

2017

**HOUSE
COMMERCE & JOB
DEVELOPMENT**

MINUTES

ATTENDANCE

HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

2017-2018 SESSION

[illegible]



House Committee on Commerce and Job Development
Wednesday, March 8, 2017 at 8:30 AM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Commerce and Job Development was gavelled in at 8:34 AM on March 8, 2017 in Room 544 of the Legislative Office Building. Representatives Adams, Boles, Bradford, Clampitt, Conrad, Cunningham, Davis, Grange, Holley, S. Martin, McNeill, Quick, Ross, Sauls, and Williams attended.

Representative Susan Martin, Chair, presided.

Introduction of Pages and Sgt-at-Arms was done by Rep. Martin.

8:36 AM – Presentation by Cindy Avrette

Brief History of Economic Development Goals and Tools from 1987- Today

8:45 AM – Presentation by Daniel Ettefagh

Economic Development Change and North Carolina

Question by Rep. Adams: Learned that different increases effect transportation in different areas. Is there a way to increase economic development with the effect of transportation purposes?

Answer by D. Ettefagh: Focus is to increase jobs and site needs.

Follow up by Rep. Adams: Building several roads has created economic growth (jobs) because of increased economic activity.

Question by Rep. Williams: Will this information be online?

Answer by D. Ettefagh: It will be online, and he will forward information to you by email.

Question by Rep. Holly: Do funds go to the county and then given out to low wealth areas?

Answer by D. Ettefagh: With JDig the business gets the funds, so it depends on the location of project. The funds are available for all tier areas but agnostic to location. You cannot gain the system by going to a poor area.

9:05 AM – Presentation by Brent Lane

Policy Options to Align Econ. Dev. Programs and Efforts w/NCGA Priorities

9:25 AM – Rep. Martin left for Press Conference and Rep. Ross took over as presiding Chair

Question by Rep. Adams: Looking at state income vs. national over 30 yrs., is it Net or Gross?

Answer by B. Lane: Gross (cheaper nationally to live here). The point is we should look at disposable income (relieve tax burden). Goal is “how are our citizens doing economically?”

Question/Concern by Rep. Bowls: Attended Transportation Over site in summer and there are predictions that majority of our population will be living in 6 metro areas within our state – 12 counties. Long term plan is needed to address the other 88 counties.

Answer by B. Lane: That is a national trend. NC has more counties than most states. Main Obligation: Want More & Better jobs where people live. Rural NC is not like rural U.S. Need economic policy that serves citizens outside metro areas.



3/8/17

Question by Rep. Clampit: pg. 22/sl. 44 shows Swain county. Is your goal \$7Bl. Per county?

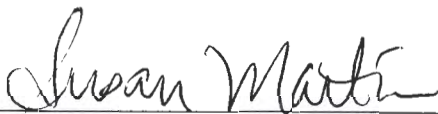
Answer by B. Lane: No

Question by Rep. Clampit: pg. 23/sl. 46, is the goal to get to a State average for tax base per capita (not across county)?

Answer by B. Lane: County needs tax base more than jobs, and this should apply to incentives.

Announcements: Next week there will be a joint meeting with AGNER to address funding in 544 LOB.

9:51 AM Rep. Ross adjourned the meeting.



Representative Susan Martin, Chair
Presiding



Susie Farrell, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Wednesday, March 8, 2017
TIME: 8:30 AM
LOCATION: 544 LOB
COMMENTS: Agenda to follow

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 3:17 PM on Wednesday, March 01, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Susie Farrell (Committee Assistant)



AGENDA
COMMERCE AND JOB DEVELOPMENT

Rep. Conrad Rep. S. Martin Rep. Ross

**Wednesday, March 8, 2017
Room 544, Legislative Office Building
8:30 a.m.**

- I. Call to Order**
- II. Economic Development Landscape**
 - **Brief History of Economic Development Goals and Tools from 1987-Today**
Cindy Avrette, Legislative Analysis Division
 - **Economic Development Change and North Carolina**
Daniel Ettefagh, Bill Drafting Division
 - **Policy Options to Align Economic Development Programs and Efforts with NCGA Priorities**
Brent Lane, Director, UNC Center for Competitive Economies
Frank H. Kenan Center of Private Enterprise
Kenan-Flagler Business School, University of NC at Chapel Hill
- III. Committee Discussion**
- IV. Adjournment**





