national and North Carolina economies keep chugging along. There are storm clouds on the horizon, obscured by the bright economy that keeps churning out jobs at a record pace.

Despite this time of rapid growth, North Carolina's job losses from plant closings and permanent layoffs have climbed steadily over the last few years, peaking at 23,000 last year.

To lend some perspective, before the 1991 recession, job losses totaled about 12,000 to 14,000 per year. They climbed to 17,000 during the recession, dropped back to normal levels, then jumped to 20,000 and have held in that range. In January, our state lost 4,700 jobs, suggesting that we may set a new record in 1999.

How is this possible? How can we be setting records in new investment and job creation, have one of the hottest economies in our history, and, at the same time, be setting records for job losses? Is it NAFTA — the first thought that comes to most people's minds? Our economic relationship with Mexico plays some role, but the truth, as usual, is more complex.

North Carolina is in an economic transition that began more than 20 years ago and has accelerated recently, driven by global competition and the impact of technology — especially the application of computer and information technology across manufacturing and service industries.

Twenty years ago, more than a third of North Carolinians were employed in manufacturing, and nearly half of that manufacturing employment was in textiles, apparel, furniture, and lumber and wood.

Today, more North Carolinians are employed in manufacturing than 20 years ago, although its share of the economy has declined to about 25 percent. However, the character of manufacturing has changed dramatically.

Of the 23,000 job losses in 1998, about 10,000 were in textiles and apparel. Of the 4,700 for January, about 3,500 were in textiles and apparel. This is a result, in part, of the recent recession in economies outside the United States and Europe, and the resulting flow of low-priced apparel into our markets.

But it is more a reflection of the rapidly increasing, long-term trend to use technology to reduce labor costs and be competitive in global markets, and to move labor-intensive production elsewhere.

Our biggest job gains have been in information technology, automotive components, pharmaceuticals and biosciences, and plastics and resins. All are capital-intensive, high technology, globally oriented sectors that require more education and higher skills.

North Carolina is also witnessing an econo-

my where job decline doesn't necessarily mean industry decline. Why? Technological advances are more efficient and less labor-intensive. This trend applies to any manufacturing processes that have relatively high cost in low-skill labor that can be reasonably acquired in Latin America or Asia.

U.S. companies can compete in this market, but they compete by squeezing out labor costs via technology and raising the skill levels and productivity of the labor they are using. This is a trend that will continue.

Fortunately, because new job generation is so high, we have more than replaced the jobs that were lost, and we will continue to grow new economic opportunities. But much of that job loss occurred in rural areas, where options to find new, equal or better work opportunities are often scarce.

To match workers with opportunities, North Carolina must invest in worker training and be creative in how that training is made available. We must continue aggressive efforts to bring in new jobs, particularly in rural areas.

To remain competitive in global markets, U.S. and N.C. manufacturers must invest in high technology applications that lower labor costs, use highly skilled labor and increase productivity. Or they must find high value markets that can't be served from abroad.

That's one reason the Hunt administration proposed the investment tax credit, which lowers the cost for companies to invest in new machinery and equipment. Coupled with the worker-training tax credit, which lowers the cost of training the existing work force, these credits lower the cost of staying competitive.

Global competition has served North Carolina well. More than 130 international companies have invested more than \$2 billion in North Carolina and employ thousands of North Carolinians.

According to Site Selection magazine, North Carolina has led the nation in the last decade in international investment, and international investment in North Carolina rose last year over 1997 levels. That will continue to grow as international companies seek access to the largest, most stable and most rapidly growing economy in the world — the United States.

Even the turnaround in Asian and South American economies has benefits as well as problems. In part, the United States and North Carolina have been able to sustain high job growth, real wage increases and low inflation because of the dampening effects of the downturn in Asia and South America.

Even in the near term, global engagement is, on balance, good for the North Carolina economy. Over the longer term, North Carolina is well positioned to be stronger and wealthier as a result of the globalization of the economy.

We have a clear responsibility, however, to help those people and those communities that are facing economic distress. The answer is not protectionism or efforts to restrict global trade. We must make sound policy decisions that use the tools we know can work.

Rick E. Carlisle
Secretary
4601-0000-0001-000

Commissions,
Divisions, and
Boards

Workforce
Commission

Council for
Entrepreneurship &
Technology

Susan Carroll
Executive Assistant to
Secretary
4601-0000-0001-003

Liinda H. Weiner
Director of Public
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Kathryn J. Sawyer
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Special Assist.
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Economic
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& Sports Dev.
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Bill Arnold
Director - NC Film
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Bill Dooley
Director of Sports
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Lynn D. Minges
Director of Tourism
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Economic
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Rodney W. Perry
Director - Wanchese
Sealord Ind. Park
4617-0000-0017-001

Donald A. Halcher
MIS Director
4610-0000-0001-202

John S. Geier
Director of Executive
Aircraft
4616-0000-0016-000

Parker Chesson
Chairman -
Employment Security
Commission

George F. Bason
Chairman - ABC
Commission
4611-0000-0011-000

Hal D. Lingerfelt
Commissioner of
Banks
4606-0000-0004-000

William M. Gladston
Adm. - NC Cemetary
Commission
4612-0000-0012-000

Jerrile J. Lattimore
Credit Union
Administrator
4606-0000-0006-000

Jackson H. Bunn, Jr.
Chairman - Industrial
Commission
4610-0000-0010-000

Robert P. Gruber
Executive Director
Public Staff
4625-0000-0025-000

Gary H. Strickland
REA Administrator
4609-0000-0009-000

Stephen E. Eubanks
Savings Institutions
Administrator
4605-0000-0005-000

Jo Anne Sanford
Chair - Utilities
Commission
4602-0000-0002-000

Eric Stromberg
Executive Director
State Ports Authority

Vacant
Exec. Director -
Competitiveness
Commission
(to be established)

ABOUT THE NC DEPARTMENT OF COMMERCE

Since its inception in 1971, the Department of Commerce has evolved into the state's lead agency for economic, community and workforce development.

The department promotes a wide variety of opportunities to improve the economy of the entire Tar Heel State, rural and urban areas alike. Among its chief responsibilities are industry recruitment, community revitalization, international trade, and the promotion of tourism, sports development and film production.

Office of the Secretary

The Commerce Secretary's top management team includes five Assistant Secretaries responsible for overseeing the Department's major divisions. The Secretary's Office also includes:

- **Legislative Affairs:** The Department's legislative liaison coordinates and tracks legislation pertaining to Commerce's responsibilities.
- **Public Affairs:** The Public Affairs Office informs the media and the public about activities within the department and the results of its work through news releases, news conferences and responses to direct inquiries.
- **North Carolina Economic Development Board:** The Economic Development Board is an advisory board responsible for state economic development research, planning, and policy recommendations.

Economic Development Divisions

- **Business and Industry Development Division:** The Business and Industry Development Division leads North Carolina's business and industrial recruitment efforts. Based in Raleigh, its staff works closely with other public and private development organizations to attract new industries to the state.
- **Regional Operations:** The Regional Operations Division has the responsibility – along with other state, regional and local development organizations – of promoting economic development in the different regions in North Carolina. Offices are located in Fletcher, Lenoir, Bryson City, Greensboro, Charlotte, Raleigh, Fayetteville, Edenton and Greenville.
- **North Carolina Partnerships for Economic Development:** North Carolina's seven regional partnerships enable regions to compete effectively for new investment and to devise effective economic development strategies based on regional opportunities and advantages. These seven areas are divided into the Western, Carolinas, Piedmont Triad, Research Triangle, Southeastern, Global Traspark and Northeastern regions.
- **International Trade:** The International Trade Division's primary goal is to help small and mid-sized firms market their products overseas through its Export Outreach Program, Trade Events Program and the Shared Foreign Sales Corporation Program. ITD has foreign offices located in Dusseldorf, Germany; London, England; Tokyo, Japan; Wan Chai, Hong Kong; Dubai, United Arab Emirates; Toronto, Canada and Mexico City, Mexico.
- **Tourism, Film and Sports Development:** The Division of Tourism, Film and Sports Development undertakes a broad range of marketing activities and cooperates with local and regional development agencies to attract individuals, groups, conferences, and athletic events, as well as film and television production projects to North Carolina.

In addition, the Assistant Secretary for Administration oversees the following divisions within Commerce:

- Human Resources
- Fiscal Management
- Management Information Systems
- Wanchese Seafood Industrial Park

Information Technology Services

- This division offers technology products and services directly to other state agencies and county and local governments. It is responsible for the distribution of state technology and provides a full range of computing and telecommunications services on a centralized, cost-shared basis.

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For additional information, contact the Department of Commerce at 919-733-4151 or visit us at our website www.commerce.state.nc.us.

Community Development Divisions

Division of Community Assistance: The Division of Community Assistance assists local governments across the state through economic development, community development, growth management and downtown revitalization. DCA has three major components: the North Carolina Main Street program, the Community Development Block Grant (CDBG) program and local government services. Regional planning offices are located in Asheville, Fayetteville, Greenville, Raleigh, Salisbury, Washington, Wilmington, and Winston-Salem.

- Energy Division: The division's key responsibilities include promoting renewable energy and energy efficiency in every sector of the economy, preparing energy forecasts, and developing and updating North Carolina's energy emergency plans.
- Minority Development Initiative: The Minority Development Initiative works to ensure that minority populations are served by the Commerce Department's economic and community development activities that promote ownership, investment opportunities, job creation and improvement in the quality of life of these groups.

Policy, Research and Workforce Development Divisions

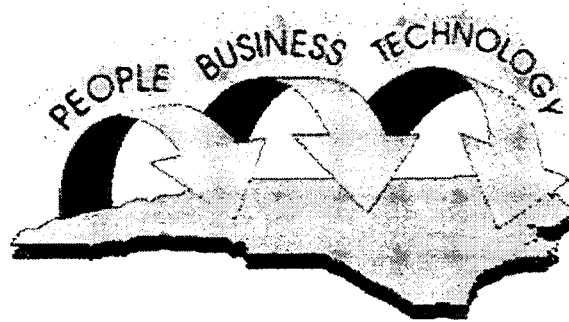
- Finance Center: The Commerce Finance Center administers a variety of economic development financing programs for businesses that want to locate or expand operations in the Tar Heel State.
- Research and Policy Development: The Research and Policy division maintains data on the state's economy which it provides to industrial clients and the public.
- Entrepreneurial and Technology Development: The Center for Entrepreneurship and Technology develops and implements initiatives to help small businesses and entrepreneurs adopt new technologies necessary to compete in the international marketplace. This division assists the high-tech/biotech entrepreneurial firms in North Carolina to secure non-traditional financing, seasoned management and advertising.
- Workforce Development: Workforce Development encompasses three areas -- Workforce Preparedness, Work First Project, and Employment and Training -- designed to help the state's new and existing industries find well-prepared employees and assist dislocated and welfare-to-work employees.

Administrative Divisions

The Assistant Secretary for Administration oversees the following administrative agencies, is responsible for administrative operations of its boards and commissions, and serves as the department's liaison with the State Ports Authority:

- | | |
|---|-----------------------------------|
| • Alcoholic Beverage Control Commission | • Public Staff |
| • Employment Security Commission | • N.C. Utilities Commission |
| • Banking Commission | • Utilities Commission |
| • Cemetery Commission | • Rural Electrification Authority |
| • Credit Union Division | • Savings Institutions Division |
| • Industrial Commission | |

ELECTRONIC COMMERCE



A New Way of Doing Business

*Preliminary Report of the E-Commerce
Work Group of the Information Resource
Management Commission*

State of North Carolina

February 1999



N.C. Department of Commerce
Information Technology Services



State of North Carolina
Information Resource Management Commission
 Department of Commerce

Dennis A. Wicker, Chair
 Lieutenant Governor

Janet Smith, Vice-Chair
 Wachovia Bank & Trust Co.

March 2, 1999

Commission Members

William A. Cameron, Jr.
 Administrative Office of the Courts

Alfred Campbell, Jr.
 State Auditor

Chuck Carlisle
 Secretary of Commerce

Harvin Dorman
 State Budget Officer

Patricia G. Dorsett
 Secretary of Administration

Donald P. Hawley
 Vice-Chair, CJTN Advisory Board

Richard Holcomb
 HT Software, Inc.

James E. Long
 Commissioner of Insurance

Elaine Marshall
 Secretary of State

Timothy Ray McCain
 Secretary of Cultural Resources

Edward Renfrow
 State Controller

James Knox Superville
 State Advisory Board

Michael E. Ward
 Superintendent of Public Instruction

Advisory Members
 John E. Mandell
 League of Municipalities

John Smith Patterson
 Office of the Governor

Henry E. Schaffer
 State General Administration

Becca Troutman
 Association of County Commissioners

The Honorable Marc Basnight
 President Pro Tempore
 North Carolina Senate

The Honorable James B. Black
 Speaker of the House
 North Carolina House of Representatives

Dear Mr. President Pro Tempore and Mr. Speaker:

The emerging digital economy is resulting from technology-driven change, and it is dramatically impacting our lives in many ways. Propelled by Internet communications and Web based technologies, it is:

- Transforming the way we produce wealth in the U. S. and around the world.
- Changing the respective roles of government and the private sector.
- Offering new, valuable, and more convenient and personalized services to customers and citizens in efficient and effective ways.

Our citizens are demanding services equivalent to those offered by the private sector, and technology is one enabler to help state government meet these expectations while becoming more productive and responsive. Recognizing these needs, last year I created the Electronic Commerce Work Group (ECWG) under the auspices of the Information Resource Management Commission (IRMC). Chaired by Secretary of State Elaine Marshall, the ECWG examined in detail the desires of the public and the potential use of these technologies for state government and our constituents.

The attached report from the ECWG (*A New Way of Doing Business*) summarizes the great potential of electronic commerce for our state, and it provides key recommendations for proceeding forward. We must become more citizen-focused and cost-effective in transacting business and delivering services, and the report offers a plan for accomplishing these objectives.

With warmest regards, I am,

Sincerely,

Dennis A. Wicker
 Dennis A. Wicker

3512 Bush Street • Raleigh, North Carolina 27609-7509 • Telephone (919) 981-5510
 State Courier 56-50-10 • FAX 919-981-5568

An Equal Opportunity/Affirmative Action/Americans With Disabilities Employer

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E-Commerce Work Group 17

Task Force Members 18

What's the Big Deal about E-commerce?

A new way of doing business

Everybody's talking about electronic commerce, but what is it? The answer depends on whom you ask. At the simplest level, e-commerce means doing business electronically—that is, using information technology to improve commerce, deliver products and services, and automate business transactions.

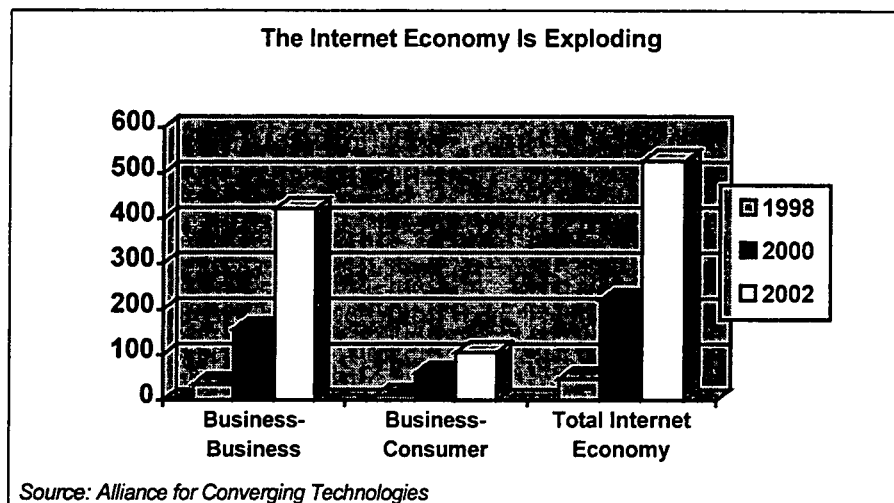
But definitions like this do not convey the full impact e-commerce will have on North Carolina and its citizens. In fact, e-commerce is the infrastructure of the future—much like roads and railways of the past—and it will change how we work, learn, shop, play and interact with government.

"The Internet is not just another marketing channel; it's not just another advertising medium; it's not just a way to speed up transactions. The Internet is the foundation for a new industrial order."

Fortune, December 7, 1998

Just look at what's happening in the private sector:

- Dell Computer Corp. sells more than \$6 million worth of goods a day online and expects that half its sales will be Web-based by 2000.
- General Electric Co. bought \$1 billion worth of supplies via the Internet in 1998, saving an estimated 20 percent—\$200 million—on materials costs.
- More than 15 percent of today's car buyers shop online before entering a dealership.
- New Web sites are being added at the rate of one per minute.
- More than 25 percent of Americans use the Internet every day—up from 4 percent just three years ago.



E-commerce has the same potential for North Carolina state government. It can:

Make North Carolina a better place to do business

Industry analysts project that by 2002 electronic commerce will amount to \$350-430 billion and businesses will invest over \$23 billion to upgrade their systems. These numbers translate into substantial opportunities for North Carolina's businesses and employees.

Government can help build an environment conducive to the new economy by assisting workers to become literate in the use of e-commerce, making financial capital available, and—perhaps most important of all—making it easier to do business with the state. That will mean implementing electronic mechanisms for public transactions, such as applying for permits, paying taxes and even voting.

"Companies are going to invest and knowledge workers are going to move to those governments that create an environment where this electronic commerce can flourish"

Janet Caldwell, Director, Institute for Electronic Government

Make government work better

E-commerce can make state government more responsive to North Carolina's public and private citizens, by making its services more accessible, convenient and user-friendly. When implemented correctly, new ways of doing business can both reduce the costs of government services and enhance the quality of service delivery.

E-commerce can also improve the relationship of government and its constituents by providing the ultimate "open door." Connected by electronic communications, government will be open to participation at many different levels—from any place and at any time. Imagine, for instance, renewing a driver's license from home or filing for incorporation from the office.

E-GOVERNMENT IS LESS	AND MORE
Costly	Efficient
Distant	Accessible
Confusing	Navigable
Plodding	Rapid
Fragmented	Consistent
Error-prone	Reliable
Bureaucratic	Responsive

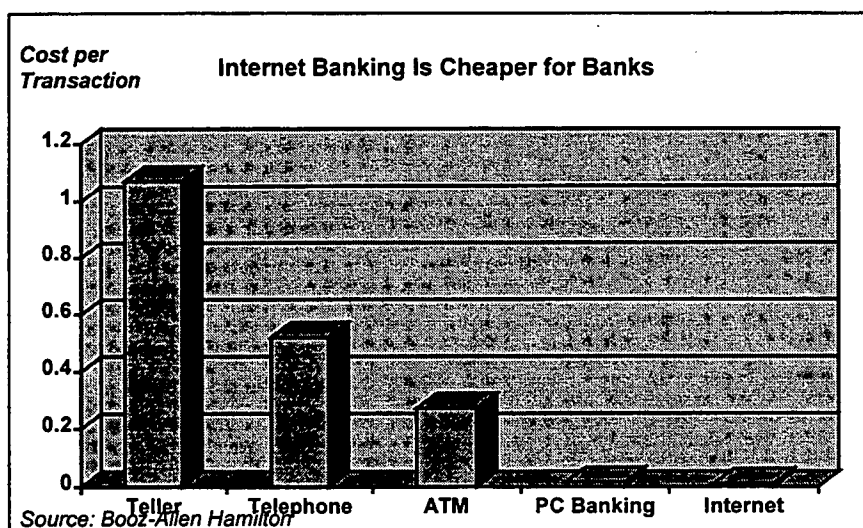
Overcome geographic barriers and inequities

With electronic commerce, people from Hiwassee to Hatteras can have the same access to resources as those in Raleigh and Charlotte. Considering that 85 of North Carolina's 100 counties are rural and half the state's population lives in these areas, achieving such equity would be a major benefit to the state.

The state's rural areas have traditionally been the least prosperous: according to the latest census data, 500,000 rural residents are living in poverty, including one in every four children and one in three minorities. In the knowledge economy, access to information can break down the geographic barriers of the past and raise the standard of living for all North Carolinians.

Increase efficiencies and reduce costs

The private sector is finding that doing business on the Internet significantly reduces costs. Consider the difference in the banking world—where an interaction with a teller costs over one dollar compared to a fraction of one cent on the Internet—to understand the potential for state government.



From a processing point of view, of course, the operations of state government are carried out much like a business. By using electronic mechanisms, the state can manage routine tasks electronically; enter information once and transfer it to other agencies as appropriate; reduce the need for paper creation, storage and retrieval; and cut costs—without diminishing service levels.

"A key part of how we deliver services is determined by the tools we have available to us. Today's technology can increase productivity, reduce costs and improve services."

Ralph Campbell, Jr., State Auditor

The E-Commerce Work Group

Recognizing the potential impact of electronic commerce on the state, Lieutenant Governor Dennis A. Wicker established the E-Commerce Work Group in February, 1998, with Secretary of State Elaine Marshall as chair and State Auditor Ralph Campbell Jr. as vice chair. The Work Group is composed of high ranking state leaders, recognized business experts and local government representatives. It operates under the auspices of the Information Resource Management Commission (IRMC) and is staffed by the state's Information Technology Services (ITS).