ECONOMIC DEVELOPMENT

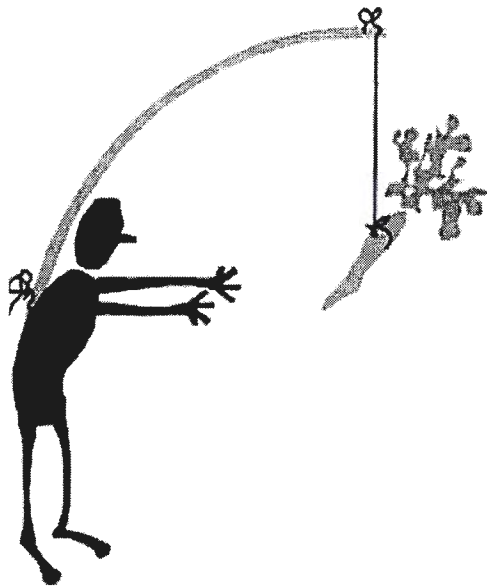
House Commerce Committee

Wednesday, March 8, 2017

8:30 am, Room 544, LOB

Incentive:

A payment or concession to stimulate greater output or investment



Questions Learned in Grade School also Apply to Incentives

- Who?
- What?
- Why?
- When?
- Where?
- How?
- How much?

Shift in Focus: Economic Growth

Evolving Tax Credits

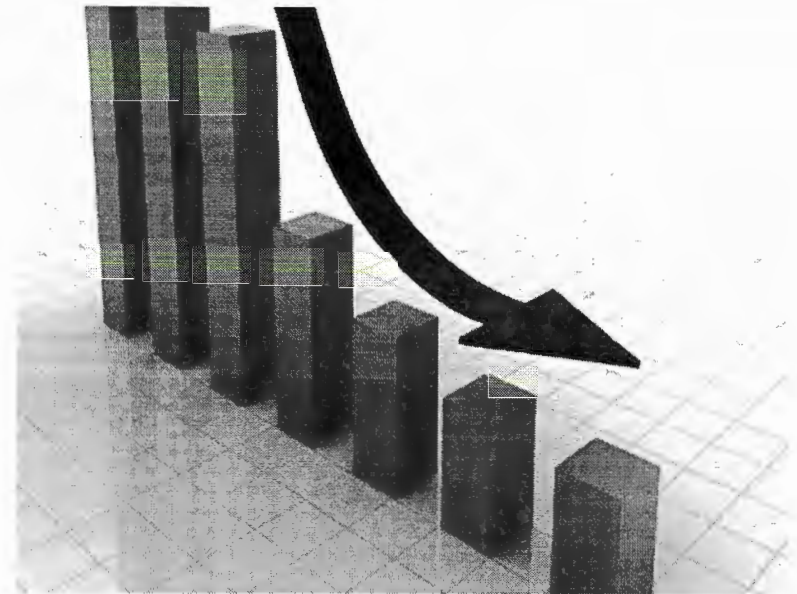
- Who?
 - All 100 counties
 - Different tiers
- How?
 - Different thresholds
 - Different credit amounts
- What?
 - Job creation
 - Investment in machinery & equipment
 - Worker training
 - Research & Development

Evolving Tax Incentives

- Plethora of other Tax Incentives
 - Sales tax exemptions
 - Specific income tax credits
- Creation and Expansion of Grant Programs
 - Job Development Investment Grant Program
 - One NC Fund
 - Utility Account

Shift in Focus: Tax Reform (2014-2017)

- Reduced corporate tax rate from 6.9% to 3%
- Eliminated more than 25 tax credits and deductions
- Phased-in single sales factor apportionment over three years (2018)
- Simplified franchise tax base calculation

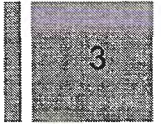




Economic Development Change And North Carolina

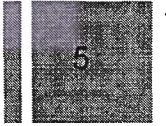
Daniel Ettefagh
Bill Drafting Division

Job Development Investment Grant Program



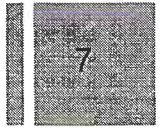
- Discretionary incentive program for businesses (new or existing) that create new jobs in the State
- Amount of incentive = (withholdings of the created eligible positions) X (percentage up to 80% for tier 1 and up to 75% for all other tiers)
- Project must create at least 10 jobs in tier 1, at least 20 jobs in tier 2, or at least 50 jobs in tier 3
- Maximum annual cost of JDIG agreements: \$20M/CY, unless a high-yield project is awarded (\$500M investment; 1,750 eligible positions)
- Agreement term: 12 year max (except for HYP: 20 year max)
- Utility Account diversion of percentage of earned award: 10% for tier 2 awards, 25% for tier 3 awards.
- Proportionate recapture if a business fails to maintain operations at the project for at least 150% of the agreement term

Industrial Development Fund Utility Account



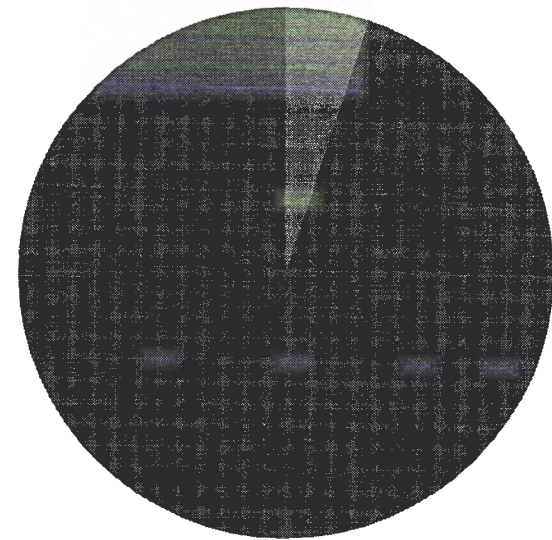
- Discretionary fund used for construction/improvement of utility infrastructure for projects reasonably anticipated to create new jobs
- Restricted to tier one and two counties
- No local match requirement for 25 most economically distressed counties

Ongoing Review



- Program Evaluation Division Study and Recommendations
- Program Evaluation Division Oversight Committee draft legislation
- Economic Development and Global Engagement Joint Oversight Committee draft legislation
- Contract with the Center for Competitive Economies and analysis by Brent Lane
- Analyses looked at, among other things, whether to change the tier distress factors, level of measurement, whether to eliminate the adjustment factors, whether to replace the tiers with an index, and programmatic changes

Areas of Agreement



- Consensus: Adjustment Factors
- Everything Else

Joint Legislative Economic Development and Global
Engagement Oversight Committee
Strategy Workgroup Report Summary

NCGA House Commerce
March 8 2017

Brent Lane, Director
UNC Center for Competitive Economies

1

NC's Economy is Big

- Population = 10+ million (9th)
- GDP = \$511 Billion (10th)
- NC = 24nd largest national economy
(Sweden/Belgium)
- Workforce of 5 million people
- 350,000+ businesses of many types



Big is hard to affect.



2nd qtr. 2016: USBEA, IMF

2

NC & Incentives

NC was a late, reluctant and careful player in the use of financial economic incentives

- Bill Lee Tax Credits
- Article 3J tax credits
- OneNC
- JDIG
- Exceptional projects

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2009 Incentives Jt. NCGA Study Committee

- 20+ member joint legislative study committee
- 18 month, \$300k multi-institutional research
- Portfolio investment return model evaluation of NC statutory tax credits and discretionary economic incentives
- Studied quarterly employment effects of 3,000 incentives from 1996 to 2006

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2009 Findings

- Tax credits' outcomes were contrary to NC goals
- Tax reduction a better strategy
- Incentives had regional, but not NC impact
- Incentives mostly benefitted wealthy areas