Lt. Gov. Wicker charged us to:

- Develop a blueprint to guide state government toward its goals
- Lead a coordinated effort to implement electronic commerce in North Carolina state government
- Improve the way government operates, so the state can offer a more competitive environment, stimulate economic development, and increase the prosperity and quality of life of North Carolinians

"We want to reach the day where citizens can file their taxes, register their vehicle and renew their driver's license, all online. This will save taxpayers time and money. I want our goals to be moving business with state government from in line to online."

Lieutenant Governor Dennis A. Wicker

Chair, Information Resource Management Commission

Early on, the E-Commerce Work Group created four task forces to look into major areas of interest: business and program opportunities; technical architecture, security and infrastructure; legal, legislative and fiscal transactions; and the state's Web presence and home page. Since then, we have:

- Brought in national experts from business, other governments and research organizations
- Conducted citizen surveys and focus groups
- Collected and analyzed information regarding related policies, commercial uses and technologies
- Developed business cases for nine potential high-impact demonstration projects
- Created how-to manuals for identifying potential e-commerce opportunities and developing business cases
- Updated the Statewide Technical Architecture to support e-commerce applications.
- Discussed and debated related issues, including the needs of citizens, the potential for accessibility for all, and the relationship to economic development

From this basis, the Work Group developed a plan of action to move the state forward. Our findings and recommendations are summarized in this public report; for those interested in more information, a detailed technical document is available through the Information Resource Management Commission (IRMC).

"The Work Group exemplifies a new approach to doing the state's business: it is a collaborative, cooperative, and innovative process, taking advantage of the experience and knowledge of many sources. This is the model for our future, as technical issues become more intertwined with policy and cultural issues."

Rick Webb, Chief Information Officer

The members of this group are convinced that North Carolina *can* develop a common and easy way to do business with the state—and *must*, to assure that the state continues as "A Better Place To Be." The following pages show how.

How does our state measure up?

Middle of the road isn't good enough

When the Work Group began its work in early 1988, we knew that something important was happening in technology, that technology was profoundly changing the rules of economic competition, and that other governments were beginning to respond. What we didn't know was how these changes would impact North Carolina and how we could take advantage of their potential.

A strong foundation

In the last year, the Work Group has compiled a huge body of information—and has already begun to influence change. Looking back, we are amazed at just how much has happened since we began.

	February 1998	February 1999
Citizen wants	Little knowledge, no research	General understanding based on surveys, focus groups
Technical architecture	Solid foundation, but not updated for e-commerce	Security and Internet updates to enable e-commerce
Agency readiness	Limited awareness; ability to start but not complete projects	How-to manuals provide direction; model tested with demonstration projects
Enabling legislation	E-signature legislation in process; no related legislation identified	E-signature implemented; recognize need for policy on the use of credit cards
Legislative focus	Informal information technology interest groups	Standing committees on information technology in House and Senate

Over the years, North Carolina has built a strong foundation for e-commerce. We were one of the first states to consolidate data centers and build a statewide communications network, and the first to establish a Statewide Technical Architecture. We have created a solid organizational structure under the oversight of the IRMC, which has resulted in uniform approaches and common facilities (such as the interface engine, service broker, e-mal and enterprise data management). Finally,

moving the state's IT operations—Information Technology Services—to the Department of Commerce reflects an understanding of the close relationship between government and electronic commerce.

A long way to go

But North Carolina is still behind the curve in several critical areas. As shown below, the state's performance ranks at roughly 1.5 on the Meta Group's scale of business practice levels for electronic commerce (on a 5-point scale, with 5 being the highest and most advantageous).

Stages of Maturity in Electronic Commerce

5. Real-time integration
4. Multiple functions statewide
3. Multiple functions in single agency
2. Business transactions in agency
1. Dissemination of information

North Carolina

Source: Meta Group, Inc.

Other assessments come to the same conclusion. In February 1999, *Governing* magazine gave North Carolina a grade "C" in information technology. The state was ranked 28th in the nation in a 1998 study of technology implementation conducted by the Progress and Freedom Foundation. These rankings were based on interviews and surveys in key areas, including how well states used technology for education, business regulation, taxation, social services, law enforcement and the courts.

Some governments are using new technologies in innovative ways. For example:

- The state of Washington, which ranked number one in the survey, offers a public access system that integrates the Web, kiosks, interactive television and telephone voice response to bring together virtually all of the state's services in a single system.
- Michigan's Electronic Filing Program offers a paperless corporate record filing system which allows businesses to electronically process required forms 24 hours a day.
- Alaska's Legislative Information Office network gives citizens access to all written session materials, a legislative library and bill status system via telephone, fax or Internet.
- In Illinois, the LINK program uses electronic benefits transfer technology to enable clients to access cash and food stamp benefits and will soon extend the program to medical services, saving the state and federal governments millions of dollars.

- The Pentagon has informed vendors that if they want to continue to do business, they have to do it electronically; it is now holding thousands of training sessions to prepare vendors for electronic commerce.
- The state of Utah is helping the FBI develop the Combined DNA Index System, which will maintain a national collection of convicted offender DNA profiles in a state-of-the-art criminal identification database.

Several obstacles remain

Moving forward will require not only innovation, however, but the removal of existing barriers to e-commerce. The Work Group identified several areas of concern:

- **The use of credit/debit cards.** While 37 states allow the use of credit or debit cards in public transactions, for North Carolina there are perceived or real barriers on their use by state agencies.
- **Privacy and security issues.** For e-commerce to flourish here, the state must assure the security of proprietary business information and the privacy of confidential matters.
- **Technical infrastructure issues.** The Statewide Technical Architecture must be continuously updated and the technical resources expanded to incorporate the evolving principles, best practices, and security and Internet standards required for implementing electronic commerce applications.
- **Uncertain funding for technology implementation.** State leaders need to identify the additional resources necessary for enabling and supporting electronic commerce, and provide predictable funding for successful implementation.
- **Capacity of the state's "customers."** A high technology infrastructure is only useful to the degree that public and private citizens can use it. While some stakeholders are prepared to do business electronically, many are not and will have to be trained.

"Our customers can use information made available on the Internet 24-hours a day, seven days a week, 365 days a year. We cannot continue to tell people their government only works eight to five, five days a week. We must provide them with some other options for service."

Secretary of State Elaine Marshall

If North Carolina is to continue to position itself as a high technology leader, being in the middle of the pack in e-commerce will simply not be good enough. The state will have to take steps to move forward—and the sooner we make the necessary changes, the more benefits we will gain.

Where Do We Want To Be in 2002?

A Vision for North Carolina

What do North Carolinians want from electronic interaction with government? The E-Commerce Work Group made a concerted effort to find out. We conducted surveys, interviews and focus groups, reaching a cross-section of the population in terms of age, race, gender, employment, geographic location and familiarity with technology.

Despite this diversity, we heard the same themes over and over again.

"Do the basics well"

"Keep it simple"

"Orient it to users, not the state's organizational structure"

"Put all factual information online"

"Keep links working"

"Maintain the human touch"

"Conduct outreach and training for citizens and staff"

Focus Group Participants

What the citizens want, however, is not the same as what the agencies want.

EXTERNAL	INTERNAL
Consistency	Autonomy
Organized by customer service	Organized by state structure
Same look and feel	Distinctive look and feel to differentiate the agency
Human interface	Electronic access
Treated as an individual	One-size fits all

A survey on the Secretary of State's Web site reinforced these conclusions. The responses showed that North Carolinians are ready to move forward and interact with state government over the Internet, but do not want electronic commerce to separate them from reaching people who can help them. Users want to be able to get more information more easily at the state's Web sites, and are frustrated with the poor design and poor links.

A new model

North Carolina has already taken some steps toward meeting citizens' needs, but we have still barely scratched the surface. The E-Commerce Work Group has a different vision for the future. Our vision is that by the year 2002...

North Carolina's business partners are able to access key financial data, such as the status of a payment for a vendor, via a secure electronic system. Online payment methods are both accepted and available through the Web. The risks of fraud and error are handled by security technologies settled by the partners.

Organizations transacting business with the state have access to all the forms, information and contact people associated with a regulation or a transaction with the state—in one place and at the click of a button. Organizations can track and manage the progress of their applications and transactions online. Forms, applications, and correspondence are signed with a secure digital signature device.

The people of North Carolina find out about meetings and hearings of interest and participate online without leaving home. They use the same smart card, public key digital certificate or commercially standard security device used in private transactions. The same hardware, software and practices used in private transactions enable public communications as well.

To realize this vision, North Carolina will have to strengthen its electronic commerce foundation, including management and leadership, policy and technology components. Specifically, the state must:

- Build a technical infrastructure that assures authentication, integrity, confidentiality and security
- Create the human infrastructure to support the technology
- Foster better communication and collaboration
- Create a legal environment that is conducive to online government
- Ensure that new systems provide broad access, consistent interfaces and are easy to use

In the concluding section of this report, the Work Group offers a strategy for making this vision a reality.

How do we get there?

Building tomorrow's infrastructure today

To move ahead, we will have to rethink the decisions we made in the past. Why? Factors that were strengths in previous decades are obstacles today, and decisions that were valid in the past are not conducive to the future.

North Carolina must revisit these policy decisions and approaches, and tackle electronic commerce as a whole to create the kind of climate we want. In particular, the state must reevaluate its approach for the funding of technology. The General Assembly should develop a strategic investment plan for technology that provides consistent, reliable funding for creating and maintaining the technical infrastructure necessary to perform government functions and to implement the recommendations below. The E-Commerce Work Group offers the following action plan to get our state where we want it to be.

Preliminary recommendations

Prepare private and corporate citizens to transact business electronically, in order to encourage the economic development of the state and provide widespread opportunities.

To prosper in the digital economy, the state's private citizens and corporate entities must be able to conduct business electronically. Ultimately, the value of e-commerce within state government depends on the capability of North Carolina's businesses and citizens to fully use it. Consequently, the state should help create an environment that fosters the preparation of our citizens for this future.

The federal government's Electronic Commerce Resource Center (Laurinburg NC) operates a model program that focuses on preparing small and medium size companies for competing in today's electronic environment. The state should investigate ways to educate its public and private citizens to participate in electronic commerce. This is one way the state can help bridge the growing gap between the technology "haves" and "have nots" regardless of economic situation or geographic location.

Build a single statewide infrastructure that enables e-commerce and simplifies the interactions of citizens and businesses with government.

Right now, numerous agencies are independently pursuing opportunities for e-commerce. While these efforts are laudable, they involve a great deal of overlap in knowledge, processes and technologies. The result is unnecessary effort, higher costs and varying approaches for each interaction with the state.

Our citizens want something different: they want consistency, convenience and ease of use. To make e-commerce possible and satisfy these requirements, we must establish a shared technical infrastructure. That will include:

- Continuing the updating of the Statewide Technical Architecture
- Developing enterprise purchasing and payment services that will serve all state entities
- Defining and developing common business interfaces between front-end and legacy applications
- Defining and developing Data Interchange interfaces and system integration for business transactions
- Developing a statewide Web architecture and Web style guide

Address the technical security issues necessary for e-commerce to flourish.

It is vital for North Carolina to continue addressing issues related to the security and privacy of information. Even though rules implementing the Electronic Commerce Act have been adopted, other issues of great concern to businesses and individuals considering electronic interaction with the state still remain. To assure the protection of proprietary and confidential information, the state must continue to develop the legal and technical foundation to:

- Design and implement security features
- Determine how digital certificates will be handled and used
- Provide enhanced encryption or other services for transmitting sensitive information

The Work Group believes that privacy and security policy issues are very important. It is our expectation these issues will be evaluated by the Information Protection and Privacy Work Group of the IRMC, chaired by State Auditor Ralph Campbell, Jr. A key task for further consideration is the review of the definitions and classifications of public records contained in the Public Records Act.

Promote the use of credit/debit cards to facilitate e-commerce.

North Carolina is one of the few remaining states that restricts the use of credit or debit cards in conducting business with state agencies. The intent of the law was to protect taxpayers from paying fees for transaction processing charged by credit card companies. While this policy may have been prudent in the past, it will not serve the state well in the future.

As other states have found, the cost savings realized from streamlined business processes far outweighs fees charged by credit card companies for transaction processing. Furthermore, some agencies may attempt to bypass the restriction by outsourcing transaction processing, in which case the third party surcharges are transferred directly to the customer.

Most interactions with the state involve a transfer of funds. Allowing businesses and citizens to use credit cards for these transactions will not only save money, but increase convenience and improve customer satisfaction. It is a win-win situation for the state and its citizens.

“Smart cards” can also improve the state’s business processes. These cards look like credit or debit cards, but contain computer chips that store information, such as money value, identification and authorization privileges. The state should consider using smart cards in appropriate areas, including payments and fees, health records, mobile access (encryption/decryption), and benefit receipts.

Implement selected high impact, high quality projects to demonstrate the capabilities and benefits of e-commerce.

Early projects can play a key role in preparing the state for e-commerce. Through these projects, we can:

- Promote the use of e-commerce technologies and concepts
- Share lessons learned to facilitate succeeding successful implementations
- Maximize the state’s resources by reusing concepts, technologies, services, skills and knowledge
- Begin the use of common shared technologies, business processes and services

We believe the state should choose high value projects for initial implementation to demonstrate immediate benefits. One high priority effort for initial implementation should be the area of integrated procurement. Our research shows that this has been the first focus of other states for good reason: it has provided them with significant cost savings and service improvements.

In addition, agencies should be encouraged to identify and implement high benefit projects that increase internal efficiencies, improve citizen services and promote the economic well being of the state and its citizens. Where possible, these endeavors should involve business interactions with private industry and public constituents. The Work Group’s Framework and Business Case Methodology documents and the Statewide Technical Architecture should assist agencies in identifying opportunities, documenting and justifying required investments, and implementing applications.

Create an enhanced Web presence for the state, to expand services to citizens and improve government operations.

The Internet is an open system, which enables each user to create a portal to the world. That is exactly what North Carolina state government is doing today, with many entities simultaneously figuring out how to create a Web site and then implementing the site on their own.

What the public wants, however, is a unified Internet system for doing business with the state. Also, citizens tell us they want a consistent look and feel for all state government Web sites that makes them easy to use and navigate. To satisfy these demands, the state will have to establish a strong Web presence that connects individual agency Web sites in a seamless manner and coordinates future Web development activities

Research indicates that the development of Intranets can produce significant cost savings and internal efficiencies through streamlined personnel, financial, purchasing, communications and legal activities. The State should investigate the use of Intranets for uniform forms, standard approaches, electronic documents (such as policy and procedure manuals) and other business transactions. This investigation should focus on the potential to reduce paperwork, increase response times, enhance convenience and improve efficiencies of internal operations among state agencies and other government entities.

Window of opportunity

North Carolina has a unique window of opportunity to exploit electronic commerce for the good of the state and its people. Will we take advantage of the new economic order—or maintain the status quo? Will we adapt services to meet citizens' needs—or require citizens to adapt to government? Will we lead the nation in technology innovation once more—or accept our position in the middle?

The answers are up to us.

E-Commerce Work Group

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State Auditor Ralph Campbell, Jr., *Vice Chair*

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VISITOR REGISTRATION SHEET

HOUSE COMMITTEE ON TECHNOLOGY *Economical Growth* 30
March 24, 1999

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS[illegible]

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT**

ROOM 544 LOB

April 13, 1999

10:00 A.M.

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

HB 142 ENTERPRISE ZONE DEVELOPMENT ACT

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
April 13, 1999

The House Committee on Economic Growth and Community Development met on Tuesday, April 13, 1999 in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Fox, Hunter, Luebke, Morris, Preston, Walend, and Wright.

The Chair called the meeting to order to consider HB 142, **Enterprise Zone Development Act**. Representative Wright, bill sponsor, was recognized to explain the bill which authorizes the designation of distressed areas within municipalities of the State as "enterprise zones" and provides tax incentives for business development in the zones. A summary of HB 142 is attached as part of the minutes.

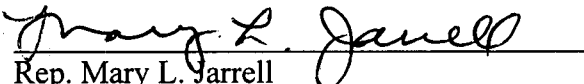
The floor was opened to questions from the membership all of whom spoke in favor of the concept of the bill, but who had questions and concerns which needed clarification. It was agreed that the bill needed some "fine-tuning."

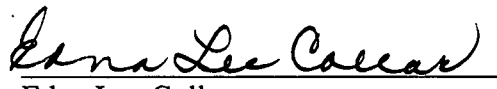
Representative Jarrell introduced Ms. Andrea Harris, North Carolina Institute of Minority Economic Development, who spoke in support of the bill and the need to offer incentives.

Ms. Leza Aycock, Assistant Secretary for Administration, Department of Commerce, was recognized. She addressed the Committee saying that the Department has not taken a position on this bill, but would like to work with the Committee on it.

No action was taken on the bill and the meeting adjourned at 11:50 AM.

Respectfully submitted:


Rep. Mary L. Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 142*

Short Title: Enterprise Zone Development Act.

(Public)

Sponsors: Representative Wright.

Referred to: Economic Growth and Community Development, if favorable, Finance.

February 25, 1999

1 A BILL TO BE ENTITLED

2 AN ACT TO DESIGNATE ENTERPRISE TAX ZONES AND PROVIDE
3 INCENTIVES FOR BUSINESS DEVELOPMENT IN THE ZONES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 158 of the General Statutes is amended by adding a
6 new Article to read:

7 "ARTICLE 5.

8 "Enterprise Zones.

9 "§ 158-50. Enterprise zones defined.

10 (a) Definition. -- An enterprise zone is a census tract in the most recent federal
11 decennial census that meets both of the following conditions:

12 (1) It is located in a city with a population of 25,000 or more
13 according to the most recent annual population estimates certified
14 by the State Planning Officer.

15 (2) More than thirty percent (30%) of its population is below the
16 poverty level according to the most recent federal decennial
17 census.

18 (b) Annual Certification. -- On or before December 31 of each year, the Secretary
19 of Commerce shall identify all enterprise zones that meet the conditions of subsection
20 (a) of this section. The Secretary of Commerce shall provide a certified list
21 identifying these enterprise zones to any person who requests one.

22 "§ 158-51. Incentives available for zones.

23 The following incentives are available to encourage business development within
24 enterprise zones:

- (1) Income tax exclusion for gain from appreciation of zone property, as provided in G.S. 105-130.5(b) and G.S. 105-134.6(b).
- (2) Income tax credit for property tax increase due to improvements within zone, as provided in G.S. 105-129.20.
- (3) Income tax credit for installation of machinery and equipment within zone, as provided in G.S. 105-129.21.
- (4) State sales tax refund for zone corporations' purchases, as provided in G.S. 105-164.14.
- (5) Income tax credit for creating jobs in zone, as provided in G.S. 105-129.8.
- (6) Industrial Development Fund funding for local government projects within zone, as provided in G.S. 143B-437.01."

Section 2. G.S. 105-228.90(b) is amended by adding a new subdivision to

read:

"(4) Enterprise zone. -- Defined in G.S. 158-50."

Section 3. G.S. 105-130.5(b) is amended by adding a new subdivision to

read:

"(18) That part of the gain realized on the disposition of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000."

Section 4. G.S. 105-134.6(b) is amended by adding a new subdivision to

read:

"(15) That part of the gain realized on the disposition of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000."

Section 5. G.S. 105-129.15 reads as rewritten:

"§ 105-129.15. (Repealed effective January 1, 2002) Definitions.

The following definitions apply in this Article:

- (1) Business property. -- Tangible personal property that is used by the taxpayer in connection with a business or for the production of income and is capitalized by the taxpayer for tax purposes under the Code. The term does not include, however, a luxury passenger automobile taxable under section 4001 of the Code or a watercraft used principally for entertainment and pleasure outings for which no admission is charged.
- (2) Cost. -- In the case of property owned by the taxpayer, cost is determined pursuant to regulations adopted under section 1012 of the Code, subject to the limitation on cost provided in section 179 of the Code. In the case of property the taxpayer leases from another, cost is value as determined pursuant to G.S. 105-130.4(j)(2).
- (2a) Machinery and equipment. -- Defined in G.S. 105-129.2.
- (2b) Property taxes. -- The principal amount of taxes levied and assessed by a taxing unit under Subchapter II of this Chapter. The

1 term does not include costs, penalties, interest, or other charges
2 that may be added to the principal amount.

3 (3) Purchase. -- Defined in section 179 of the Code.

4 (4) Taxing unit. -- Defined in G.S. 105-273."

5 Section 6. Article 3B of Chapter 105 of the General Statutes is amended
6 by adding the following new sections to read:

7 **"§ 105-129.20. Credit for property tax increase due to improvement of enterprise zone**
8 **property.**

9 (a) Credit. -- A taxpayer is allowed a credit equal to the increase in the amount of
10 property taxes the taxpayer paid at par during the taxable year attributable to an
11 increase in value of real property located in an enterprise zone due to improvements
12 the taxpayer made to the property the immediately preceding year. The taxpayer
13 may not take the entire credit for the taxable year the increased taxes were paid, but
14 may take up to twenty percent (20%) of the aggregate credit allowed under this
15 section for that taxable year and for each succeeding taxable year until the entire
16 credit has been used. To claim the credit, the taxpayer shall provide with the return
17 a copy of the tax receipt for the property taxes for which credit is claimed and any
18 other documentation required by the Secretary. The tax receipt must indicate that
19 the taxes have been paid and the amount and date of the payment.