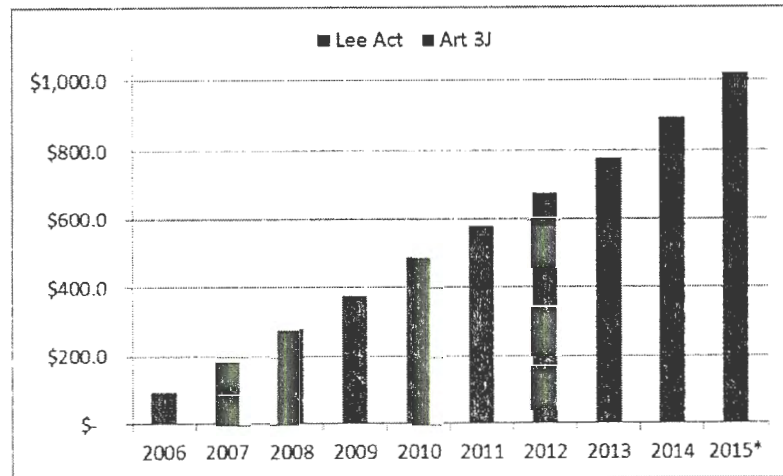
3

2009 Incentives Study Committee Recommendations

- ☒ Eliminate most tax credits effective 2010
- ☒ Reduce corporate tax rate to competitive rate
- ☒ Address systemic economic policy factors
- ☒ Institute legislative oversight function (EDGE)
- ☐ Expand JDIG and One NC programs targeted to high impact firms in distressed counties

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NCGA Eliminated \$1B/yr. Credits to Reduce Tax Rates



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NCGA Systemic Remedies

Pivot from industry targeting to systemic economic and public policy reform

Goals

- Broad private sector employment and wage growth in response to market forces
- Gradual income improvement across NC

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EDGE Strategy Workgroup

Purpose

EDGE workgroup to build on legislative deliberations of Tier “distressed counties” to identify long term economic goals and legislative actions for improved economies in those areas

Met in September, October, November, and December

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EDGE Strategy Workgroup

NC House members

Rep Susan Martin

Rep John Bell

Rep Ted Davis

Rep John Fraley

Rep Rena Turner

NC Senate members

Sen. Harry Brown

Sen. Tommy Tucker

Sen. Rick Gunn

Sen. David Curtis

Sen. Bill Rabon

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Workgroup Tasks

- Reconsider economic incentive tier structure
- Identify and quantify state and local level economic goals
- Develop policies to align economic development efforts with NCGA priorities
- Recommend legislative actions or policy changes for implementation

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Findings

1. NC's incentives began to aid distressed areas but most incentives go to wealthy areas
2. Reliance on economic development "success" is inadequate to scale of NC economy
3. Systemic economic policies needed to enhance statewide economic climate
4. Improved competitiveness lessens importance of off-setting economic incentives
5. Incentives most significant in distressed areas

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Alignment Options

Make tier structure more effective in Tiers 1 and 2

1. Establish and oversee goals for T1&T2 outcomes
2. Reformulate JDIG evaluation to include goals for employment, income, tax base
3. Limit total JDIG awards to T3 counties (50%)
4. Reduce maximum amount of T3 JDIG awards
5. Limit EDP bonuses to projects located in T1&T2
6. Limit JDIG eligibility to resident, permanent workers

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Incentives and Tiers

- “Tier system” developed to prioritize use of incentives for struggling counties
- “Distress” based on unemployment, income, population growth and per capita property
- Tiers definition evolved since inception
- Little effect on distribution of incentives

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Job Development Investment Grant (JDIG)

- Cash grants companies for locating or expanding a facility in the state
- Amount based on % personal income tax withholdings associated with the new jobs
- Grant funds are disbursed annually, for up to 12 years, to approved companies following the satisfaction of performance criteria set out in grant agreements

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JDIG and Tiers

Tier system intended to direct JDIGs to less prosperous areas of the state:

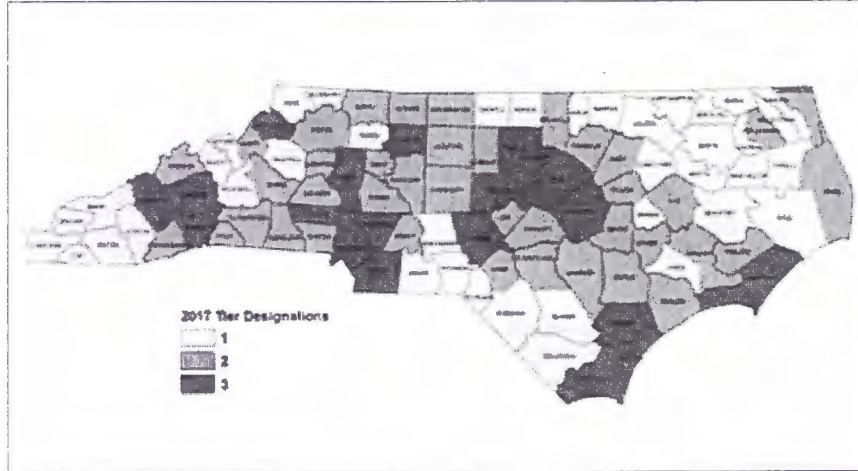
- 40 most distressed counties (Tier 1), Tier 2 (next 40), Tier 3 (20 least distressed)