20 (b) Adjustment. -- If a taxing unit gives a taxpayer a credit or refund for any of the
21 property taxes for which the taxpayer claimed a credit under this section, the
22 taxpayer shall notify the Secretary within 90 days. The Secretary shall then
23 recompute the credit allowed under this section and make any resulting adjustment of
24 tax for the taxable years for which the credit was claimed.

25 **"§ 105-129.21. Credit for machinery and equipment in enterprise zones.**

26 A taxpayer that purchases or leases machinery and equipment and, during the
27 taxable year, places it in service in an enterprise zone is allowed a credit against the
28 tax imposed by this Part equal to fifteen percent (15%) of the cost of the machinery
29 and equipment. This credit is in addition to any credit allowed under Article 3A of
30 this Chapter."

31 Section 7. G.S. 105-164.14 is amended by adding a new subsection to
32 read:

33 "(h) Enterprise Zone Corporations. -- A corporation that is located in an
34 enterprise zone is allowed an annual refund of sales and use taxes paid by it under
35 this Article on direct purchases of tangible personal property for use within the zone.
36 Sales and use tax liability indirectly incurred by a corporation on building materials,
37 supplies, fixtures, and equipment that become a part of or annexed to any building or
38 structure within the zone that is owned or leased by the corporation is considered a
39 sales or use tax liability incurred on direct purchases by the corporation. The annual
40 refund period is the fiscal year of the State. A request for a refund must be in
41 writing and must include any information and documentation required by the
42 Secretary. A request for a refund is due January 1 following the end of the fiscal
43 year for which the refund is claimed. Notwithstanding the provisions of G.S. 105-467,

1 the refund allowed under this subsection does not apply to local sales and use taxes
2 levied by units of local government."

3 Section 8. G.S. 105-129.8 reads as rewritten:

4 "**§ 105-129.8. (Repealed effective January 1, 2002) Credit for creating jobs.**

5 (a) Credit. -- A taxpayer that meets the eligibility requirements set out in G.S.
6 105-129.4, has five or more employees for at least 40 weeks during the taxable year,
7 and hires an additional full-time employee during that year to fill a position located
8 in this State is allowed a credit for creating a new full-time job. The amount of the
9 credit for each new full-time job created is set out in the table below and is based on
10 the enterprise tier of the area in which the position is located. In addition, if the
11 position is located in a development ~~zone~~, zone or an enterprise zone, the amount of
12 the credit is increased by four thousand dollars (\$4,000) per job.

13 Area Enterprise Tier	Amount of Credit
14 Tier One	\$12,500
15 Tier Two	4,000
16 Tier Three	3,000
17 Tier Four	1,000
18 Tier Five	500

19 A position is located in an area if more than fifty percent (50%) of the employee's
20 duties are performed in the area. The credit may not be taken in the taxable year in
21 which the additional employee is hired. Instead, the credit shall be taken in equal
22 installments over the four years following the taxable year in which the additional
23 employee was hired and shall be conditioned on the continued employment by the
24 taxpayer of the number of full-time employees the taxpayer had upon hiring the
25 employee that caused the taxpayer to qualify for the credit.

26 If, in one of the four years in which the installment of a credit accrues, the number
27 of the taxpayer's full-time employees falls below the number of full-time employees
28 the taxpayer had in the year in which the taxpayer qualified for the credit, the credit
29 expires and the taxpayer may not take any remaining installment of the credit. The
30 taxpayer may, however, take the portion of an installment that accrued in a previous
31 year and was carried forward to the extent permitted under G.S. 105-129.5.

32 Jobs transferred from one area in the State to another area in the State shall not be
33 considered new jobs for purposes of this section. If, in one of the four years in which
34 the installment of a credit accrues, the position filled by the employee is moved to an
35 area in a higher- or lower-numbered enterprise tier, or is moved from a development
36 zone or an enterprise zone to an area that is not a development ~~zone~~, zone or an
37 enterprise zone, the remaining installments of the credit shall be calculated as if the
38 position had been created initially in the area to which it was moved.

39 (b) Repealed by Session Laws 1989, c. 111, s. 1.

40 (b1), (c) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3.

41 (d) Planned Expansion. -- A taxpayer that signs a letter of commitment with the
42 Department of Commerce to create at least twenty new full-time jobs in a specific
43 area within two years of the date the letter is signed qualifies for the credit in the
44 amount allowed by this section based on the area's enterprise ~~tier~~ tier, enterprise

1 zone, and development zone designation for that year even though the employees are
2 not hired that year. The credit shall be available in the taxable year after at least
3 twenty employees have been hired if the hirings are within the two-year commitment
4 period. The conditions outlined in subsection (a) apply to a credit taken under this
5 subsection except that if the area is redesignated to a higher-numbered enterprise tier
6 or loses its development zone or enterprise zone designation after the year the letter
7 of commitment was signed, the credit is allowed based on the area's enterprise ~~tier~~
8 tier, enterprise zone, and development zone designation for the year the letter was
9 signed. If the taxpayer does not hire the employees within the two-year period, the
10 taxpayer does not qualify for the credit. However, if the taxpayer qualifies for a credit
11 under subsection (a) in the year any new employees are hired, the taxpayer may take
12 the credit under that subsection.

13 (e), (f) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3 for
14 taxable years beginning on or after January 1, 1996."

15 Section 9. G.S. 143B-437.01 reads as rewritten:

16 "**§ 143B-437.01. Industrial Development Fund.**

17 (a) Creation and Purpose of Fund. -- There is created in the Department of
18 Commerce the Industrial Development Fund to provide funds to assist the local
19 government units of ~~the most economically distressed counties in the State~~
20 economically distressed areas in creating jobs in certain industries. The Department
21 of Commerce shall adopt rules providing for the administration of the program.
22 Those rules shall include the following provisions, which shall apply to each grant
23 from the fund:

24 (1) The funds shall be used for (i) installation of or purchases of
25 equipment for eligible industries, (ii) structural repairs,
26 improvements, or renovations of existing buildings to be used for
27 expansion of eligible industries, or (iii) construction of or
28 improvements to new or existing water, sewer, gas, or electrical
29 utility distribution lines or equipment for existing or new or
30 proposed industrial buildings to be used for eligible industries. To
31 be eligible for funding, the water, sewer, gas, or electrical utility
32 lines or facilities shall be located on the site of the building or, if
33 not located on the site, shall be directly related to the operation of
34 the specific eligible industrial activity.

35 (1a) The funds shall be used for projects located in economically
36 distressed ~~counties~~ areas except that the Secretary of Commerce
37 may use up to one hundred thousand dollars (\$100,000) to provide
38 emergency economic development assistance in any county that is
39 documented to be experiencing a major economic dislocation.

40 (2) The funds shall be used by the city and county governments for
41 projects that will directly result in the creation of new jobs. The
42 funds shall be expended at a maximum rate of five thousand
43 dollars (\$5,000) per new job created up to a maximum of five
44 hundred thousand dollars (\$500,000) per project.

(3) There shall be no local match requirement if the project is located in an enterprise tier one area as defined in G.S. 105-129.3.

(4) The Department may authorize a local government that receives funds under this section to use up to two percent (2%) of the funds, if necessary, to verify that the funds are used only in accordance with law and to otherwise administer the grant or loan.

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

(1) Air courier services. -- A person is engaged in the air courier services business if the person's primary business is furnishing air delivery of individually addressed letters and packages, except by the United States Postal Service.

(2) Central administrative office. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(3) Data processing. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(4) Economically distressed county. ~~--- A area. -- An enterprise zone as defined in G.S. 158-50 or a county designated as an enterprise tier one, two, or three area pursuant to G.S. 105-129.3.~~

(5) Eligible industry. -- A central administrative office or a person engaged in the business of air courier services, data processing, manufacturing, or warehousing and wholesale trade.

(6) Reserved.

(7) Major economic dislocation. -- The actual or imminent loss of 500 or more manufacturing jobs in the county or of a number of manufacturing jobs equal to at least ten percent (10%) of the existing manufacturing workforce in the county.

(8) Manufacturing. -- Defined in the North American Industry Classification System adopted by the United States Office of Budget and Management.

(9) Reserved.

(10) Warehousing and wholesale trade. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(b) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5.

(b1) Utility Account. -- There is created within the Industrial Development Fund a special account to be known as the Utility Account to provide funds to assist the local government units of enterprise tier one and tier two areas, as defined in G.S. 105-129.3, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or

1 existing water, sewer, gas, or electrical utility distribution lines or equipment for
2 existing or new or proposed industrial buildings to be used for eligible industrial
3 operations. To be eligible for funding, the water, sewer, gas, or electrical utility lines
4 or facilities shall be located on the site of the building or, if not located on the site,
5 shall be directly related to the operation of the specific industrial activity. There shall
6 be no maximum funding amount per new job to be created or per project.

7 (c) Reports. -- The Department of Commerce shall report annually to the General
8 Assembly concerning the applications made to the fund and the payments made from
9 the fund and the impact of the payments on job creation in the State. The
10 Department of Commerce shall also report quarterly to the Joint Legislative
11 Commission on Governmental Operations and the Fiscal Research Division on the
12 use of the moneys in the fund, including information regarding to whom payments
13 were made, in what amounts, and for what purposes.

14 (c1) In addition to the reporting requirements of subsection (c) of this section, the
15 Department of Commerce shall report annually to the General Assembly concerning
16 the payments made from the Utility Account and the impact of the payments on job
17 creation in the State. The Department of Commerce shall also report quarterly to the
18 Joint Legislative Commission on Governmental Operations and the Fiscal Research
19 Division on the use of the moneys in the Utility Account including information
20 regarding to whom payments were made, in what amounts, and for what purposes.

21 (d) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5."

22 Section 10. G.S. 153A-376(f) reads as rewritten:

23 "(f) All program income from Economic Development Grants from the Small
24 Cities Community Development Block Grant Program may be retained by ~~recipient~~
25 recipients that are or include 'economically distressed counties', areas', as defined in
26 G.S. ~~143B-437A~~ 143B-437.01 for the purposes of creating local economic
27 development revolving loan ~~funds~~. funds to serve the area. Such program income
28 derived through the use by counties of Small Cities Community Development Block
29 Grant money includes but is not limited to: (i) payment of principal and interest on
30 loans made by the county using Community Development Block Grant Funds; (ii)
31 proceeds from the lease or disposition of real property acquired with Community
32 Development Block Grant Funds; and (iii) any late fees associated with loan or lease
33 payments in (i) and (ii) above. The local economic development revolving loan fund
34 set up by the county shall fund only those activities eligible under Title I of the
35 federal Housing and Community Development Act of 1974, as amended (P.L. 93-
36 383), and shall meet at least one of the three national objectives of the Housing and
37 Community Development Act. Any expiration of G.S. ~~143B-437A~~ 143B-437.01 or
38 G.S. 105-129.3 shall not affect this subsection as to designations of economically
39 distressed ~~counties~~ areas made prior to its expiration."

40 Section 11. G.S. 160A-456(e1) reads as rewritten:

41 "(e1) All program income from Economic Development Grants from the Small
42 Cities Community Development Block Grant Program may be retained by recipient
43 cities ~~in that are in or include~~ 'economically distressed counties', areas', as defined in
44 G.S. ~~143B-437A~~, 143B-437.01, for the purposes of creating local economic

1 development revolving loan funds. Such program income derived through the use by
2 cities of Small Cities Community Development Block Grant money includes but is
3 not limited to: (i) payment of principal and interest on loans made by the county
4 using Community Development Block Grant Funds; (ii) proceeds from the lease or
5 disposition of real property acquired with Community Development Block Grant
6 Funds; and (iii) any late fees associated with loan or lease payments in (i) and (ii)
7 above. The local economic development revolving loan fund set up by the city shall
8 fund only those activities eligible under Title I of the federal Housing and
9 Community Development Act of 1974, as amended (P.L. 93-383), and shall meet at
10 least one of the three national objectives of the Housing and Community
11 Development Act. Any expiration of G.S. ~~143B-437A~~ 143B-437.01 or G.S. 105-129.3
12 shall not affect this subsection as to designations of economically distressed ~~counties~~
13 areas made prior to its expiration."

14 Section 12. G.S. 105-129.17 reads as rewritten:

15 "**§ 105-129.17. (Repealed effective January 1, 2002) Tax election; cap.**

16 (a) Tax Election. -- The ~~credit~~ credits allowed in this Article ~~is~~ are allowed against
17 the franchise tax levied in Article 3 of this Chapter or the income taxes levied in
18 Article 4 of this Chapter. The taxpayer must elect the tax against which ~~the~~ a credit
19 will be claimed when filing the return on which the first installment of the credit is
20 claimed. This election is binding. Any carryforwards of the credit must be claimed
21 against the same tax.

22 (b) Cap. -- The ~~credit~~ credits allowed in this Article may not exceed fifty percent
23 (50%) of the tax against which ~~it is~~ they are claimed for the taxable year, reduced by
24 the sum of all other credits allowed against that tax, except tax payments made by or
25 on behalf of the taxpayer. This limitation applies to the cumulative amount of credit,
26 including carryforwards, claimed by the taxpayer under this Article against each tax
27 for the taxable year. Any unused portion of the credit may be carried forward for the
28 succeeding five years."

29 Section 13. G.S. 105-129.18 reads as rewritten:

30 "**§ 105-129.18. (Repealed effective January 1, 2002) Substantiation.**

31 To claim ~~the~~ a credit allowed by this Article, the taxpayer must provide any
32 information required by the Secretary of Revenue. Every taxpayer claiming a credit
33 under this Article must maintain and make available for inspection by the Secretary
34 of Revenue any records the Secretary considers necessary to determine and verify the
35 amount of the credit to which the taxpayer is entitled. The burden of proving
36 eligibility for the credit and the amount of the credit rests upon the taxpayer, and no
37 credit may be allowed to a taxpayer that fails to maintain adequate records or to
38 make them available for inspection."

39 Section 14. G.S. 105-129.19 reads as rewritten:

40 "**§ 105-129.19. (Repealed effective January 1, 2002) Reports.**

41 The Department of Revenue shall report to the Legislative Research Commission
42 and to the Fiscal Research Division of the General Assembly by May 1 of each year
43 the following information for the 12-month period ending the preceding April 1:

- 1 (1) The number of taxpayers that claimed the ~~credit~~ credits allowed in
2 this Article.
- 3 (2) The cost of business property with respect to which credits were
4 claimed.
- 5 (2a) The total cost of machinery and equipment with respect to which
6 credits were claimed.
- 7 (3) The total cost to the General Fund of the credits claimed."
- 8 Section 15. Sections 3 through 6, 8, and 12 through 14 of this act become
9 effective for taxable years beginning on or after January 1, 2000. Section 7 of this act
10 becomes effective January 1, 2000, and applies to taxes paid on or after that date.
11 The remainder of this act is effective when it becomes law. The provisions of this act
12 expire on January 1, 2005. The expiration of this act does not affect the rights or
13 liabilities of the State or a taxpayer arising under it before its expiration nor does it
14 affect a taxpayer's right to any portion of an installment of a credit that accrued, or to
15 a carryforward of any portion of a credit that was permitted before the act's
16 expiration.



HOUSE BILL 142: Enterprise Zone Development Act.

BILL ANALYSIS

Committee: House Judiciary III
Date: April 12, 1999
Version: 1st Edition

Introduced by: Representative Wright
Summary by: Karen Cochrane Brown
Committee Co-Counsel

SUMMARY: *House Bill 142 authorizes the designation of distressed areas of the State as "enterprise zones" and provides tax incentives for business development in the zones.*

CURRENT LAW:

Last year the General Assembly enacted S.L. 1998-55, which, among other things, provides for the designation of economically distressed areas located within municipalities as "development zones" and authorizes enhanced incentives for businesses that locate in a development zone, effective beginning with the 1999 tax year. The Secretary of Commerce is authorized to designate development zones upon the request of a taxpayer or a local government. The act defines a development zone as an area that meets all of the following conditions:

- Consists of one or more contiguous census tracts, block groups, or both,
- Has a population of 1,000 or more,
- More than 20% of its population is below the poverty level, and
- Is located in whole or in part in a municipality with a population over 5,000.

If a business locates in a development zone, the wage standard it has to meet is the same as for Tier One counties – slightly lower than the standard for other counties. In addition, if a business locates in a development zone, its maximum worker training credit is \$1,000 rather than \$500, it receives an additional \$4,000 per job on its jobs tax credit, and there is no threshold for the credit for investing in machinery and equipment.

BILL ANALYSIS:

House Bill 142 authorizes the Secretary of Commerce to designate distressed areas of the State as "enterprise zones". To qualify as an enterprise zone, an area must be a census tract in the most recent federal decennial census that meets both of the following conditions:

- Is located in a city with a population of 25,000 or more according to the most recent annual population estimates of the State Planning Officer,
- More than 30% of its population is below the poverty level according to the most recent federal decennial census.

If an area is designated as an enterprise zone, then the following tax incentives are available to businesses and individuals that create or expand businesses in those zones:

HOUSE BILL 142

Page 2

1. **Income tax exclusion for gain from appreciation of zone property;** allows a taxpayer to deduct that part of the gain realized on the sale of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000. Effective for taxable years beginning on or after January 1, 2000.
2. **Income tax credit for property tax increase due to improvements within zone;** provides a tax credit for corporations and individuals equal to the increase in the amount of property taxes paid during the taxable year attributable to an increase in value of real property located in an enterprise zone due to improvements the taxpayer made to the property during the immediately preceding year. Only 20% of the credit may be use in any year, but any unused credit may be carried forward. The amount of the credit cannot exceed 50% of the amount of tax imposed. Effective for taxable years beginning on or after January 1, 2000.
3. **Income tax credit for installation of machinery and equipment within zone;** provides a tax credit of 15% of the expenses incurred by the taxpayer during the taxable year to purchase and install machinery and equipment in an enterprise zone. The amount of the credit cannot exceed 50% of the tax imposed and unused portions can be carried forward for five years. This credit is in addition to any credit that may be allowed under the William S. Lee Act. Effective for taxable years beginning on or after January 1, 2000.
4. **State sales tax refund for zone corporations' purchases;** allows an annual refund of sales and use taxes paid by a corporation located in an enterprise zone. To obtain a refund, a corporation must submit a written request to the Secretary of Revenue by January 1, each year. Effective January 1, 2000, and applies to taxes paid on or after that date.
5. **Income tax credit for creating jobs in zone;** expands the current tax credit for creating jobs to specify that an additional credit of \$4,000 per job applies to jobs created in an enterprise zone, in addition to the amount of any jobs tas credit that is otherwise allowed. The credit is contingent upon the continued employment of the number of full time employees the corporation or individual had upon hiring the employee that caused the corporation or individual to qualify for the credit. The amount of credit taken in a taxable year cannot exceed 50% of the tax due, but the credit may be carried forward for five years. Effective for taxable years on or after January 1, 2000.
6. **Industrial Development Fund funding for local government projects within zone;** allows cities and counties with an enterprise zone to retain money from Economic Development Grants from the Small Cities Community Development Block Grant Program for the purposes of creating local economic development revolving loan funds. Under current law, this program is available only to counties designated as economically distressed and cities in those counties. This bill expands the scope of the program to include enterprise zones. This part of the bill becomes effective when it becomes law.

VISITOR REGISTRATION SHEET

Economic Growth
Name of Committee

4-13-99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
<u>Andrew Chinn</u>	<u>John Locke Found.</u>
<u>Melissa Suarez</u>	<u>Commerce</u>
<u>Lya Aycock</u>	<u>CPL</u>
<u>Joe Upham</u>	<u>Electricities</u>
<u>Alice Farlane</u>	<u>WHITE OAK FOUNDATION, INC - APEX, N.C.</u>
<u>WILBERT T. FARRAR</u>	<u>Gov.'s office</u>
<u>Kevin D. Huel</u>	<u>foreman other</u>
<u>Ashley Westbrook</u>	<u>NCIMED</u>
<u>Andrea Harris</u>	<u>REDC</u>
<u>Linda Gunn</u>	<u>NCFA</u>
<u>JERRY SCHILL</u>	<u>Raleigh</u>
<u>Joe Hardee</u>	<u>Visitor</u>
<u>Kenneth Perry</u>	<u>NCAPA</u>
<u>David Knight</u>	<u>—</u>
<u>Ballard Everett</u>	<u>LATA, Inc</u>
<u>Lori Ann James</u>	

VISITOR REGISTRATION SHEET

Name of Committee

4-13-99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Jan Bangsund

Gait Consultants

Willie Riedel

DER

D. Grey

White

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
April 20, 1999

The House Committee on Economic Growth and Community Development met on April 20, 1999 with the following members present: Representative Jarrell, Chair; Representative Womble, Vice-Chair; Representative Pete Cunningham, Ex-Officio Member; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Carpenter, McComas, Walend and Wright. Karen Cochrane-Brown, committee counsel, was also in attendance. A visitor registration sheet is attached to the minutes.

The Chair called the meeting to order to discuss HB 119 – ECONOMIC DEVELOPMENT EMINENT DOMAIN. This bill was originally introduced as a public bill but now comes before this committee as a local bill. A proposed committee substitute for HB 119 was offered and Representative Braswell moved for its adoption for purposes of discussion. Motion carried.

The Chair recognized Representative Sutton, sponsor, to explain the bill which amends the Eminent Domain law to allow cities and counties to exercise the power of eminent domain for economic development purposes. He stated that this bill has the unanimous support of the Robeson County Board of Commissioners. A summary of the bill explaining the current law is attached as part of the minutes.