JDIG maximum amounts vary by Tier:

- Tier 1 - 100% of the grant to the company
- Tier 2 - 90% to company, 10% to Utility Account
- Tier 3 - 75% to company, 25% to Utility Account

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2017 Tiers



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2015 JDIGS

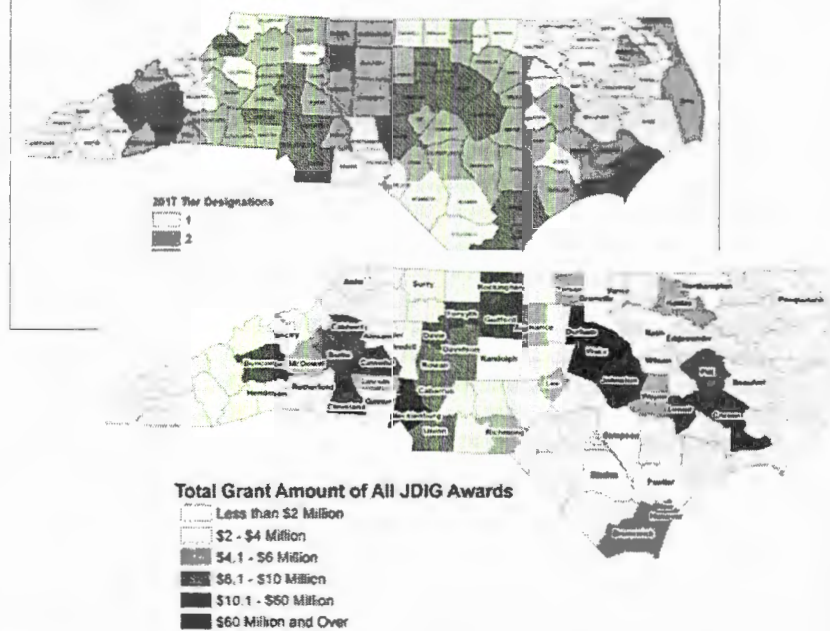
Grantee Name	County	Tier	Number of Grant Years	1st Year of Eligibility	Withholding	Amount to Company	Amount to Utility Acct	Total Award Liability
Novo Nordisk Pharmaceutical Industries, Inc. II	Johnston	3	12	2019	75%	\$15,861,750	\$5,287,250	\$21,149,000
Fidelity Global Brokerage Group, Inc. II	Durham, Wake	3	12	2016	48%	\$15,522,750	\$5,174,250	\$20,697,000
Dimensional Fund Advisors LP	Mecklenburg	3	12	2016	75%	\$10,310,250	\$3,436,750	\$13,747,000
Ashley Furniture Industries, Inc. II	Davis	2	12	2016	70%	\$4,607,100	\$511,900	\$5,119,000
Royal Appliance Mfg. Co.	Mecklenburg	3	12	2016	36%	\$3,753,000	\$1,251,000	\$5,004,000
BSH Home Appliances Corporation II	Craven	2	12	2016	50%	\$4,096,800	\$455,200	\$4,552,000
DB Global Technology, Inc. III	Wake	3	12	2016	35%	\$3,384,000	\$1,128,000	\$4,512,000
Herbalife International of America, Inc. II	Forsyth	3	12	2016	41%	\$2,999,250	\$999,500	\$3,998,750
FBUS, Inc. I	Mecklenburg	3	12	2016	31%	\$2,859,500	\$688,500	\$3,546,000
Premier Research International LLC	Durham	3	12	2016	36%	\$2,580,000	\$860,000	\$3,440,000
Corning Optical Communications LLC	Mecklenburg	3	12	2016	45%	\$2,352,000	\$784,000	\$3,136,000
Albemarle Corporation	Mecklenburg	3	12	2016	22%	\$2,040,000	\$680,000	\$2,720,000
Interactive Purecloud, Inc.	Durham	3	12	2016	28%	\$1,637,250	\$545,750	\$2,183,000
Metal Works Mfg. Co.	Cleveland	2	12	2015	75%	\$1,325,150	\$233,850	\$1,559,000
Frontier Communications of the Carolinas LLC	Durham	3	12	2016	25%	\$880,500	\$293,500	\$1,174,000
Total						\$74,009,300	\$22,527,450	\$96,536,750

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2003-15 JDIGS



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JDIG/OneNC

Limited success in serving distressed counties

- 15 JDIG awards in 2015 totaling \$74 million but none in Tier1 distressed counties
- 56 OneNC awards in 2015 with 18 (\$6.3M) to companies in Tier 1 distressed counties
- T3 counties (77%), Wake/Mecklenburg (60%)*
- Large non-NC corporations (93%)*
- Minimal realized employment gains

**2008-13 data*

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Incentives' Limited Impact

Nine years of incentives (2007-2015)*

- 575 JDIG, OneNC, JMAC, IDF awards
- \$1.3 Billion authorized (\$119M actual)
- 27,809 realized jobs (3,000/yr.)
- 1% NC job growth = 50,000 jobs

**2015 NC Commerce JDIG Report*

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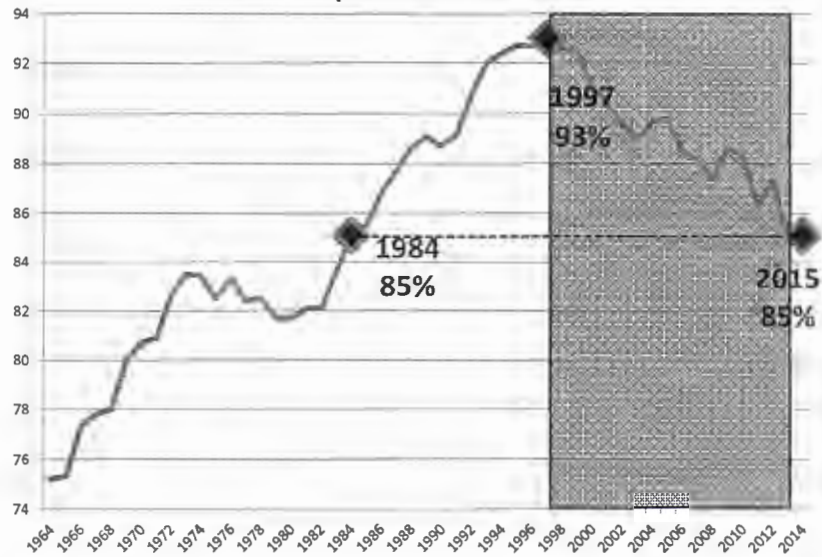
Economic Development Success? North Carolina "Best Business Climate" 15 of last 20 years

Site Selection's 2015 Top State Business Climate Rankings

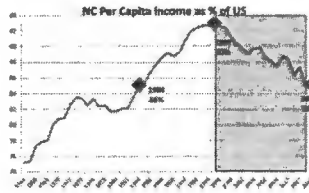
Overall Ranking	Executive Survey Rank	Company Growth Rank	2014 New Plant Rank	2014 New Plant Rank Per Capita	2015 New Plant Rank	2015 New Plant Rank Per Capita (Adj.)	Market Firm Rank	Market Firm Rank	Final Total Points
1 Georgia	2	10	5	7	2	6	3	6	637
2 North Carolina	2	1	4	6	1	4	7	13	615
3 Kentucky	8	6	6	1	7	1	18	7	585
4 Louisiana	13	2	9	3	8	2	10	2	576
5 Ohio	11	9	2	2	5	12	5	3	573
6 Texas	1	3	1	14	18	41	12	42	553
7 Tennessee	6	5	10	9	10	10	29	29	531
8 Utah	9	17	28	19	30	26	6	10	528
9 Indiana	7	8	12	13	3	3	43	15	525
10 South Carolina	5	4	17	11	11	9	32	34	517

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NC Per Capita Income as % of US