Representative Jarrell called on Karen Cochrane-Brown to explain G.S. 158-7.1 which authorizes cities and counties to engage in a wide variety of economic development activities, including purchasing property and then conveying the property for an industrial or commercial use.

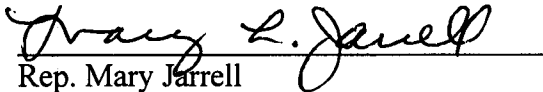
There was considerable discussion expressing concerns about the use of the power of government to take land, displacing people from their property, possible widespread abuse of the law, lack of just compensation, the possible threat to landowners, and other risks under eminent domain.

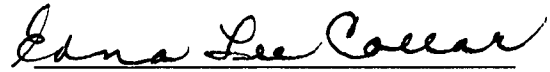
Representative Braswell offered an amendment to the bill and moved for its adoption. The amendment was adopted by a vote of 6 – 5. A copy of the amendment is attached.

Representative Cunningham moved to have the amendment incorporated into a committee substitute with a favorable report, unfavorable to original bill. The motion carried.

There being no further business, the meeting adjourned at 10:50 A.M.

Respectfully submitted:


Rep. Mary Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **ECONOMIC GROWTH AND
COMMUNITY DEVELOPMENT**.

☐ Committee Substitute for

H.B. 119 A BILL TO BE ENTITLED AN ACT TO ALLOW CITIES AND COUNTIES
TO EXERCISE THE POWER OF EMINENT DOMAIN FOR ECONOMIC
DEVELOPMENT PURPOSES.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill (~~#~~); ☒ which changes the title,
unfavorable as to (original bill) (~~Committee Substitute Bill #~~), (and recommendation
that the committee substitute bill # ~~be re-referred to the Committee on~~.)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 119

Short Title: Economic Development Eminent Domain.

(Public)

Sponsors: Representatives Sutton, Yongue, Bonner; Barefoot, Church, Earle, Fox, Haire, Hill, Moore, Nye, Owens, Saunders, and Tolson.

Referred to: Local Government II.

February 22, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW CITIES AND COUNTIES TO EXERCISE THE POWER OF
3 EMINENT DOMAIN FOR ECONOMIC DEVELOPMENT PURPOSES.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 40A-3(b) reads as rewritten:

6 "(b) Local Public Condemnors. -- For the public use or benefit, the governing
7 body of each municipality or county shall possess the power of eminent domain and
8 may acquire by purchase, gift or condemnation any property, either inside or outside
9 its boundaries, for the following purposes.

- 10 (1) Opening, widening, extending, or improving roads, streets, alleys,
11 and sidewalks. The authority contained in this subsection is in
12 addition to the authority to acquire rights-of-way for streets,
13 sidewalks and highways under Article 9 of Chapter 136. The
14 provisions of this subdivision (1) shall not apply to counties.
- 15 (2) Establishing, extending, enlarging, or improving any of the public
16 enterprises listed in G.S. 160A-311 for cities, or G.S. 153A-274 for
17 counties.
- 18 (3) Establishing, enlarging, or improving parks, playgrounds, and other
19 recreational facilities.
- 20 (4) Establishing, extending, enlarging, or improving storm sewer and
21 drainage systems and works, or sewer and septic tank lines and
22 systems.

- 1 (5) Establishing, enlarging, or improving hospital facilities, cemeteries,
2 or library facilities.
- 3 (6) Constructing, enlarging, or improving city halls, fire stations, office
4 buildings, courthouse jails and other buildings for use by any
5 department, board, commission or agency.
- 6 (7) Establishing drainage programs and programs to prevent
7 obstructions to the natural flow of streams, creeks and natural
8 water channels or improving drainage facilities. The authority
9 contained in this subdivision is in addition to any authority
10 contained in Chapter 156.
- 11 (8) Acquiring designated historic properties, designated as such before
12 October 1, 1989, or acquiring a designated landmark designated as
13 such on or after October 1, 1989, for which an application has
14 been made for a certificate of appropriateness for demolition, in
15 pursuance of the purposes of G.S. 160A-399.3, Chapter 160A,
16 Article 19, Part 3B, effective until October 1, 1989, or G.S. 160A-
17 400.14, whichever is appropriate.
- 18 (9) Opening, widening, extending, or improving public wharves.
- 19 (10) Acquiring real property for economic development activities
20 authorized by G.S. 158-7.1.

21 The board of education of any municipality or county or a combined board may
22 exercise the power of eminent domain under this Chapter for purposes authorized by
23 other statutes.

24 The power of eminent domain shall be exercised by local public condemnors
25 under the procedures of Article 3 of this Chapter."

26 Section 2. This act is effective when it becomes law.

DRAFT

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

D

HOUSE BILL 119

Proposed Committee Substitute

H119-CSRO-001

ATTENTION: LINE NUMBERS MAY CHANGE AFTER ADOPTION.

Short Title: Economic Development Eminent Domain.

(Local)

Sponsors:

Referred to:

February 22, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW ROBESON COUNTY AND MUNICIPALITIES IN ROBESON
3 COUNTY TO EXERCISE THE POWER OF EMINENT DOMAIN FOR ECONOMIC
4 DEVELOPMENT PURPOSES.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 40A-3(b) reads as rewritten:
7 "(b) Local Public Condemnors. -- For the public use or benefit,
8 the governing body of each municipality or county shall possess
9 the power of eminent domain and may acquire by purchase, gift or
10 condemnation any property, either inside or outside its
11 boundaries, for the following purposes.
12 (1) Opening, widening, extending, or improving roads,
13 streets, alleys, and sidewalks. The authority
14 contained in this subsection is in addition to the
15 authority to acquire rights-of-way for streets,
16 sidewalks and highways under Article 9 of Chapter
17 136. The provisions of this subdivision (1) shall
18 not apply to counties.

- 1 (2) Establishing, extending, enlarging, or improving
- 2 any of the public enterprises listed in G.S.
- 3 160A-311 for cities, or G.S. 153A-274 for counties.
- 4 (3) Establishing, enlarging, or improving parks,
- 5 playgrounds, and other recreational facilities.
- 6 (4) Establishing, extending, enlarging, or improving
- 7 storm sewer and drainage systems and works, or
- 8 sewer and septic tank lines and systems.
- 9 (5) Establishing, enlarging, or improving hospital
- 10 facilities, cemeteries, or library facilities.
- 11 (6) Constructing, enlarging, or improving city halls,
- 12 fire stations, office buildings, courthouse jails
- 13 and other buildings for use by any department,
- 14 board, commission or agency.
- 15 (7) Establishing drainage programs and programs to
- 16 prevent obstructions to the natural flow of
- 17 streams, creeks and natural water channels or
- 18 improving drainage facilities. The authority
- 19 contained in this subdivision is in addition to any
- 20 authority contained in Chapter 156.
- 21 (8) Acquiring designated historic properties,
- 22 designated as such before October 1, 1989, or
- 23 acquiring a designated landmark designated as such
- 24 on or after October 1, 1989, for which an
- 25 application has been made for a certificate of
- 26 appropriateness for demolition, in pursuance of the
- 27 purposes of G.S. 160A-399.3, Chapter 160A, Article
- 28 19, Part 3B, effective until October 1, 1989, or
- 29 G.S. 160A-400.14, whichever is appropriate.
- 30 (9) Opening, widening, extending, or improving public
- 31 wharves.
- 32 (10) Acquiring real property for economic development
- 33 activities authorized by G.S. 158-7.1.

34 The board of education of any municipality or county or a
35 combined board may exercise the power of eminent domain under
36 this Chapter for purposes authorized by other statutes.

37 The power of eminent domain shall be exercised by local public
38 condemnors under the procedures of Article 3 of this Chapter."

39 Section 2. This act shall apply to Robeson County and
40 municipalities in Robeson County only.

41 Section 3. This act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 119

DATE _____

S. B. No. _____

Amendment No. _____

COMMITTEE SUBSTITUTE _____

(to be filled in by
Principal Clerk)

Rep.) Braswell
)
Sen.)

1 moves to amend the bill on page 2, line 33

2 () WHICH CHANGES THE TITLE

3 by rewriting the line to read:

4
5 "activities which establish, extend, enlarge,
6 or improve industrial development."

7

8

9

10

11

12

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14

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17

18

19

SIGNED Jerry Braswell

ADOPTED _____ FAILED _____ TABLED _____



HOUSE BILL 119:

Economic Development Eminent Domain.

BILL ANALYSIS

Committee: Economic Growth & Comm. Dev.
Date: April 20, 1999
Version: 1st Edition

Introduced by: Rep. Sutton
Summary by: Karen Cochrane Brown
Committee Counsel

SUMMARY:

House Bill 119 amends the Eminent Domain Law to allow cities and counties to exercise the power of eminent domain for economic development purposes.

CURRENT LAW:

Under G.S. 40A-3(b), municipalities and counties may use eminent domain, for the public use or benefit, to acquire by purchase, gift, or condemnation any property, inside or outside its boundaries, for any of the following purposes:

1. Opening, widening, extending, or improving roads, streets, alleys, and sidewalks. (Note: number one applies only to municipalities, and the remainder apply to both municipalities and counties.)
2. Establishing, extending, enlarging, or improving public enterprises (e.g., electric power systems, water systems, wastewater systems, public transportation, cable television, airports, etc.).
3. Establishing, enlarging, or improving parks, playgrounds, and other recreational facilities.
4. Establishing, extending, enlarging, or improving storm sewer and drainage svstems or sewer and septic tanks svstems.
5. Establishing, enlarging, or improving hospital facilities, cemeteries, or library facilities.
6. Constructing, enlarging, or improving city halls, fire stations, office buildings, courthouse jails, and other buildings for use by any department, board, commission or agency.
7. Establishing drainage programs.
8. Acquiring historic properties or landmarks that an application has been made for demolition.
9. Opening, widening, extending, or improving public wharves.

In addition, G.S. 158-7.1 authorizes cities and counties to engage in a wide variety of economic development activities, including purchasing property and then conveying the property for an industrial or commercial use.

BILL ANALYSIS:

This bill would authorize cities and counties to acquire property by condemnation, for economic development activities authorized by G.S. 158-7.1.

This act would become effective when it becomes law.

VISITOR REGISTRATION SHEET

E. Crowth

Name of Committee

4-90-99

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Jim Brown	State Ports
Benny Scarbro	Good Neighbors
Ron Atkins	CNANC
Kaysha Redd	Intern
Paul J. Johnson	City of Hickory
Stephen J. Brown	LAPP
Jon Upchurch	CP&L
Andy Comcast	N.C.L.M.
Michelle Cook	Weyerhaeuser
Bub Farnie	GREENBAY PACKERS
PD	NCPS
Stuart Dixon	NCNG
RLM	Smith Helms
Cam Grier	BPMHL
Ron Aycock	NCACC

VISITOR REGISTRATION SHEET

Name of Committee

4-20-99
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Dwight Spencer

Tahel Political Consultant Sers.

Butch Gunnells

NC S DA

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB
APRIL 27, 1999
10:00 A.M.**

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

HB 970 AFFORDABLE HOUSING (Rep. McMahan)

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
April 27, 1999

The House Committee on Economic Growth and Community Development met on Tuesday, April 27, 1999 in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Carpenter, Fox, Goodwin, Hunter, Luebke, Miner, Morris, Preston and Wright.


HB 970 – AFFORDABLE HOUSING. Representative McMahan explained this bill which authorizes counties having a population in excess of 500,000 to exercise various powers designed to provide affordable housing for persons of low and moderate income.

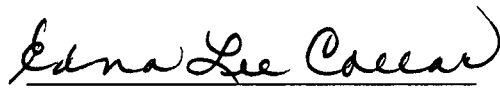
An amendment was offered by Representative Braswell who moved for its adoption. Perfecting amendment was offered by Representative Braswell who moved for its adoption. No action was taken on the amendments.

Representative Jarrell announced that further consideration of HB 970 will be continued at the next meeting.

The meeting adjourned at 10:50 AM.

Respectfully submitted:


Rep. Mary L. Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 970

Short Title: Affordable Housing.

(Public)

Sponsors: Representatives McMahan; Cunningham, Earle, Easterling, Mosley, Rayfield, and Saunders.

Referred to: Economic Growth and Community Development.

April 12, 1999

1 A BILL TO BE ENTITLED
2 AN ACT ALLOWING COUNTIES HAVING A POPULATION IN EXCESS OF
3 500,000 TO PROVIDE AFFORDABLE HOUSING FOR PERSONS OF LOW
4 AND MODERATE INCOME.

5 The General Assembly of North Carolina enacts:

6 Section 1. The General Assembly finds and declares that the purpose of
7 this act is to provide authority for larger urban counties in North Carolina to provide
8 funds for residential housing construction, new or rehabilitated, and to provide for
9 the sale or rental of housing to persons and families of low and moderate income.
10 The General Assembly finds and declares that there exists in larger urban counties,
11 including rural areas of such counties, a serious shortage of decent, safe, and sanitary
12 residential housing available at low prices or rentals to persons and families of low
13 and moderate income. This shortage is inimical to the health, safety, welfare, and
14 prosperity of all residents of the State and to the sound growth of North Carolina
15 communities.

16 Section 2. Part 5 of Article 18 of Chapter 153A of the General Statutes is
17 amended by adding a new section to read:

18 "§ 153A-378. Low- and moderate-income housing programs.

19 In addition to the powers granted by G.S. 153A-376 and G.S. 153A-377, any
20 county is authorized to exercise the following powers:

21 (1) To engage in and to appropriate and expend funds for residential
22 housing construction, new or rehabilitated, for sale or rental to
23 persons and families of low and moderate income. Any board of

commissioners may contract with any person, association, or corporation to implement the provisions of this subdivision.

(2) To acquire real property by voluntary purchase from the owners to be developed by the county or to be used by the county to provide affordable housing to persons of low and moderate income.

(3) Under procedures and standards established by the county, to convey property by private sale to any public or private entity that provides affordable housing to persons of low or moderate income.

The county shall include as part of any such conveyance covenants or conditions that assure the property will be developed by the entity for sale or lease to persons of low or moderate income.

(4) Under procedures and standards established by the county, to convey residential property by private sale to persons of low or moderate income in accordance with G.S. 160A-267 and any terms and conditions that the board of commissioners may determine."

Section 3. G.S. 153A-149(c) is amended by adding a new subdivision to read:

"(15b) Housing. -- To undertake housing programs for low- and moderate-income persons as provided in G.S. 153A-378."

Section 4. G.S. 159-48(c) reads as rewritten:

"(c) Each county is authorized to borrow money and issue its bonds under this Article in evidence of the debt for the purpose of, in the case of subdivisions (1) through (4a) of this subsection, paying any capital costs of any one or more of the purposes and, in the case of ~~subdivision (5)~~ subdivisions (5) and (6) of this subsection, to finance the cost of the purpose:

(1) Providing community college facilities, including without limitation buildings, plants, and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, student unions, dormitories, gymnasiums, athletic fields, cafeterias, utility plants, and garages.

(2) Providing courthouses, including without limitation offices, meeting rooms, court facilities and rooms, and detention facilities.

(3) Providing county homes for the indigent and infirm.

(4) Providing school facilities, including without limitation schoolhouses, buildings, plants and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, gymnasiums, athletic fields, lunchrooms, utility plants, garages, and school buses and other necessary vehicles.

(4a) Providing improvements to subdivision and residential streets pursuant to G.S. 153A-205.

- 1 (5) Providing for the octennial revaluation of real property for
2 taxation.
3 (6) Providing housing projects for persons of low or moderate income,
4 including construction or acquisition of projects to be owned by a
5 county, redevelopment commission, or housing authority and the
6 provision of loans, grants, interest supplements, and other
7 programs of financial assistance to such persons. A housing project
8 may provide housing for persons of other than low or moderate
9 income if at least twenty percent (20%) of the units in the project
10 are exclusively reserved for persons of low or moderate income.
11 No rent subsidy may be paid from bond proceeds."
12 Section 5. This act applies only to counties having a population in excess
13 of 500,000.
14 Section 6. This act is effective when it becomes law.



HOUSE BILL 970: Affordable Housing.

BILL ANALYSIS

Committee: Econ. Growth & Comm. Dev.
Date: April 26, 1999
Version: 1st Edition

Introduced by: Rep. McMahan
Summary by: Karen Cochrane Brown
Committee Counsel

SUMMARY:

House Bill 970 authorizes counties having a population in excess of 500,000 to exercise various powers designed to provide affordable housing for persons of low and moderate income.

BILL ANALYSIS:

Counties are authorized to seek and accept federal and State grants and loans for community development programs, and to acquire and dispose of property for redevelopment. This bill creates a new section in the law which specifically authorizes counties with a population in excess of 500,000 to exercise additional powers to provide funds for residential housing construction, new and rehabilitated, and to provide for the sale or rental of housing to persons and families of low and moderate income. The additional powers include:

- To appropriate and expend funds for housing construction, new or rehabilitated, for sale or rental to low and moderate income families;
- To acquire real property by voluntary purchase to be used for affordable housing;
- To convey property by private sale to any public or private entity that provides affordable housing;
- To convey residential property by private sale to persons of low or moderate income.

Section 3 of the bill authorizes affected counties to levy property taxes for the purpose of undertaking housing programs for low and moderate-income persons.

Section 4 authorizes counties to borrow money and issue bonds to finance the cost of providing housing projects for persons of low or moderate income. At least 20% of the units in any project financed under this provision must be reserved for persons of low or moderate income.

This act would become effective when it becomes law.

This bill is required to be rereferred to the Committee on Finance.

VISITOR REGISTRATION SHEET

Economic Growth
Name of Committee

Date 4/27/99

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB**

**May 4, 1999
10:00 A.M.**

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

HB 970 AFFORDABLE HOUSING (Rep. McMahan)

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
May 4, 1999

The House Committee on Economic Growth and Community Development met Tuesday, May 4, 1999 in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Fox, and Luebke. Robin Johnson, committee counsel, was also in attendance.

Representative Jarrell called the meeting to order to continue consideration of **H.B. 970 – Affordable Housing** - introduced by Representative McMahan. A summary of the bill prepared by committee counsel is attached.

Representative McMahan was recognized and he spoke in opposition to the pending amendment offered by Representative Braswell. A copy of the amendment is attached. That amendment would eliminate the rental feature of the bill which the Mecklenburg housing officials think is very important. He stated that Mecklenburg has a serious problem with their schools and a lawsuit on forced busing and it is the intent of the officials of the community to try to use scattered housing to better integrate in lieu of forced busing. The county officials of Mecklenburg want the right to do this and to help provide housing to the low and moderate income.

The Chair reminded the Committee that H.B. 970 is essentially a local bill because of the 500,000 population figure. It would allow the use of property tax money for housing. Presently, State and Federal money is used for housing.

Representative Braswell was recognized to speak to the amendment. He thinks that if the purpose is to provide housing for the low income that is better done by providing housing they can purchase as opposed to rental. He moved for the adoption of the amendment. **The amendment failed by a vote of 4 – 2.**

Representative Arnold asked if the purpose of the bill is to integrate the schools without busing. Representative McMahan responded that it was brought before the delegation for the purpose of having this as a vehicle to do scattered housing and as a way of addressing the busing issue.

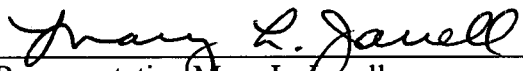
Representative Leubke asked if this bill says that public money would underwrite a development for whom 80% would be non-low or moderate income? The sponsor responded that would be the flexibility provided in subparagraph (6).

Representative Cansler was recognized for a motion to give **HB 970 a favorable report and be re-referred to the Committee on Finance. The motion carried.**

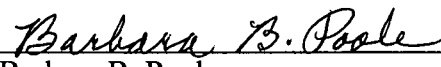
Minutes – Economic Growth and Community Development
May 4, 1999 - Page 2

Representative McMahan offered to have people present when this bill is considered in the Finance Committee who can address concerns relating to the bill.

There was no further business and the meeting adjourned at 10:50 a.m.



Representative Mary L. Jarrell
Chair



Barbara B. Poole
Acting Committee Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **ECONOMIC GROWTH AND
COMMUNITY DEVELOPMENT**.

☐ Committee Substitute for

H.B. 970 A BILL TO BE ENTITLED AN ACT ALLOWING COUNTIES HAVING A
POPULATION IN EXCESS OF 500,000 TO PROVIDE AFFORDABLE HOUSING FOR
PERSONS OF LOW AND MODERATE INCOME.

☐ With a favorable report.

☒ With a favorable report and recommendation that the bill be re-referred to the Committee on
~~Appropriations~~ ☐ Finance ☒ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title,
unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation
that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 970

Short Title: Affordable Housing.

(Public)

Sponsors: Representatives McMahan; Cunningham, Earle, Easterling, Mosley, Rayfield, and Saunders.

Referred to: Economic Growth and Community Development.

April 12, 1999

1 A BILL TO BE ENTITLED
2 AN ACT ALLOWING COUNTIES HAVING A POPULATION IN EXCESS OF
3 500,000 TO PROVIDE AFFORDABLE HOUSING FOR PERSONS OF LOW
4 AND MODERATE INCOME.
5 The General Assembly of North Carolina enacts:
6 Section 1. The General Assembly finds and declares that the purpose of
7 this act is to provide authority for larger urban counties in North Carolina to provide
8 funds for residential housing construction, new or rehabilitated, and to provide for
9 the sale or rental of housing to persons and families of low and moderate income.
10 The General Assembly finds and declares that there exists in larger urban counties,
11 including rural areas of such counties, a serious shortage of decent, safe, and sanitary
12 residential housing available at low prices or rentals to persons and families of low
13 and moderate income. This shortage is inimical to the health, safety, welfare, and
14 prosperity of all residents of the State and to the sound growth of North Carolina
15 communities.
16 Section 2. Part 5 of Article 18 of Chapter 153A of the General Statutes is
17 amended by adding a new section to read:
18 "§ 153A-378. Low- and moderate-income housing programs.
19 In addition to the powers granted by G.S. 153A-376 and G.S. 153A-377, any
20 county is authorized to exercise the following powers:
21 (1) To engage in and to appropriate and expend funds for residential
22 housing construction, new or rehabilitated, for sale or rental to
23 persons and families of low and moderate income. Any board of

commissioners may contract with any person, association, or corporation to implement the provisions of this subdivision.

(2) To acquire real property by voluntary purchase from the owners to be developed by the county or to be used by the county to provide affordable housing to persons of low and moderate income.

(3) Under procedures and standards established by the county, to convey property by private sale to any public or private entity that provides affordable housing to persons of low or moderate income. The county shall include as part of any such conveyance covenants or conditions that assure the property will be developed by the entity for sale or lease to persons of low or moderate income.

(4) Under procedures and standards established by the county, to convey residential property by private sale to persons of low or moderate income in accordance with G.S. 160A-267 and any terms and conditions that the board of commissioners may determine."

Section 3. G.S. 153A-149(c) is amended by adding a new subdivision to read:

"(15b) Housing. -- To undertake housing programs for low- and moderate-income persons as provided in G.S. 153A-378."

Section 4. G.S. 159-48(c) reads as rewritten:

"(c) Each county is authorized to borrow money and issue its bonds under this Article in evidence of the debt for the purpose of, in the case of subdivisions (1) through (4a) of this subsection, paying any capital costs of any one or more of the purposes and, in the case of ~~subdivision (5)~~ subdivisions (5) and (6) of this subsection, to finance the cost of the purpose:

(1) Providing community college facilities, including without limitation buildings, plants, and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, student unions, dormitories, gymnasiums, athletic fields, cafeterias, utility plants, and garages.

(2) Providing courthouses, including without limitation offices, meeting rooms, court facilities and rooms, and detention facilities.

(3) Providing county homes for the indigent and infirm.

(4) Providing school facilities, including without limitation schoolhouses, buildings, plants and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, gymnasiums, athletic fields, lunchrooms, utility plants, garages, and school buses and other necessary vehicles.

(4a) Providing improvements to subdivision and residential streets pursuant to G.S. 153A-205.

- 1 (5) Providing for the octennial revaluation of real property for
2 taxation.
3 (6) Providing housing projects for persons of low or moderate income,
4 including construction or acquisition of projects to be owned by a
5 county, redevelopment commission, or housing authority and the
6 provision of loans, grants, interest supplements, and other
7 programs of financial assistance to such persons. A housing project
8 may provide housing for persons of other than low or moderate
9 income if at least twenty percent (20%) of the units in the project
10 are exclusively reserved for persons of low or moderate income.
11 No rent subsidy may be paid from bond proceeds."

12 Section 5. This act applies only to counties having a population in excess
13 of 500,000.

14 Section 6. This act is effective when it becomes law.



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 970**

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)
Page 1 of _____

H970-ARO-001

Date _____, 1999

Comm. Sub. ☐
Amends Title ☐

Representative Braswell

- 1 moves to amend the bill on page 1, line 9,
2 by deleting the words "or rental"; and
3
4 on page 1, line 12, by deleting the words "or rentals"; and
5
6 on page 1, line 22, by deleting the words "or rental"; and
7
8 on page 2, line 11, by deleting the words "or lease"; and
9
10 on page 3, lines 3-11, by rewriting the lines to read:
11
12 "(6) Providing housing projects for persons of low or
13 moderate income, including construction or acquisition
14 of projects to be owned by a county and the provision
15 of loans, grants, interest supplements and other
16 programs of financial assistance to persons of low or
17 moderate income, in accordance with G.S. 153A-378."
18

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____



HOUSE BILL 970: Affordable Housing.

BILL ANALYSIS

Committee: Econ. Growth & Comm. Dev.
Date: April 26, 1999
Version: 1st Edition

Introduced by: Rep. McMahan
Summary by: Karen Cochrane Brown
Committee Counsel

SUMMARY:

House Bill 970 authorizes counties having a population in excess of 500,000 to exercise various powers designed to provide affordable housing for persons of low and moderate income.

BILL ANALYSIS:

Counties are authorized to seek and accept federal and State grants and loans for community development programs, and to acquire and dispose of property for redevelopment. This bill creates a new section in the law which specifically authorizes counties with a population in excess of 500,000 to exercise additional powers to provide funds for residential housing construction, new and rehabilitated, and to provide for the sale or rental of housing to persons and families of low and moderate income. The additional powers include:

- To appropriate and expend funds for housing construction, new or rehabilitated, for sale or rental to low and moderate income families;
- To acquire real property by voluntary purchase to be used for affordable housing;
- To convey property by private sale to any public or private entity that provides affordable housing;
- To convey residential property by private sale to persons of low or moderate income.

Section 3 of the bill authorizes affected counties to levy property taxes for the purpose of undertaking housing programs for low and moderate-income persons.

Section 4 authorizes counties to borrow money and issue bonds to finance the cost of providing housing projects for persons of low or moderate income. At least 20% of the units in any project financed under this provision must be reserved for persons of low or moderate income.

This act would become effective when it becomes law.

This bill is required to be rereferred to the Committee on Finance.

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB
MAY 11, 1999
10:00 A.M.**

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

**HB 1397 EXPAND DEVELOPMENT ZONES (Rep. Cole)
SB 708 AFFORDABLE HOUSING (Sen. Odom)
SB 772 EXPAND MUNICIPAL SERVICE DISTRICTS
(Sen. Clodfelter)
SB-1152—NONRESIDENTIAL ABANDONED STRUCTURES
(Sen. Clodfelter)**

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
May 11, 1999

The House Committee on Economic Growth and Community Development met at 10:00 A.M., Tuesday, May 11, 1999, in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Arnold, Barefoot, Braswell, Cansler, Carpenter, Fox, Goodwin, Kinney, Luebke, and Walend.

The Chair called the meeting to order to consider the following bills:

SB 772 EXPAND MUNICIPAL SERVICE DISTRICT. Senator Clodfelter, sponsor of the bill, explained that Senate Bill 772 adds "urban revitalization projects" to the purposes for which a service district may be established. Such projects include the providing of a service or facility within an urban area that may be provided in a downtown area as a downtown revitalization project. "Urban area" is defined as an area located within a city whose population exceeds 400,000 and meets certain criteria.

This bill would permit the City of Charlotte to establish Municipal Service Districts outside the immediate district of downtown. Some members posed the question as whether or not this bill could be amended to include smaller areas. Senator Clodfelter stated that he had no problem with an amendment. Representative Arnold offered an amendment and moved for its adoption. Amendment was adopted. Representative Womble moved that SB 772 receive a favorable report, as amended, and be re-referred to Finance. Motion carried.

SB 708 AFFORDABLE HOUSING. Senator Odom, sponsor, was called on to explain the bill. This bill would provide authority for counties in North Carolina to provide funds for residential housing construction, new or rehabilitated, and to provide for the sale or rental of housing to persons of low and moderate income.

Several members expressed concern that 80% could be in the high range with tax dollars going to finance a project of high, medium and low rent.

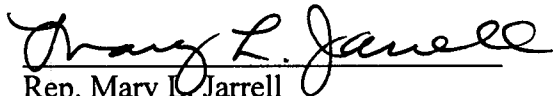
Representative Goodwin moved that this bill be given a favorable report and be re-referred to Finance. Motion carried.

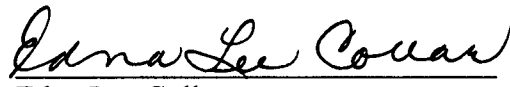
HB 1397 EXPAND DEVELOPMENT ZONES. Representative Cole, sponsor, was recognized to explain this bill which would change the definition of the current law to require that the development zone be located in a city with a population of 1,500 rather than 5,000. This change would make the benefits of the act applicable to more municipalities.

Leza Aycock, Department of Commerce, stated that the Department of Commerce does not oppose this bill.

Representative Carpenter offered an amendment and moved for its adoption. The motion carried. Copy of amendment is attached. Representative Womble moved to incorporate the amendment into a committee substitute with a favorable report, unfavorable to original bill, and be re-referred to Finance. Motion carried.

There being no further business, the meeting adjourned.


Rep. Mary L. Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **ECONOMIC GROWTH AND
COMMUNITY DEVELOPMENT..**

- ☐ Committee Substitute for
H.B. 1397 A BILL TO BE ENTITLED AN ACT TO MAKE MORE MUNICIPALITIES
ELIGIBLE FOR DEVELOPMENT ZONES.
- ☐ With a favorable report.
- ☐ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☐ Finance ☐ ☐.
- ☐ With a favorable report, as amended.
- ☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.
- ☒ With a favorable report as to committee substitute bill ☐ which changes the title,
unfavorable as to original bill and recommendation that the committee substitute bill be re-
referred to the Committee on Finance.
- ☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.
- ☐ With an unfavorable report.
- ☐ With recommendation that the House concur.
- ☐ With recommendation that the House do not concur.
- ☐ With recommendation that the House do not concur; request conferees.
- ☐ With recommendation that the House concur; committee believes bill to be material.
- ☐ With an unfavorable report, with a Minority Report attached.
- ☐ Without prejudice.
- ☐ With an indefinite postponement report.
- ☐ With an indefinite postponement report, with a Minority Report attached.
- ☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

D

HOUSE BILL 1397

Proposed Committee Substitute H1397-PCS8132-RO

Short Title: Expand Development Zones.

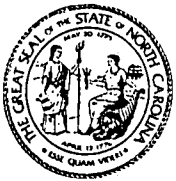
(Public)

Sponsors:

Referred to:

April 29, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE MORE MUNICIPALITIES ELIGIBLE FOR DEVELOPMENT
3 ZONES.
4 The General Assembly of North Carolina enacts:
5 Section 1. G.S. 105-129.3A(a) reads as rewritten:
6 "(a) Development Zone Defined. -- A development zone is an area comprised of
7 one or more contiguous census tracts, census block groups, or both in the most recent
8 federal decennial census that meets all of the following conditions:
9 (1) It is located in whole or in part in a ~~city~~ municipality with a
10 population of more than ~~5,000~~ 1,000 according to the most recent
11 annual population estimates certified by the State Planning Officer.
12 (2) It has a population of 1,000 or more according to the most recent
13 annual population estimates certified by the State Planning Officer.
14 (3) More than twenty percent (20%) of its population is below the
15 poverty level according to the most recent federal decennial
16 census."
17 Section 2. This act becomes effective January 1, 2000.



BILL ANALYSIS

HOUSE BILL 1397: Expand Development Zones.

Committee: Economic Growth & Comm.
Dev.

Date: May 11, 1999

Version: 1st Edition

Introduced by: Rep. Cole

Summary by: Karen Cochrane Brown
Committee Counsel

SUMMARY:

House Bill 1397 amends the definition of a "development zone" to make more municipalities eligible for the designation.

CURRENT LAW:

Last year, the General Assembly enacted S.L. 1998-55, which in part, provided for the designation of economically distressed areas located within municipalities as State development zones and authorized enhanced incentives for businesses that locate in a development zone effective beginning with the 1999 tax year. The act defines a development zone as an area that meets all of the following conditions:

1. Is located in whole or part in a city with a population of more than 5,000.
2. Has a population of 1,000 or more.
3. More than 20% of its population is below the poverty level.

BILL ANALYSIS:

This bill would change the first element of the definition to require that the development zone be located in a city with a population of 1,500 rather than 5,000. This change would make the benefits of the act applicable to more municipalities.

This act would become effective January 1, 2000.

**Potential State Development Zones
Cities 1500 to 5000 Population**

Municipality with Potential Zone	County	1997 Municipal Population	1998 Tier	1990 County Population
Aberdeen	Moore	3,648	5	59,000
Ahoskie	Hertford	4,370	1	22,523
Andrews	Cherokee	1,797	2	20,170
Ayden	Pitt	4,486	4	107,924
Belhaven	Beaufort	2,240	2	42,283
Benson	Johnston	3,704	5	81,306
Bethel	Pitt	1,742	4	107,924
Bladenboro	Bladen	2,002	2	28,663
Boiling Springs Lakes	Brunswick	2,205	3	50,985
Burgaw	Pender	3,643	4	28,855
Burnsville	Yancey	1,570	2	15,419
Chadbourn	Columbus	2,049	2	49,587
East Spencer	Rowan	2,312	4	110,605
Elizabethton	Bladen	3,865	2	28,663
Enfield	Halifax	3,032	1	55,516
Erwin	Hamett	4,299	4	67,822
Fairmont	Robeson	2,855	2	105,179
Four Oaks	Johnston	1,789	5	81,306
Franklin	Macon	3,452	4	23,499
Franklinton	Franklin	2,194	4	36,414
Fremont	Wayne	1,786	3	104,666
Gamewell	Caldwell	3,621	4	70,709
Grifton	Lenoir	2,545	3	57,274
Hertford	Perquimans	2,333	2	10,447
La Grange	Lenoir	3,010	3	57,274
Landis	Rowan	2,882	4	110,605
Lillington	Harnett	3,003	4	67,822
Louisburg	Franklin	3,500	4	36,414
Maxton	Robeson	2,877	2	105,179
Mount Olive	Wayne	4,829	3	104,666
Murfreesboro	Hertford	2,241	1	22,523
Murphy	Cherokee	1,588	2	20,170
North Wilksboro	Wilkes	2,850	3	59,393
Pembroke	Robeson	2,687	2	105,179
Pinetops	Egdecomb	1,558	1	56,558
Pineville	Mecklenburg	3,497	5	511,433
Plymouth	Washington	3,931	1	13,997
Princeville	Edgecomb	2,152	1	56,558
Raeford	Hoke	4,097	3	22,856
Red Oak	Nash	2,576	4	76,677
Red Springs	Robeson	3,856	2	105,179
Robersonville	Martin	1,928	2	25,078
Saint Pauls	Robeson	2,169	2	105,179
Scotland Neck	Halifax	2,470	1	55,516
Sharpsburg	Nash	1,886	4	76,677
Southport	Brunswick	2,591	3	50,985
Spencer	Rowan	3,241	4	110,605

Municipality with Potential Zone	County	1997 Municipal Population	1998 Tier	1990 County Population
Spindale	Rutherford	3,945	3	58,918
Spruce pine	Mitchell	1,909	1	14,433
Stanley	Gaston	3,245	3	175,093
Tabor City	Columbus	2,407	2	49,587
Taylorsville	Alexander	2,306	4	27,544
Troy	Montgomery	3,698	2	23,352
Wadesboro	Anson	3,617	1	23,474
Warsaw	Duplin	3,000	4	39,995
Wilkesboro	Wilkes	3,088	3	59,393
Windsor	Bertie	2,313	1	20,388
Winterville	Pitt	3,467	4	107,924
Woodfin	Buncomb	3,349	5	174,821
Yanceyville	Caswell	2,883	2	20,693
Zebulon	Wake	4,431	5	423,380

61 total.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1397

Short Title: Expand Development Zones.

(Public)

Sponsors: Representative Cole.

Referred to: Economic Growth and Community Development, if favorable, Finance.

April 29, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE MORE MUNICIPALITIES ELIGIBLE FOR DEVELOPMENT
3 ZONES.
4 The General Assembly of North Carolina enacts:
5 Section 1. G.S. 105-129.3A(a) reads as rewritten:
6 "(a) Development Zone Defined. -- A development zone is an area comprised of
7 one or more contiguous census tracts, census block groups, or both in the most recent
8 federal decennial census that meets all of the following conditions:
9 (1) It is located in whole or in part in a city with a population of more
10 than ~~5,000~~ 1,500 according to the most recent annual population
11 estimates certified by the State Planning Officer.
12 (2) It has a population of 1,000 or more according to the most recent
13 annual population estimates certified by the State Planning Officer.
14 (3) More than twenty percent (20%) of its population is below the
15 poverty level according to the most recent federal decennial
16 census."
17 Section 2. This act becomes effective January 1, 2000.

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **Economic Growth and Community Development**.

☐ Committee Substitute for

S.B. 708 A BILL TO BE ENTITLED AN ACT ALLOWING COUNTIES TO PROVIDE AFFORDABLE HOUSING FOR PERSONS OF LOW AND MODERATE INCOME.

☐ With a favorable report.

☒ With a favorable report and recommendation that the bill be re-referred to the Committee on ~~Appropriations~~ ☐ Finance ☒ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

2

SENATE BILL 708
Second Edition Engrossed 4/28/99

Short Title: Affordable Housing.

(Public)

Sponsors: Senator Odom.

Referred to: State and Local Government.

April 1, 1999

1 A BILL TO BE ENTITLED
2 AN ACT ALLOWING COUNTIES TO PROVIDE AFFORDABLE HOUSING
3 FOR PERSONS OF LOW AND MODERATE INCOME.

4 The General Assembly of North Carolina enacts:

5 Section 1. The General Assembly finds and declares that the purpose of
6 this act is to provide authority for counties in North Carolina to provide funds for
7 residential housing construction, new or rehabilitated, and to provide for the sale or
8 rental of housing to persons and families of low and moderate income. The General
9 Assembly finds and declares that there exists in counties in the State a serious
10 shortage of decent, safe, and sanitary residential housing available at low prices or
11 rentals to persons and families of low and moderate income. This shortage is
12 inimical to the health, safety, welfare, and prosperity of all residents of the State and
13 to the sound growth of North Carolina communities.

14 Section 2. Part 5 of Article 18 of Chapter 153A of the General Statutes is
15 amended by adding a new section to read:

16 "**§ 153A-378. Low- and moderate-income housing programs.**

17 In addition to the powers granted by G.S. 153A-376 and G.S. 153A-377, any
18 county is authorized to exercise the following powers:

19 (1) To engage in and to appropriate and expend funds for residential
20 housing construction, new or rehabilitated, for sale or rental to
21 persons and families of low and moderate income. Any board of
22 commissioners may contract with any person, association, or
23 corporation to implement the provisions of this subdivision.

(2) To acquire real property by voluntary purchase from the owners to be developed by the county or to be used by the county to provide affordable housing to persons of low and moderate income.

(3) Under procedures and standards established by the county, to convey property by private sale to any public or private entity that provides affordable housing to persons of low or moderate income. The county shall include as part of any such conveyance covenants or conditions that assure the property will be developed by the entity for sale or lease to persons of low or moderate income.

(4) Under procedures and standards established by the county, to convey residential property by private sale to persons of low or moderate income in accordance with G.S. 160A-267 and any terms and conditions that the board of commissioners may determine."

Section 3. G.S. 153A-149(c) is amended by adding a new subdivision to read:

"(15b) Housing. -- To undertake housing programs for low- and moderate-income persons as provided in G.S. 153A-378."

Section 4. G.S. 159-48(c) reads as rewritten:

"(c) Each county is authorized to borrow money and issue its bonds under this Article in evidence of the debt for the purpose of, in the case of subdivisions (1) through (4a) of this subsection, paying any capital costs of any one or more of the purposes and, in the case of ~~subdivision (5)~~ subdivisions (5) and (6) of this subsection, to finance the cost of the purpose:

(1) Providing community college facilities, including without limitation buildings, plants, and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, student unions, dormitories, gymnasiums, athletic fields, cafeterias, utility plants, and garages.

(2) Providing courthouses, including without limitation offices, meeting rooms, court facilities and rooms, and detention facilities.

(3) Providing county homes for the indigent and infirm.

(4) Providing school facilities, including without limitation schoolhouses, buildings, plants and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, gymnasiums, athletic fields, lunchrooms, utility plants, garages, and school buses and other necessary vehicles.

(4a) Providing improvements to subdivision and residential streets pursuant to G.S. 153A-205.

(5) Providing for the octennial revaluation of real property for taxation.

- 1 (6) Providing housing projects for persons of low or moderate income,
2 including construction or acquisition of projects to be owned by a
3 county, redevelopment commission, or housing authority and the
4 provision of loans, grants, interest supplements, and other
5 programs of financial assistance to such persons. A housing project
6 may provide housing for persons of other than low or moderate
7 income if at least twenty percent (20%) of the units in the project
8 are exclusively reserved for persons of low or moderate income.
9 No rent subsidy may be paid from bond proceeds."
10 Section 5. This act is effective when it becomes law.

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **Economic Growth and Community Development**.

☐ Committee Substitute for

S.B. 772 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE CREATION OF MUNICIPAL SERVICE DISTRICTS IN CERTAIN CITIES FOR URBAN AREA REVITALIZATION PROJECTS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.

☐ With a favorable report, as amended.

☒ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on ~~Appropriations~~ ☐ Finance ☒.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99



SENATE BILL 772: Expand Municipal Service District

BILL ANALYSIS

Committee: Senate Finance Committee
Date: April 20, 1999
Version: 1st Edition

Introduced by: Sen. Clodfelter
Summary by: Martha K. Walston
Committee Counsel

SUMMARY: *Senate Bill 772 expands the purposes for which service districts may be established in certain cities to include "urban area revitalization projects".*

CURRENT LAW: Article 23 of Chapter 160A sets out "The Municipal Service District Act of 1973". This Act allows a city council, by resolution, to define a service district upon finding that a proposed district is in need of one or more of the services, facilities or functions listed in the Act to a demonstrably greater extent than the remainder of the city. A service district may be established for the following purposes: (1) beach erosion control and flood and hurricane protection; (1a) certain services, facilities, or functions that preserve the character of an historic district; (2) downtown revitalization projects; (3) drainage projects, (4) off-street parking facilities; and (5) watershed improvement projects. A city may levy property taxes within defined service districts in addition to those levied throughout the city. The property taxes may not be in excess of a rate on each \$100 value of property subject to taxation which, when added to the rate levied city wide, would exceed a maximum combined rate of \$1.50 on the \$100 appraised value of property subject to taxation. A city may also issue general obligation bonds to finance the services provided in a service district.

BILL ANALYSIS: Senate Bill 772 adds "urban area revitalization projects" to the purposes for which a service district may be established. Such projects include the providing of a service or facility within an urban area that may be provided in a downtown area as a downtown revitalization project. "Urban area" is defined as an area located within a city whose population exceeds 400,000 according to the most recent annual population statistics certified by the State Planning Officer and meets one or more of the following conditions:

1. Is the central business district of the city.
2. Consists primarily of industrial, retail, wholesale, office or significant employment generating uses.
3. Is on major transportation corridor and does not contain residential parcels within 150 feet of corridor right-of-way or nonresidentially zoned parcels within 1,500 feet of right-of-way.
4. Has as its focus a major concentration of public or institutional uses.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 1

H. B. No. _____

DATE _____

S. B. No. 772

Amendment No. _____

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Arnold
Sen.) _____

1 moves to amend the bill on page 2, line 42

2 () WHICH CHANGES THE TITLE

3 by deleting the ~~old~~ number "400,000"

4 and substituting the number ~~"50,000"~~

5 "25,000"

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED Gene Arnold

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. _____

COMMITTEE SUBSTITUTE _____

(to be filled in by
Principal Clerk)

Rep.)

)

Sen.)

1 moves to amend the bill on page _____, line _____

2 () WHICH CHANGES THE TITLE

3 by _____

4 _____

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

1

SENATE BILL 772

Short Title: Expand Municipal Service Districts.

(Public)

Sponsors: Senators Clodfelter; Dannelly and Odom.

Referred to: Finance.

April 7, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE CREATION OF MUNICIPAL SERVICE
3 DISTRICTS IN CERTAIN CITIES FOR URBAN AREA REVITALIZATION
4 PROJECTS.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 160A-536 reads as rewritten:
7 "§ 160A-536. Purposes for which districts may be established.
8 (a) Purposes. -- The city council of any city may define any number of service
9 districts in order to finance, provide, or maintain for the districts one or more of the
10 following services, facilities, or functions in addition to or to a greater extent than
11 those financed, provided or maintained for the entire city:
12 (1) Beach erosion control and flood and hurricane protection ~~works;~~
13 works.
14 (1a) (For applicability see note) Any service, facility, or function which
15 the municipality may by law provide in the city, and including but
16 not limited to placement of utility wiring underground, placement
17 of period street lighting, placement of specially designed street
18 signs and street furniture, landscaping, specialized street and
19 sidewalk paving, and other appropriate improvements to the rights-
20 of-way that generally preserve the character of an historic district;
21 provided that this subdivision only applies to a service district
22 which, at the time of its creation, had the same boundaries as an
23 historic district created under Part 3A of Article 19 of this
24 ~~Chapter;~~ Chapter.

(2) Downtown revitalization ~~projects;~~ projects.

(2a) Urban area revitalization projects.

(3) Drainage ~~projects;~~ projects.

(3a) Sewage collection and disposal systems of all types, including septic tank systems or other on-site collection or disposal facilities or ~~systems;~~ systems.

(4) Off-street parking ~~facilities;~~ and facilities.

(5) Watershed improvement projects, including but not limited to watershed improvement projects as defined in General Statutes Chapter 139; drainage projects, including but not limited to the drainage projects provided for by General Statutes Chapter 156; and water resources development projects, including but not limited to the federal water resources development projects provided for by General Statutes Chapter 143, Article 21.

(b) Downtown Revitalization Defined. -- As used in this section "downtown revitalization projects" include by way of illustration but not limitation improvements to water mains, sanitary sewer mains, storm sewer mains, electric power distribution lines, gas mains, street lighting, streets and sidewalks, including rights-of-way and easements therefor, the construction of pedestrian malls, bicycle paths, overhead pedestrian walkways, sidewalk canopies, and parking facilities both on-street and off-street, and other improvements intended to relieve traffic congestion in the central city, improve pedestrian and vehicular access thereto, reduce the incidence of crime therein, and generally to further the public health, safety, welfare, and convenience by promoting the economic health of the central city or downtown area. In addition, a downtown revitalization project may, in order to revitalize a downtown area and further the public health, safety, welfare, and convenience, include the provision of city services or functions in addition to or to a greater extent than those provided or maintained for the entire city. A downtown revitalization project may also include promotion and developmental activities (such as sponsoring festivals and markets in the downtown area, promoting business investment in the downtown area, helping to coordinate public and private actions in the downtown area, and developing and issuing publications on the downtown area) designed to improve the economic well-being of the downtown area and further the public health, safety, welfare, and convenience. Exercise of the authority granted by this Article to undertake downtown revitalization projects financed by a municipal service district shall not prejudice the city's authority to undertake urban renewal projects in the same area.

(c) Urban Area Revitalization Defined. -- As used in this section, the term 'urban area revitalization projects' includes the provision within an urban area of any service or facility that may be provided in a downtown area as a downtown revitalization project under subdivision (a)(2) and subsection (b) of this section. As used in this section, the term 'urban area' means an area that (i) is located within a city whose population exceeds 400,000 according to the most recent annual population statistics certified by the State Planning Officer and (ii) meets one or more of the following conditions:

- 1 (1) It is the central business district of the city.
2 (2) It consists primarily of existing or redeveloping concentrations of
3 industrial, retail, wholesale, office, or significant
4 employment-generating uses, or any combination of these uses.
5 (3) It is located in or along a major transportation corridor and does
6 not include any residential parcels that are not, at their closest
7 point, within 150 feet of the major transportation corridor
8 right-of-way or any nonresidentially zoned parcels that are not, at
9 their closest point, within 1,500 feet of the major transportation
10 corridor right-of-way.
11 (4) It has as its center and focus a major concentration of public or
12 institutional uses, such as airports, seaports, colleges or universities,
13 hospitals and health care facilities, or governmental facilities.
14 (d) Contracts. -- A city may provide services, facilities, functions, or promotional
15 and developmental activities in a service district with its own forces, through a
16 contract with another governmental agency, through a contract with a private agency,
17 or by any combination thereof. Any contracts entered into pursuant to this paragraph
18 shall specify the purposes for which city moneys are to be used and shall require an
19 appropriate accounting for those moneys at the end of each fiscal year or other
20 appropriate period."
21 Section 2. This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

Name of Committee

MAY 11, 1999

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____**FIRM OR AGENCY AND ADDRESS**

John Cyrus
Andre Bonavent

N. C. State Grange
N. C. C. M.

Meike Fayard

Electrolysis

Andrew Chie

494 Leche found

Dr. Michele HOYMAN

$$H.N.E. - C.H.$$

Bill Rowe

NC Justice Center

Inga Cyron

Commerce

Kathryn Salmer

Commerce

Simon Suggs

Commence

Charles Hawthorne

VNC-CH

Don't Put It

UNC - CH

Paula x. Hoff

Covenant w/ MC's Children

Michael Singer

Univ A No Casallha e CH

Don't talk to me

1831

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB
JUNE 22, 1999
10:00 A.M.**

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

HB 142 ENTERPRISE ZONE DEVELOPMENT ACT (Rep. Wright)

ADJOURNMENT

MINUTES
HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
June 22, 1999

The House Committee on Economic Growth and Community Development met at 10:00 A.M. on Tuesday, June 22, 1999 in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Barefoot, Braswell, Carpenter, Fox, Hunter, Morris, Walend.

The Chair called the meeting to order to consider **HB 142, Enterprise Zone Development Act**. This bill was discussed at the meeting on April 13, 1999. Karen Cochrane-Brown was recognized to review the bill again and Representative Wright, bill sponsor, was recognized to speak on the bill which authorizes the designation of distressed areas within municipalities of the State as "enterprise zones" and provides tax incentives for business development in the zones. A summary of HB 142 is attached as part of the minutes.

Representative Wright stated that he has not had a chance to revise this bill as he planned to do and recommended that a subcommittee be appointed to study the bill and report back to the committee. He pointed out that the William S. Lee Act also addresses some issues that this bill addresses. Representative Womble stated that he thought the committee should honor Representative Wright's request that members be appointed to a subcommittee to study this bill.

The Chair recognized Representative Arnold who said he supports what Representative Wright proposes to do but would like to know where changes are to be made. He stated that under this bill, the Secretary of Commerce seems to be the Czar of designating distressed areas of the State within a city of 25,000 and asked if that is an area the subcommittee anticipates addressing.

Representative Arnold also has concerns of the Secretary of Commerce regarding fairness and partiality in terms of tax credits, etc: When do they expire and under what conditions? If a business fails, when do credits stop? In starting a new enterprise of this nature, if you see an opportunity to change the direction of that enterprise entirely, do you have to have a new designation or do you carry over? Or how do we identify what that enterprise is and what the limits are, and what leeway does the entrepreneur have in changing the goal of the corporation? Representative Wright responded that these points would be explored in depth in subcommittee and would be answered.

Representative Morris was concerned with how the Bill Lee Act would affect this bill. Will it prevent this bill? Will it supercede it? What happens here? Representative Wright said it would not have any impact at all; however, Rep. Jarrell stated that there

might be some changes-- pending legislation might have some changes. Currently the William S. Lee Act does not address this.

Representative Carpenter asked if there is a possibility that the same subject matter that is in this bill might be discussed in the William S. Lee Act? Could that bill be modified or this bill become inclusive in that bill so that it might not be necessary at all? The Chair responded that that is a real possibility and if the subcommittee does its work here, both bills should end up in the House Finance Committee at the same time and perhaps could be considered at the same time.

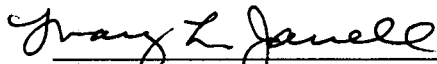
In view of that, Representative Arnold had another question: If the Bill Lee Act appropriates funds for an area that would have been designated an enterprise zone by the Department of Commerce, can they duplicate the funds? The staff said that is a possibility.

Representative Womble made a motion to honor the sponsor's request and appoint a subcommittee to study HB 142. The motion carried. The Chair appointed the following subcommittee:

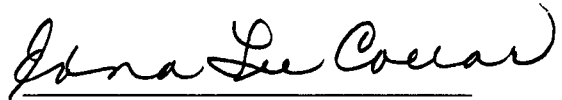
Representative Womble, Chair; Representatives Carpenter, Hunter, Morris and Wright

The Chair requested that the subcommittee work closely with the Secretary of Commerce and urged them to work through these concerns as soon as possible.

There being no further business, the meeting adjourned at 10:30 A.M.



Rep. Mary L. Jarrell
Committee Chair



Edna Lee Collar
Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 142*

Short Title: Enterprise Zone Development Act.

(Public)

Sponsors: Representative Wright.

Referred to: Economic Growth and Community Development, if favorable, Finance.

February 25, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO DESIGNATE ENTERPRISE TAX ZONES AND PROVIDE
3 INCENTIVES FOR BUSINESS DEVELOPMENT IN THE ZONES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 158 of the General Statutes is amended by adding a
6 new Article to read:

7 "ARTICLE 5.
8 "Enterprise Zones.

9 "**§ 158-50. Enterprise zones defined.**

10 (a) Definition. -- An enterprise zone is a census tract in the most recent federal
11 decennial census that meets both of the following conditions:

12 (1) It is located in a city with a population of 25,000 or more
13 according to the most recent annual population estimates certified
14 by the State Planning Officer.

15 (2) More than thirty percent (30%) of its population is below the
16 poverty level according to the most recent federal decennial
17 census.

18 (b) Annual Certification. -- On or before December 31 of each year, the Secretary
19 of Commerce shall identify all enterprise zones that meet the conditions of subsection
20 (a) of this section. The Secretary of Commerce shall provide a certified list
21 identifying these enterprise zones to any person who requests one.

22 "**§ 158-51. Incentives available for zones.**

23 The following incentives are available to encourage business development within
24 enterprise zones:

- (1) Income tax exclusion for gain from appreciation of zone property, as provided in G.S. 105-130.5(b) and G.S. 105-134.6(b).
- (2) Income tax credit for property tax increase due to improvements within zone, as provided in G.S. 105-129.20.
- (3) Income tax credit for installation of machinery and equipment within zone, as provided in G.S. 105-129.21.
- (4) State sales tax refund for zone corporations' purchases, as provided in G.S. 105-164.14.
- (5) Income tax credit for creating jobs in zone, as provided in G.S. 105-129.8.
- (6) Industrial Development Fund funding for local government projects within zone, as provided in G.S. 143B-437.01."

Section 2. G.S. 105-228.90(b) is amended by adding a new subdivision to

read:

"(4) Enterprise zone. -- Defined in G.S. 158-50."

Section 3. G.S. 105-130.5(b) is amended by adding a new subdivision to

read:

"(18) That part of the gain realized on the disposition of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000."

Section 4. G.S. 105-134.6(b) is amended by adding a new subdivision to

read:

"(15) That part of the gain realized on the disposition of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000."

Section 5. G.S. 105-129.15 reads as rewritten:

"§ 105-129.15. (Repealed effective January 1, 2002) Definitions.

The following definitions apply in this Article:

- (1) Business property. -- Tangible personal property that is used by the taxpayer in connection with a business or for the production of income and is capitalized by the taxpayer for tax purposes under the Code. The term does not include, however, a luxury passenger automobile taxable under section 4001 of the Code or a watercraft used principally for entertainment and pleasure outings for which no admission is charged.
- (2) Cost. -- In the case of property owned by the taxpayer, cost is determined pursuant to regulations adopted under section 1012 of the Code, subject to the limitation on cost provided in section 179 of the Code. In the case of property the taxpayer leases from another, cost is value as determined pursuant to G.S. 105-130.4(j)(2).
- (2a) Machinery and equipment. -- Defined in G.S. 105-129.2.
- (2b) Property taxes. -- The principal amount of taxes levied and assessed by a taxing unit under Subchapter II of this Chapter. The

1 term does not include costs, penalties, interest, or other charges
2 that may be added to the principal amount.

3 (3) Purchase. -- Defined in section 179 of the Code.

4 (4) Taxing unit. -- Defined in G.S. 105-273."

5 Section 6. Article 3B of Chapter 105 of the General Statutes is amended
6 by adding the following new sections to read:

7 **"§ 105-129.20. Credit for property tax increase due to improvement of enterprise zone**
8 **property.**

9 (a) Credit. -- A taxpayer is allowed a credit equal to the increase in the amount of
10 property taxes the taxpayer paid at par during the taxable year attributable to an
11 increase in value of real property located in an enterprise zone due to improvements
12 the taxpayer made to the property the immediately preceding year. The taxpayer
13 may not take the entire credit for the taxable year the increased taxes were paid, but
14 may take up to twenty percent (20%) of the aggregate credit allowed under this
15 section for that taxable year and for each succeeding taxable year until the entire
16 credit has been used. To claim the credit, the taxpayer shall provide with the return
17 a copy of the tax receipt for the property taxes for which credit is claimed and any
18 other documentation required by the Secretary. The tax receipt must indicate that
19 the taxes have been paid and the amount and date of the payment.

20 (b) Adjustment. -- If a taxing unit gives a taxpayer a credit or refund for any of the
21 property taxes for which the taxpayer claimed a credit under this section, the
22 taxpayer shall notify the Secretary within 90 days. The Secretary shall then
23 recompute the credit allowed under this section and make any resulting adjustment of
24 tax for the taxable years for which the credit was claimed.

25 **"§ 105-129.21. Credit for machinery and equipment in enterprise zones.**

26 A taxpayer that purchases or leases machinery and equipment and, during the
27 taxable year, places it in service in an enterprise zone is allowed a credit against the
28 tax imposed by this Part equal to fifteen percent (15%) of the cost of the machinery
29 and equipment. This credit is in addition to any credit allowed under Article 3A of
30 this Chapter."

31 Section 7. G.S. 105-164.14 is amended by adding a new subsection to
32 read:

33 "(h) Enterprise Zone Corporations. -- A corporation that is located in an
34 enterprise zone is allowed an annual refund of sales and use taxes paid by it under
35 this Article on direct purchases of tangible personal property for use within the zone.
36 Sales and use tax liability indirectly incurred by a corporation on building materials,
37 supplies, fixtures, and equipment that become a part of or annexed to any building or
38 structure within the zone that is owned or leased by the corporation is considered a
39 sales or use tax liability incurred on direct purchases by the corporation. The annual
40 refund period is the fiscal year of the State. A request for a refund must be in
41 writing and must include any information and documentation required by the
42 Secretary. A request for a refund is due January 1 following the end of the fiscal
43 year for which the refund is claimed. Notwithstanding the provisions of G.S. 105-467,

1 the refund allowed under this subsection does not apply to local sales and use taxes
2 levied by units of local government."

3 Section 8. G.S. 105-129.8 reads as rewritten:

4 "**§ 105-129.8. (Repealed effective January 1, 2002) Credit for creating jobs.**

5 (a) Credit. -- A taxpayer that meets the eligibility requirements set out in G.S.
6 105-129.4, has five or more employees for at least 40 weeks during the taxable year,
7 and hires an additional full-time employee during that year to fill a position located
8 in this State is allowed a credit for creating a new full-time job. The amount of the
9 credit for each new full-time job created is set out in the table below and is based on
10 the enterprise tier of the area in which the position is located. In addition, if the
11 position is located in a development ~~zone~~, zone or an enterprise zone, the amount of
12 the credit is increased by four thousand dollars (\$4,000) per job.

13 Area Enterprise Tier	Amount of Credit
14 Tier One	\$12,500
15 Tier Two	4,000
16 Tier Three	3,000
17 Tier Four	1,000
18 Tier Five	500

19 A position is located in an area if more than fifty percent (50%) of the employee's
20 duties are performed in the area. The credit may not be taken in the taxable year in
21 which the additional employee is hired. Instead, the credit shall be taken in equal
22 installments over the four years following the taxable year in which the additional
23 employee was hired and shall be conditioned on the continued employment by the
24 taxpayer of the number of full-time employees the taxpayer had upon hiring the
25 employee that caused the taxpayer to qualify for the credit.

26 If, in one of the four years in which the installment of a credit accrues, the number
27 of the taxpayer's full-time employees falls below the number of full-time employees
28 the taxpayer had in the year in which the taxpayer qualified for the credit, the credit
29 expires and the taxpayer may not take any remaining installment of the credit. The
30 taxpayer may, however, take the portion of an installment that accrued in a previous
31 year and was carried forward to the extent permitted under G.S. 105-129.5.

32 Jobs transferred from one area in the State to another area in the State shall not be
33 considered new jobs for purposes of this section. If, in one of the four years in which
34 the installment of a credit accrues, the position filled by the employee is moved to an
35 area in a higher- or lower-numbered enterprise tier, or is moved from a development
36 zone or an enterprise zone to an area that is not a development ~~zone~~, zone or an
37 enterprise zone, the remaining installments of the credit shall be calculated as if the
38 position had been created initially in the area to which it was moved.

39 (b) Repealed by Session Laws 1989, c. 111, s. 1.

40 (b1), (c) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3.

41 (d) Planned Expansion. -- A taxpayer that signs a letter of commitment with the
42 Department of Commerce to create at least twenty new full-time jobs in a specific
43 area within two years of the date the letter is signed qualifies for the credit in the
44 amount allowed by this section based on the area's enterprise ~~tier~~ tier, enterprise

1 zone, and development zone designation for that year even though the employees are
2 not hired that year. The credit shall be available in the taxable year after at least
3 twenty employees have been hired if the hirings are within the two-year commitment
4 period. The conditions outlined in subsection (a) apply to a credit taken under this
5 subsection except that if the area is redesignated to a higher-numbered enterprise tier
6 or loses its development zone or enterprise zone designation after the year the letter
7 of commitment was signed, the credit is allowed based on the area's enterprise ~~tier~~
8 tier, enterprise zone, and development zone designation for the year the letter was
9 signed. If the taxpayer does not hire the employees within the two-year period, the
10 taxpayer does not qualify for the credit. However, if the taxpayer qualifies for a credit
11 under subsection (a) in the year any new employees are hired, the taxpayer may take
12 the credit under that subsection.

13 (e), (f) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3 for
14 taxable years beginning on or after January 1, 1996."

15 Section 9. G.S. 143B-437.01 reads as rewritten:

16 "**§ 143B-437.01. Industrial Development Fund.**

17 (a) Creation and Purpose of Fund. -- There is created in the Department of
18 Commerce the Industrial Development Fund to provide funds to assist the local
19 government units of ~~the most economically distressed counties in the State~~
20 economically distressed areas in creating jobs in certain industries. The Department
21 of Commerce shall adopt rules providing for the administration of the program.
22 Those rules shall include the following provisions, which shall apply to each grant
23 from the fund:

24 (1) The funds shall be used for (i) installation of or purchases of
25 equipment for eligible industries, (ii) structural repairs,
26 improvements, or renovations of existing buildings to be used for
27 expansion of eligible industries, or (iii) construction of or
28 improvements to new or existing water, sewer, gas, or electrical
29 utility distribution lines or equipment for existing or new or
30 proposed industrial buildings to be used for eligible industries. To
31 be eligible for funding, the water, sewer, gas, or electrical utility
32 lines or facilities shall be located on the site of the building or, if
33 not located on the site, shall be directly related to the operation of
34 the specific eligible industrial activity.

35 (1a) The funds shall be used for projects located in economically
36 distressed ~~counties~~ areas except that the Secretary of Commerce
37 may use up to one hundred thousand dollars (\$100,000) to provide
38 emergency economic development assistance in any county that is
39 documented to be experiencing a major economic dislocation.

40 (2) The funds shall be used by the city and county governments for
41 projects that will directly result in the creation of new jobs. The
42 funds shall be expended at a maximum rate of five thousand
43 dollars (\$5,000) per new job created up to a maximum of five
44 hundred thousand dollars (\$500,000) per project.

(3) There shall be no local match requirement if the project is located in an enterprise tier one area as defined in G.S. 105-129.3.

(4) The Department may authorize a local government that receives funds under this section to use up to two percent (2%) of the funds, if necessary, to verify that the funds are used only in accordance with law and to otherwise administer the grant or loan.

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

(1) Air courier services. -- A person is engaged in the air courier services business if the person's primary business is furnishing air delivery of individually addressed letters and packages, except by the United States Postal Service.

(2) Central administrative office. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(3) Data processing. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(4) Economically distressed ~~county~~. -- A area. -- An enterprise zone as defined in G.S. 158-50 or a county designated as an enterprise tier one, two, or three area pursuant to G.S. 105-129.3.

(5) Eligible industry. -- A central administrative office or a person engaged in the business of air courier services, data processing, manufacturing, or warehousing and wholesale trade.

(6) Reserved.

(7) Major economic dislocation. -- The actual or imminent loss of 500 or more manufacturing jobs in the county or of a number of manufacturing jobs equal to at least ten percent (10%) of the existing manufacturing workforce in the county.

(8) Manufacturing. -- Defined in the North American Industry Classification System adopted by the United States Office of Budget and Management.

(9) Reserved.

(10) Warehousing and wholesale trade. -- Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.

(b) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5.

(b1) Utility Account. -- There is created within the Industrial Development Fund a special account to be known as the Utility Account to provide funds to assist the local government units of enterprise tier one and tier two areas, as defined in G.S. 105-129.3, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or

1 existing water, sewer, gas, or electrical utility distribution lines or equipment for
2 existing or new or proposed industrial buildings to be used for eligible industrial
3 operations. To be eligible for funding, the water, sewer, gas, or electrical utility lines
4 or facilities shall be located on the site of the building or, if not located on the site,
5 shall be directly related to the operation of the specific industrial activity. There shall
6 be no maximum funding amount per new job to be created or per project.

7 (c) Reports. -- The Department of Commerce shall report annually to the General
8 Assembly concerning the applications made to the fund and the payments made from
9 the fund and the impact of the payments on job creation in the State. The
10 Department of Commerce shall also report quarterly to the Joint Legislative
11 Commission on Governmental Operations and the Fiscal Research Division on the
12 use of the moneys in the fund, including information regarding to whom payments
13 were made, in what amounts, and for what purposes.

14 (c1) In addition to the reporting requirements of subsection (c) of this section, the
15 Department of Commerce shall report annually to the General Assembly concerning
16 the payments made from the Utility Account and the impact of the payments on job
17 creation in the State. The Department of Commerce shall also report quarterly to the
18 Joint Legislative Commission on Governmental Operations and the Fiscal Research
19 Division on the use of the moneys in the Utility Account including information
20 regarding to whom payments were made, in what amounts, and for what purposes.

21 (d) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5."

22 Section 10. G.S. 153A-376(f) reads as rewritten:

23 "(f) All program income from Economic Development Grants from the Small
24 Cities Community Development Block Grant Program may be retained by ~~recipient~~
25 recipients that are or include 'economically distressed ~~counties~~, areas', as defined in
26 ~~G.S. 143B-437A~~ 143B-437.01 for the purposes of creating local economic
27 development revolving loan ~~funds~~. funds to serve the area. Such program income
28 derived through the use by counties of Small Cities Community Development Block
29 Grant money includes but is not limited to: (i) payment of principal and interest on
30 loans made by the county using Community Development Block Grant Funds; (ii)
31 proceeds from the lease or disposition of real property acquired with Community
32 Development Block Grant Funds; and (iii) any late fees associated with loan or lease
33 payments in (i) and (ii) above. The local economic development revolving loan fund
34 set up by the county shall fund only those activities eligible under Title I of the
35 federal Housing and Community Development Act of 1974, as amended (P.L. 93-
36 383), and shall meet at least one of the three national objectives of the Housing and
37 Community Development Act. Any expiration of ~~G.S. 143B-437A~~ 143B-437.01 or
38 G.S. 105-129.3 shall not affect this subsection as to designations of economically
39 distressed ~~counties~~ areas made prior to its expiration."

40 Section 11. G.S. 160A-456(e1) reads as rewritten:

41 "(e1) All program income from Economic Development Grants from the Small
42 Cities Community Development Block Grant Program may be retained by recipient
43 cities ~~in that are in or include~~ 'economically distressed ~~counties~~, areas', as defined in
44 ~~G.S. 143B-437A~~, 143B-437.01, for the purposes of creating local economic

1 development revolving loan funds. Such program income derived through the use by
2 cities of Small Cities Community Development Block Grant money includes but is
3 not limited to: (i) payment of principal and interest on loans made by the county
4 using Community Development Block Grant Funds; (ii) proceeds from the lease or
5 disposition of real property acquired with Community Development Block Grant
6 Funds; and (iii) any late fees associated with loan or lease payments in (i) and (ii)
7 above. The local economic development revolving loan fund set up by the city shall
8 fund only those activities eligible under Title I of the federal Housing and
9 Community Development Act of 1974, as amended (P.L. 93-383), and shall meet at
10 least one of the three national objectives of the Housing and Community
11 Development Act. Any expiration of G.S. ~~143B-437A~~ 143B-437.01 or G.S. 105-129.3
12 shall not affect this subsection as to designations of economically distressed ~~counties~~
13 areas made prior to its expiration."

14 Section 12. G.S. 105-129.17 reads as rewritten:

15 "**§ 105-129.17. (Repealed effective January 1, 2002) Tax election; cap.**

16 (a) Tax Election. -- The ~~credit~~ credits allowed in this Article ~~is~~ are allowed against
17 the franchise tax levied in Article 3 of this Chapter or the income taxes levied in
18 Article 4 of this Chapter. The taxpayer must elect the tax against which ~~the~~ a credit
19 will be claimed when filing the return on which the first installment of the credit is
20 claimed. This election is binding. Any carryforwards of the credit must be claimed
21 against the same tax.

22 (b) Cap. -- The ~~credit~~ credits allowed in this Article may not exceed fifty percent
23 (50%) of the tax against which ~~it is~~ they are claimed for the taxable year, reduced by
24 the sum of all other credits allowed against that tax, except tax payments made by or
25 on behalf of the taxpayer. This limitation applies to the cumulative amount of credit,
26 including carryforwards, claimed by the taxpayer under this Article against each tax
27 for the taxable year. Any unused portion of the credit may be carried forward for the
28 succeeding five years."

29 Section 13. G.S. 105-129.18 reads as rewritten:

30 "**§ 105-129.18. (Repealed effective January 1, 2002) Substantiation.**

31 To claim ~~the~~ a credit allowed by this Article, the taxpayer must provide any
32 information required by the Secretary of Revenue. Every taxpayer claiming a credit
33 under this Article must maintain and make available for inspection by the Secretary
34 of Revenue any records the Secretary considers necessary to determine and verify the
35 amount of the credit to which the taxpayer is entitled. The burden of proving
36 eligibility for the credit and the amount of the credit rests upon the taxpayer, and no
37 credit may be allowed to a taxpayer that fails to maintain adequate records or to
38 make them available for inspection."

39 Section 14. G.S. 105-129.19 reads as rewritten:

40 "**§ 105-129.19. (Repealed effective January 1, 2002) Reports.**

41 The Department of Revenue shall report to the Legislative Research Commission
42 and to the Fiscal Research Division of the General Assembly by May 1 of each year
43 the following information for the 12-month period ending the preceding April 1:

- 1 (1) The number of taxpayers that claimed the ~~credit~~ credits allowed in
2 this Article.
- 3 (2) The cost of business property with respect to which credits were
4 claimed.
- 5 (2a) The total cost of machinery and equipment with respect to which
6 credits were claimed.
- 7 (3) The total cost to the General Fund of the credits claimed."
- 8 Section 15. Sections 3 through 6, 8, and 12 through 14 of this act become
9 effective for taxable years beginning on or after January 1, 2000. Section 7 of this act
10 becomes effective January 1, 2000, and applies to taxes paid on or after that date.
11 The remainder of this act is effective when it becomes law. The provisions of this act
12 expire on January 1, 2005. The expiration of this act does not affect the rights or
13 liabilities of the State or a taxpayer arising under it before its expiration nor does it
14 affect a taxpayer's right to any portion of an installment of a credit that accrued, or to
15 a carryforward of any portion of a credit that was permitted before the act's
16 expiration.



HOUSE BILL 142: Enterprise Zone Development Act.

BILL ANALYSIS

Committee: House Judiciary III
Date: April 12, 1999
Version: 1st Edition

Introduced by: Representative Wright
Summary by: Karen Cochrane Brown
Committee Co-Counsel

SUMMARY: *House Bill 142 authorizes the designation of distressed areas of the State as "enterprise zones" and provides tax incentives for business development in the zones.*

CURRENT LAW:

Last year the General Assembly enacted S.L. 1998-55, which, among other things, provides for the designation of economically distressed areas located within municipalities as "development zones" and authorizes enhanced incentives for businesses that locate in a development zone, effective beginning with the 1999 tax year. The Secretary of Commerce is authorized to designate development zones upon the request of a taxpayer or a local government. The act defines a development zone as an area that meets all of the following conditions:

- Consists of one or more contiguous census tracts, block groups, or both,
- Has a population of 1,000 or more,
- More than 20% of its population is below the poverty level, and
- Is located in whole or in part in a municipality with a population over 5,000.

If a business locates in a development zone, the wage standard it has to meet is the same as for Tier One counties – slightly lower than the standard for other counties. In addition, if a business locates in a development zone, its maximum worker training credit is \$1,000 rather than \$500, it receives an additional \$4,000 per job on its jobs tax credit, and there is no threshold for the credit for investing in machinery and equipment.

BILL ANALYSIS:

House Bill 142 authorizes the Secretary of Commerce to designate distressed areas of the State as "enterprise zones". To qualify as an enterprise zone, an area must be a census tract in the most recent federal decennial census that meets both of the following conditions:

- Is located in a city with a population of 25,000 or more according to the most recent annual population estimates of the State Planning Officer,
- More than 30% of its population is below the poverty level according to the most recent federal decennial census.

If an area is designated as an enterprise zone, then the following tax incentives are available to businesses and individuals that create or expand businesses in those zones:

HOUSE BILL 142

Page 2

1. **Income tax exclusion for gain from appreciation of zone property;** allows a taxpayer to deduct that part of the gain realized on the sale of real property located in an enterprise zone that is attributable to increases in the value of the property that occur on or after January 1, 2000. Effective for taxable years beginning on or after January 1, 2000.
2. **Income tax credit for property tax increase due to improvements within zone;** provides a tax credit for corporations and individuals equal to the increase in the amount of property taxes paid during the taxable year attributable to an increase in value of real property located in an enterprise zone due to improvements the taxpayer made to the property during the immediately preceding year. Only 20% of the credit may be use in any year, but any unused credit may be carried forward. The amount of the credit cannot exceed 50% of the amount of tax imposed. Effective for taxable years beginning on or after January 1, 2000.
3. **Income tax credit for installation of machinery and equipment within zone;** provides a tax credit of 15% of the expenses incurred by the taxpayer during the taxable year to purchase and install machinery and equipment in an enterprise zone. The amount of the credit cannot exceed 50% of the tax imposed and unused portions can be carried forward for five years. This credit is in addition to any credit that may be allowed under the William S. Lee Act. Effective for taxable years beginning on or after January 1, 2000.
4. **State sales tax refund for zone corporations' purchases;** allows an annual refund of sales and use taxes paid by a corporation located in an enterprise zone. To obtain a refund, a corporation must submit a written request to the Secretary of Revenue by January 1, each year. Effective January 1, 2000, and applies to taxes paid on or after that date.
5. **Income tax credit for creating jobs in zone;** expands the current tax credit for creating jobs to specify that an additional credit of \$4,000 per job applies to jobs created in an enterprise zone, in addition to the amount of any jobs tas credit that is otherwise allowed. The credit is contingent upon the continued employment of the number of full time employees the corporation or individual had upon hiring the employee that caused the corporation or individual to qualify for the credit. The amount of credit taken in a taxable year cannot exceed 50% of the tax due, but the credit may be carried forward for five years. Effective for taxable years on or after January 1, 2000.
6. **Industrial Development Fund funding for local government projects within zone;** allows cities and counties with an enterprise zone to retain money from Economic Development Grants from the Small Cities Community Development Block Grant Program for the purposes of creating local economic development revolving loan funds. Under current law, this program is available only to counties designated as economically distressed and cities in those counties. This bill expands the scope of the program to include enterprise zones. This part of the bill becomes effective when it becomes law.

VISITOR REGISTRATION SHEET
Economic Growth and
Community Development June 22 1999
 Name of Committee Date

Economic Growth and
Community Development June 22 1999

[illegible][illegible]

**HOUSE COMMITTEE ON ECONOMIC
GROWTH AND COMMUNITY
DEVELOPMENT**

2000 Short Session

**Representative Mary L. Jarrell
Chair**

**Edna Lee Collar
Committee Assistant**

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999-2000 SESSION**

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
JARRELL, Mary, Chair	Edna Lee Collar Committee Assistant	733-5749	2219	3
WOMBLE, Larry, Vice-Chair	Phyllis Cameron	733-5777	537	56
ALLEN, Gordon	Lillie Pearce	733-5662	530	10
ARNOLD, Gene	Susie Kisiah	733-5806	1420	88
BAREFOOT, Daniel	Jackie Pittman	715-3021	416B	72
CANSLER, Lanier	Barbara Cansler	733-5605	1209	110
FORD, Jimmie	Carolyn Edwards	715-2693	509	96
FOX, Stanley	Mary Capps	733-5757	1217	46
GOODWIN, Wayne	Kristen Younts	733-4838	502	81
HUNTER, Howard	Barbara Phillips	733-2962	613	68
KINNEY, Ted	Eryn Gee	733-5758	2123	22
LUEBKE, Paul	Norma Bowen	733-7663	529	44
McCOMAS, Daniel	Jayne Walton	733-5786	606	111
MINER, David	Susan Phillips	733-5861	1006	76
MORGAN, Richard	Dixie Epps	715-3011	418B	64
MORRIS, Mia	Joy Feagin	733-5741	1315	115
PRESTON, Jean	Betty Harrison	733-5706	603	78
WALEND, Trudi	Ken Walend	715-3012	418A	119
WEST, Roger		733-5859	100	109
WRIGHT, Thomas	Clarestine Stewart	733-5754	1303	5
Karen Cochrane-Brown, Staff Attorney		733-2578	545	
Wendy Graf, Staff Attorney		733-2578	545	

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999-2000 SESSION
MEMBERSHIP**



Mary L. Jarrell, CHAIR



Larry Womble Vice-Chair



Gordon Allen



Gene Arnold



Daniel Barefoot



Lanier Cansler

PICTURE NOT
AVAILABLE

Jimmie Ford



Stanley Fox



Wayne Goodwin



Howard Hunter



Ted Kinney

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
1999-2000 SESSION
MEMBERSHIP**



Paul Luebke



Daniel McComas



David Miner



Richard Morgan



Mia Morris



Jean Preston



Trudi Walend

PICTURE NOT
AVAILABLE

Roger West



Thomas Wright

NORTH CAROLINA GENERAL ASSEMBLY

COMMITTEE SUMMARY REPORT

1999-2000 Biennium	INTRODUCER	HOUSE: ECONOMIC GROWTH & COMMUNITY DEVELOPMENT	LATEST ACTION ON BILL	Valid Through	19-JUL-2000
BILL		SHORT TITLE		IN DATE	OUT DATE
H 119	SUTTON	ECONOMIC DEVELOPMENT EMINENT DOMAIN	*HF-POSTPONED INDEFINITELY	04-07-99	04-21-99
H 142=	WRIGHT	ENTERPRISE ZONE DEVELOPMENT ACT	H -REF TO COM ON ECONGRTH	02-25-99	
H 970=	MCMAHAN	AFFORDABLE HOUSING	H -RE-REF COM ON FINANCE	04-12-99	05-04-99
H 971=	MCMAHAN	EXPAND MUNICIPAL SERVICE DISTRICTS	H -REF TO COM ON ECONGRTH	04-12-99	
H1226	RAYFIELD	COMM. DEV. BLOCK GRANT ALLOCATIONS	H -REF TO COM ON ECONGRTH	04-15-99	
H1327	BONNER	DEFINITIONS OF DEVELOPMENT ZONE	H -RE-REF COM ON ECONGRTH	05-19-99	
H1397	COLE	EXPAND DEVELOPMENT ZONES	S -REF TO COM ON FINANCE	04-29-99	05-13-99
S 708=	ODOM	AFFORDABLE HOUSING	R -CH. SL 99-0366	05-03-99	05-11-99
S 772=	CLODFELTER	EXPAND MUNICIPAL SERVICE DISTRICTS	R -CH. SL 99-0388	04-28-99	05-11-99
S1152	CLODFELTER	NONRESIDENTIAL ABANDONED STRUCTURES	*S -PRES. TO GOV. 07-12	05-03-99	00-06-21
S1318	DALTON	AMEND BILL LEE ACT TIER DESIGNATIONS	R -CH. SL 00-0073	00-06-15	00-06-22

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.

* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLD LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

ECONOMIC GROWTH AND COMMUNITY DEVELOPMENT

(Name of Committee)

[illegible]

**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT
ROOM 544 LOB
JUNE 20, 2000
10:00 A.M.**

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

**SB 1152 NONRESIDENTIAL ABANDONED STRUCTURES
(Senator Clodfelter)**

**SB 1318 AMEND BILL LEE ACT TIER DESIGNATIONS
(Senator Dalton)**

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
ECONOMIC GROWTH AND COMMUNITY DEVELOPMENT**

The House Committee on Economic Growth and Community Development met at 10:00 A.M. on Tuesday, June 20, 2000, in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice Chair; Representatives Allen, Barefoot, Cansler, Ford, Goodwin, Luebke, Morris and West. Karen Cochrane-Brown and Wendy Graf, Staff Attorneys, were also present. A visitor registration sheet is attached and made a part of these minutes.

Representative Jarrell introduced the pages and called the meeting to order. The following bills were considered:

SB 1152 Nonresidential Abandoned Structures. Senator Clodfelter, sponsor, explained this bill which amends the law authorizing city inspectors to declare a building unsafe by adding a new provision relating to nonresidential buildings in cities whose population exceeds 200,000. The inspector shall declare a nonresidential building within a community development target area to be unsafe if it meets two conditions: (1) it is vacant or abandoned; and (2) it is so dilapidated as to cause blight, disease, vagrancy, fire or safety hazard, to be a danger to children, to attract criminals or to otherwise constitute a public nuisance. There is some interest in expanding the scope of the bill beyond a population of 200,000.

In the event that a nonresidential building is declared unsafe, the bill allows a city to remove or demolish the building. The cost of demolition becomes a lien against the property.

Several questions were posed:

Representative Jarrell inquired as to what kind of notification does the bill require to property owners. Senator Clodfelter responded that notice must be given in writing to the last address or by personal service. This is the current law.

Representative Luebke asked what cities would be affected. Response was Charlotte, Greensboro and Raleigh.

Representative Goodwin stated that he thinks this is a good bill, but asked what authority the state has to make such condemnations. Senator Clodfelter stated that he would have to defer this question. He has been unable to get the state inspector to the meeting. Karen Cochrane-Brown, Staff Attorney, will check into this matter.

Representative Womble asked if there is any opposition to this bill. There is none that Senator Clodfelter knows of. Representative Womble applauds this bill and commented on values of people in inner cities. He would support the bill, but would like a very clear definition of economic development.

Representative Cansler asked if the definition with respect to safety is the same as residential. Senator Clodfelter replied in the affirmative.

Representative Barefoot asked if the building inspector would be the person to make sure that necessary conditions exist. Senator Clodfelter replied in the affirmative.

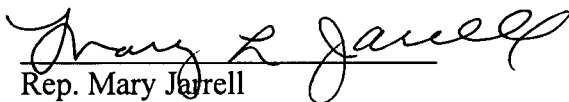
Representative Goodwin moved to amend the bill, copy of which is attached. Motion carried. Representative Cansler asked, since there are likely to be other towns, if we we could change the amendment. Answer – yes.

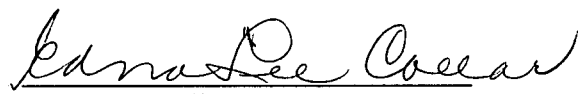
Representative Womble moved to give the bill, as amended, a favorable report; unfavorable to original bill, and be re-referred to Finance. Motion carried. (The amended bill was rolled into a House committee substitute for SB 1152 with a favorable report; unfavorable to original bill, and re-referred to Finance.)

S.B. 1318 Amend Bill Lee Act Tier Designations. Senator Dalton explained that this is a simple bill. It provides that an enterprise tier two area may not be designated as a higher-numbered tier area until it has been an enterprise tier two area for at least two consecutive years. In 1997, the General Assembly amended the Bill Lee Act to guarantee that a county that obtained a tier one status could not lose that status for two years regardless of what the annual rankings would otherwise require. Senate Bill 1318 extends this guarantee to a county designated as a tier two area so that a tier two area may not be redesignated as a higher-numbered tier area until it has been a tier two area for two consecutive years.

Due to a lack of time, this bill is being carried over to the next meeting.

The meeting adjourned at 11:00 a.m.


Rep. Mary Jarell
Committee Chair


Edna Lee Collar
Committee Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **Economic Growth and Community Development**.

☒ Senate Committee Substitute for

S.B. 1152 A BILL TO BE ENTITLED AN ACT AUTHORIZING CITIES WITH A POPULATION OF MORE THAN TWO HUNDRED THOUSAND TO DEMOLISH AND REMOVE CERTAIN NONRESIDENTIAL BUILDINGS TO ENHANCE ECONOMIC DEVELOPMENT EFFORTS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.

☒ With a favorable report as to House committee substitute bill, ☒ which changes the title, unfavorable as to Senate Committee Substitute Bill and recommendation that the House committee substitute bill be re-referred to the Committee on Finance.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1152

Finance Committee Substitute Adopted 4/28/99

Third Edition Engrossed 4/29/99

Proposed House Committee Substitute S1152-PCS3980-RO001

Short Title: Nonresidential Abandoned Structures.

(Public)

Sponsors:

Referred to:

April 15, 1999

1 A BILL TO BE ENTITLED

2 AN ACT AUTHORIZING CITIES WITH A POPULATION OF MORE THAN
3 TWO HUNDRED THOUSAND, THE CITIES OF WINSTON-SALEM,
4 STATESVILLE, HIGH POINT, THOMASVILLE, MOORESVILLE, HAMLET,
5 LEXINGTON, AND TROUTMAN TO DEMOLISH AND REMOVE CERTAIN
6 NONRESIDENTIAL BUILDINGS AND STRUCTURES TO ENHANCE
7 ECONOMIC DEVELOPMENT EFFORTS.

8 The General Assembly of North Carolina enacts:

9 Section 1. G.S. 160A-426 reads as rewritten:

10 "§ 160A-426. Unsafe buildings condemned.

11 (a) Residential Building. -- Every building which shall appear to the inspector to
12 be especially dangerous to life because of its liability to fire or because of bad
13 condition of walls, overloaded floors, defective construction, decay, unsafe wiring or
14 heating system, inadequate means of egress, or other causes, shall be held to be
15 unsafe, and the inspector shall affix a notice of the dangerous character of the
16 structure to a conspicuous place on the exterior wall of said building.

17 (b) Nonresidential Building or Structure. -- An inspector in a city whose
18 population exceeds 200,000, according to the most recent annual population statistics
19 certified by the State Planning Officer, shall declare a nonresidential building or
20 structure within a community development target area to be unsafe if it meets both of
21 the following conditions:

(1) It appears to the inspector to be vacant or abandoned.

(2) It appears to the inspector to be in such dilapidated condition as to cause or contribute to blight, disease, vagrancy, fire or safety hazard, to be a danger to children, or to tend to attract persons intent on criminal activities or other activities which would constitute a public nuisance.

If an inspector declares a nonresidential building or structure to be unsafe, the inspector must affix a notice of the unsafe character of the structure to a conspicuous place on the exterior wall of the building. For the purposes of this subsection, the term 'community development target area' means an area that has characteristics of a development zone under G.S. 105-129.3A, a 'nonresidential development area' under G.S. 160A-503(10), or an area with similar characteristics designated by the city council as being in special need of revitalization for the benefit and welfare of its citizens."

Section 2. G.S. 160A-428 reads as rewritten:

"§ 160A-428. Action in event of failure to take corrective action.

If the owner of a building or structure that has been condemned as unsafe pursuant to G.S. 160A-426 shall fail to take prompt corrective action, the local inspector shall give him written notice, by certified or registered mail to his last known address or by personal service,

(1) That the building or structure is in a condition that appears to ~~constitute a fire or safety hazard or to be dangerous to life, health, or other property;~~ meet one or more of the following conditions:

a. Constitutes a fire or safety hazard.

b. Is dangerous to life, health, or other property.

c. Is likely to cause or contribute to blight, disease, vagrancy, or danger to children.

d. Has a tendency to attract persons intent on criminal activities or other activities which would constitute a public nuisance.

(2) That a hearing will be held before the inspector at a designated place and time, not later than 10 days after the date of the notice, at which time the owner shall be entitled to be heard in person or by counsel and to present arguments and evidence pertaining to the matter; and

(3) That following the hearing, the inspector may issue such order to repair, close, vacate, or demolish the building or structure as appears appropriate.

If the name or whereabouts of the owner cannot after due diligence be discovered, the notice shall be considered properly and adequately served if a copy thereof is posted on the outside of the building or structure in question at least 10 days prior to the hearing and a notice of the hearing is published in a newspaper having general circulation in the city at least once not later than one week prior to the hearing."

Section 3. G.S. 160A-432 reads as rewritten:

1 "**§ 160A-432. ~~Equitable enforcement.~~ Civil and equitable enforcement.**

2 **(a) Civil Enforcement.** -- Whenever any violation is denominated a misdemeanor
3 under the provisions of this Part, the city, either in addition to or in lieu of other
4 remedies, may initiate any appropriate action or proceedings to prevent, restrain,
5 correct, or abate the violation or to prevent the occupancy of the building or
6 structure involved.

7 **(b) Equitable Enforcement.** -- In the case of a nonresidential building or structure
8 declared unsafe under G.S. 160A-426(b), a city may, in lieu of taking action under
9 subsection (a), cause the building or structure to be removed or demolished. The
10 amounts incurred by the city in connection with the removal or demolition shall be a
11 lien against the real property upon which the cost was incurred. The lien shall be
12 filed, have the same priority, and be collected in the same manner as liens for special
13 assessments provided in Article 10 of this Chapter. If the building or structure is
14 removed or demolished by the city, the city shall sell the usable materials of the
15 building and any personal property, fixtures, or appurtenances found in or attached
16 to the building. The city shall credit the proceeds of the sale against the cost of the
17 removal or demolition. Any balance remaining from the sale shall be deposited with
18 the clerk of superior court of the county where the property is located and shall be
19 disbursed by the court to the person found to be entitled thereto by final order or
20 decree of the court.

21 **(c) Nothing in this section shall be construed to impair or limit the power of the**
22 **city to define and declare nuisances and to cause their removal or abatement by**
23 **summary proceedings, or otherwise."**

24 Section 4. Notwithstanding G.S. 160A-426, as enacted in Section 1 of this
25 act, the provisions of this act apply to the cities of Winston-Salem, Statesville, High
26 Point, Thomasville, Mooresville, Hamlet, Lexington, and Troutman.

27 Section 5. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

5

SENATE BILL 1152

Finance Committee Substitute Adopted 4/28/99

Third Edition Engrossed 4/29/99

House Committee Substitute Favorable 6/21/00

House Committee Substitute #2 Favorable 6/27/00

Short Title: Nonresidential Abandoned Structures.

(Public)

Sponsors:

Referred to:

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING CITIES TO DEMOLISH AND REMOVE CERTAIN
3 NONRESIDENTIAL BUILDINGS AND STRUCTURES TO ENHANCE
4 ECONOMIC DEVELOPMENT EFFORTS.

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9 be especially dangerous to life because of its liability to fire or because of bad
10 condition of walls, overloaded floors, defective construction, decay, unsafe wiring or
11 heating system, inadequate means of egress, or other causes, shall be held to be
12 unsafe, and the inspector shall affix a notice of the dangerous character of the
13 structure to a conspicuous place on the exterior wall of said building.

14 (b) Nonresidential Building or Structure. -- An inspector may declare a
15 nonresidential building or structure within a community development target area to
16 be unsafe if it meets both of the following conditions:

17 (1) It appears to the inspector to be vacant or abandoned.
18 (2) It appears to the inspector to be in such dilapidated condition as to
19 cause or contribute to blight, disease, vagrancy, fire or safety
20 hazard, to be a danger to children, or to tend to attract persons

1 intent on criminal activities or other activities which would
2 constitute a public nuisance.

3 If an inspector declares a nonresidential building or structure to be unsafe, the
4 inspector must affix a notice of the unsafe character of the structure to a conspicuous
5 place on the exterior wall of the building. For the purposes of this subsection, the
6 term 'community development target area' means an area that has characteristics of a
7 development zone under G.S. 105-129.3A, a 'nonresidential development area' under
8 G.S. 160A-503(10), or an area with similar characteristics designated by the city
9 council as being in special need of revitalization for the benefit and welfare of its
10 citizens."

11 Section 2. G.S. 160A-428 reads as rewritten:

12 "**§ 160A-428. Action in event of failure to take corrective action.**

13 If the owner of a building or structure that has been condemned as unsafe
14 pursuant to G.S. 160A-426 shall fail to take prompt corrective action, the local
15 inspector shall give him written notice, by certified or registered mail to his last
16 known address or by personal service,

17 (1) That the building or structure is in a condition that appears to
18 ~~constitute a fire or safety hazard or to be dangerous to life, health,~~
19 ~~or other property;~~ meet one or more of the following conditions:

20 a. Constitutes a fire or safety hazard.

21 b. Is dangerous to life, health, or other property.

22 c. Is likely to cause or contribute to blight, disease, vagrancy,
23 or danger to children.

24 d. Has a tendency to attract persons intent on criminal
25 activities or other activities which would constitute a public
26 nuisance.

27 (2) That a hearing will be held before the inspector at a designated
28 place and time, not later than 10 days after the date of the notice,
29 at which time the owner shall be entitled to be heard in person or
30 by counsel and to present arguments and evidence pertaining to
31 the matter; and

32 (3) That following the hearing, the inspector may issue such order to
33 repair, close, vacate, or demolish the building or structure as
34 appears appropriate.

35 If the name or whereabouts of the owner cannot after due diligence be discovered,
36 the notice shall be considered properly and adequately served if a copy thereof is
37 posted on the outside of the building or structure in question at least 10 days prior to
38 the hearing and a notice of the hearing is published in a newspaper having general
39 circulation in the city at least once not later than one week prior to the hearing."

40 Section 3. G.S. 160A-432 reads as rewritten:

41 "**§ 160A-432. ~~Equitable enforcement.~~ Civil and equitable enforcement.**

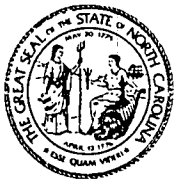
42 (a) Civil Enforcement. -- Whenever any violation is denominated a misdemeanor
43 under the provisions of this Part, the city, either in addition to or in lieu of other
44 remedies, may initiate any appropriate action or proceedings to prevent, restrain,

1 correct, or abate the violation or to prevent the occupancy of the building or
2 structure involved.

3 (b) Equitable Enforcement. -- In the case of a nonresidential building or structure
4 declared unsafe under G.S. 160A-426(b), a city may, in lieu of taking action under
5 subsection (a), cause the building or structure to be removed or demolished. The
6 amounts incurred by the city in connection with the removal or demolition shall be a
7 lien against the real property upon which the cost was incurred. The lien shall be
8 filed, have the same priority, and be collected in the same manner as liens for special
9 assessments provided in Article 10 of this Chapter. If the building or structure is
10 removed or demolished by the city, the city shall sell the usable materials of the
11 building and any personal property, fixtures, or appurtenances found in or attached
12 to the building. The city shall credit the proceeds of the sale against the cost of the
13 removal or demolition. Any balance remaining from the sale shall be deposited with
14 the clerk of superior court of the county where the property is located and shall be
15 disbursed by the court to the person found to be entitled thereto by final order or
16 decree of the court.

17 (c) Nothing in this section shall be construed to impair or limit the power of the
18 city to define and declare nuisances and to cause their removal or abatement by
19 summary proceedings, or otherwise."

20 Section 4. This act is effective when it becomes law.



BILL ANALYSIS

SENATE BILL 1152: Nonresidential Abandoned Structures.

Committee: Economic Growth & Comm.
Dev.

Date: May 11, 1999

Version: Third Edition

Introduced by: Sen. Clodfelter
Summary by: Karen Cochrane Brown
Committee Counsel

SUMMARY:

Senate Bill 1152 authorizes cities with a population of more than 200,000 to demolish and remove certain nonresidential buildings to enhance economic development efforts.

CURRENT LAW:

Under current law, a city inspector may declare a building to be unsafe if it appears to be especially dangerous to life because of its liability to fire or because of bad condition of walls overloaded floors, defective construction, decay, unsafe wiring or heating system, inadequate means of egress, or other causes. The inspector may affix a notice to the exterior wall of the building to give notice of the unsafe condition.

BILL ANALYSIS:

This bill amends the law authorizing city inspectors to declare a building unsafe, by adding a new provision relating to nonresidential buildings in cities whose population exceeds 200,000. The inspector shall declare a nonresidential building within a community development target area to be unsafe if it meets two conditions: (1) it is vacant or abandoned; and (2) it is so dilapidated as to cause blight, disease, vagrancy, fire or safety hazard, to be a danger to children, to attract criminals or to otherwise constitute a public nuisance.

The term "community development target area" means an area that has characteristics of a development zone, (which is an area located in a city with a population of at least 5,000 and the area has a population of at least 1,000, no less than 20% of which is below the poverty level) or a nonresidential development area as defined in the Urban Redevelopment Law, or is designated by the city council as being in need of revitalization for the benefit of its citizens.

The bill also allows a city, in the event a nonresidential building is declared unsafe, to cause the building to be removed or demolished. The cost of demolition becomes a lien against the property.

This act would become effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

1

SENATE BILL 1318

Short Title: Amend Bill Lee Act Tier Designations.

(Public)

Sponsors: Senators Dalton; Carpenter, Hartsell, Hoyle, Robinson, and Weinstein.

Referred to: Finance.

May 18, 2000

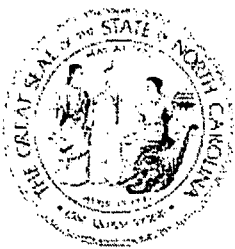
1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT AN ENTERPRISE TIER TWO AREA MAY NOT
3 BE REDESIGNATED AS A HIGHER-NUMBERED TIER AREA UNTIL IT
4 HAS BEEN AN ENTERPRISE TIER TWO AREA FOR TWO CONSECUTIVE
5 YEARS.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-129.3(c) reads as rewritten:

8 "(c) Exception for Enterprise Tier One and Two Areas. -- Notwithstanding the
9 provisions of this section, a county designated as an enterprise tier one area or an
10 enterprise tier two area may not be redesignated as a higher-numbered enterprise tier
11 area until it has been ~~an~~ in its enterprise tier ~~one~~ area for at least two consecutive
12 years."

13 Section 2. This act is effective when it becomes law and, notwithstanding
14 G.S. 105-129.3(b), applies retroactively to designations for the 2000 and later calendar
15 years.



SENATE BILL 1318: Amend Bill Lee Act Tier Designations

BILL ANALYSIS

Committee: Senate Finance
Date: June 5, 2000
Version: First Edition

Introduced by: Senator Dalton
Summary by: Martha K. Walston
Committee Counsel

SUMMARY: *Senate Bill 1318 provides that an enterprise tier two area may not be redesignated as a higher-numbered tier area until it has been an enterprise tier two area for at least two consecutive years. The act applies retroactively to tier designations for the 2000 and later calendar years.*

CURRENT LAW: Under the Bill Lee Act, all counties are divided into five enterprise tiers, ranked by economic distress as measured by a formula that combines unemployment, per capital income, and population growth. Those counties in lower-numbered tiers receive more favorable incentives than those in higher tiers. For example, enterprise tier one and two counties are the counties considered most in need of economic development based on high unemployment, low per capita income, and low population growth. During the 1999 Session, the Bill Lee Act was amended to provide the following three incentives for development in enterprise tier one and two counties:

- Extended Bill Lee Act credits to electronic mail order houses that create at least 250 jobs in tiers one and two.
- Extended Bill Lee Act credits to customer service centers in tiers one and two.
- Allowed annual refund of 6% sales taxes paid on capitalized machinery and equipment sold to businesses eligible for Bill Lee Act credits and located in tiers one and two.

In 1999, the General Assembly also allowed certain counties to qualify for a lower enterprise tier designation, effective January 1, 2000. The rules for assigning enterprise tier designations were changed to provide that the tier number that would otherwise be assigned by the formula is reduced by one for counties that have a population of less than 50,000 and also have more than 18% of their residents below the federal poverty level. Under this change, Alleghany, Ashe, Beaufort, Cherokee, Perquimans, Scotland, Vance, and Yancey Counties moved from tier two to tier one. Bladen, Hoke, Jones, Madison, Pamlico, and Pasquotank Counties moved from tier three to tier two. The change also provided that a county that has a population of less than 25,000 cannot be designated higher than tier three. Finally the 1999 changes provided that a county is designated as tier one if it has a population of less than 10,000 and also has more than 16% of its residents below the federal poverty level. Under this change, Camden, Clay, and Jones qualified as tier one counties.

BILL ANALYSIS: In 1997, the General Assembly amended the Bill Lee Act to guarantee that a county that obtained a tier one status could not lose that status for two years regardless of what the annual rankings would otherwise require. Senate Bill 1318 extends this guarantee to a county designated as a tier two area, so that a tier two area may not be redesignated as a higher-numbered tier area until it has been a tier two area for two consecutive years.

VISITOR REGISTRATION SHEET

Economic Growth and Community Development

June 20, 2000

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Hal Miller

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Richard H. Carlton

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**HOUSE COMMITTEE ON ECONOMIC GROWTH
AND COMMUNITY DEVELOPMENT**

ROOM 544 LOB

JUNE 22, 2000

10:00 A.M.

AGENDA

CALL TO ORDER

Representative Mary Jarrell, Committee Chair

CONSIDERATION OF BILLS

SB 1318 Amend Bill Lee Act Tier Designations

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
ECONOMIC GROWTH AND COMMUNITY DEVELOPMENT**

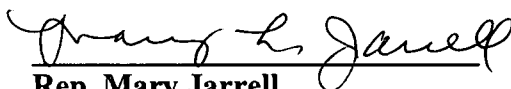
The House Committee on Economic Growth and Community Development met at 10:00 a.m. on Thursday, June 22, 2000 in Room 544 of the Legislative Office Building with the following members present: Representative Jarrell, Chair; Representative Womble, Vice-Chair; Representatives Allen, Barefoot, Ford, Goodwin, Luebke, and West. Karen Cochrane-Brown and Wendy Graf, Staff Attorneys, were also present. A visitor registration sheet is attached and made a part of these minutes.

Representative Jarrell called the meeting to order and recognized the pages, Kristin Kielty and Jeffrey Womble. The following bill was considered:

SB 1318 Amend Bill Lee Act Tier Designations. This bill was taken up in part during the last meeting of this committee, June 20, 2000. Senator Dalton explained that this bill is identical to bill which passed in 1997. This bill, as explained in minutes of June 20, provides that an enterprise tier two area may not be designated as a higher-numbered tier area until it has been an enterprise tier two area for at least two consecutive years. The act applies retroactively to tier designations for the 2000 and later calendar years.

Representative Goodwin moved to give the bill a favorable report and be referred to Finance. Motion carried.

There being no further action, the meeting adjourned at 11:10.


Rep. Mary Jarrell
Committee Chair


Edna Lee Collar
Committee Assistant

**2000 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Jarrell** for the Committee on **Economic Growth and Community Development..**

☐ Committee Substitute for

S. B. 1318 A BILL TO BE ENTITLED AN ACT TO PROVIDE THAT AN ENTERPRISE TIER TWO AREA MAY NOT BE REDESIGNATED AS A HIGHER-NUMBERED TIER AREA UNTIL IT HAS BEEN AN ENTERPRISE TIER TWO AREA FOR TWO CONSECUTIVE YEARS.

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☒ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/25/00

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

1

SENATE BILL 1318

Short Title: Amend Bill Lee Act Tier Designations.

(Public)

Sponsors: Senators Dalton; Carpenter, Hartsell, Hoyle, Robinson, and Weinstein.

Referred to: Finance.

May 18, 2000

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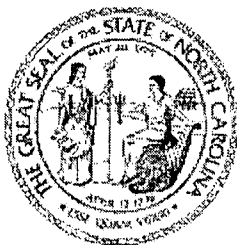
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VISITOR REGISTRATION SHEET

Economic Growth & Community Development

June 22, 2000

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS[illegible]