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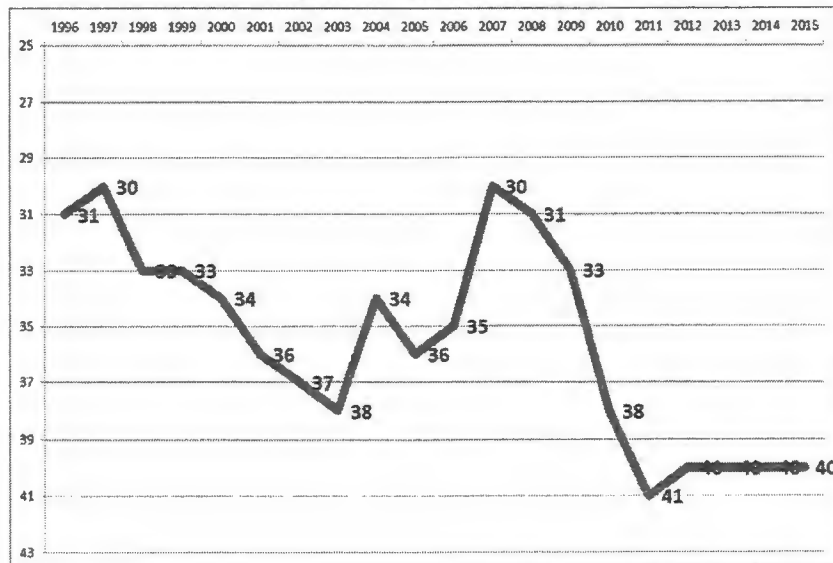


NC PCI Decline

- Decline from 93% of US (1997) to 84.7% (2014)
- Decrease of \$30 Billion in annual income
- Down to 1984 level - 30 years of progress lost
- Recent improvements correlated to policy shifts
- 2016: NC up to 85.5% of US PCI

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NC PCI Rank

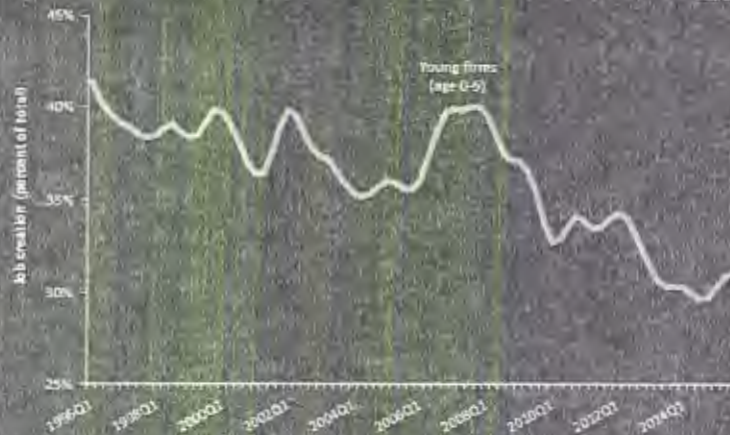


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Young Firms See Their Share of Job Creation Decline

NC: Private sector employment and job creation

LEAD
Leveraging Economic
Advantage in North Carolina



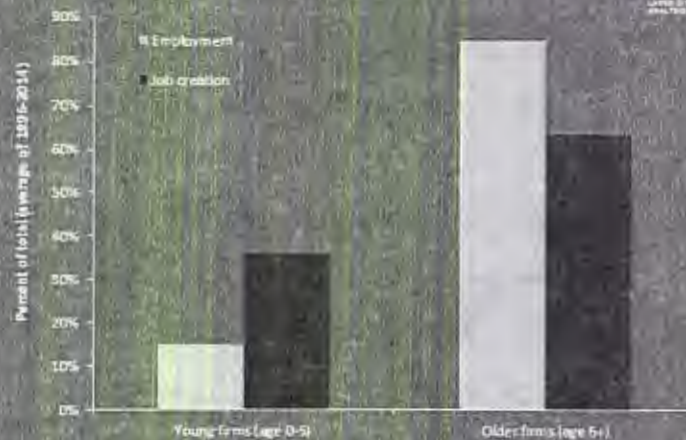
Source: Author's analysis of data from the Quarterly Census of Employment and Wages (QCEW). Firm age is the number of years a firm has existed in North Carolina. Job creation is tallied as changes in employment between the third month of each quarter. Both firm growth and firm age are calculated in a manner that controls for changes in establishment ownership. Seasonally adjusted and smoothed using X-12-ARIMA.

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Young Firms Create Jobs At Disproportionately High Rate

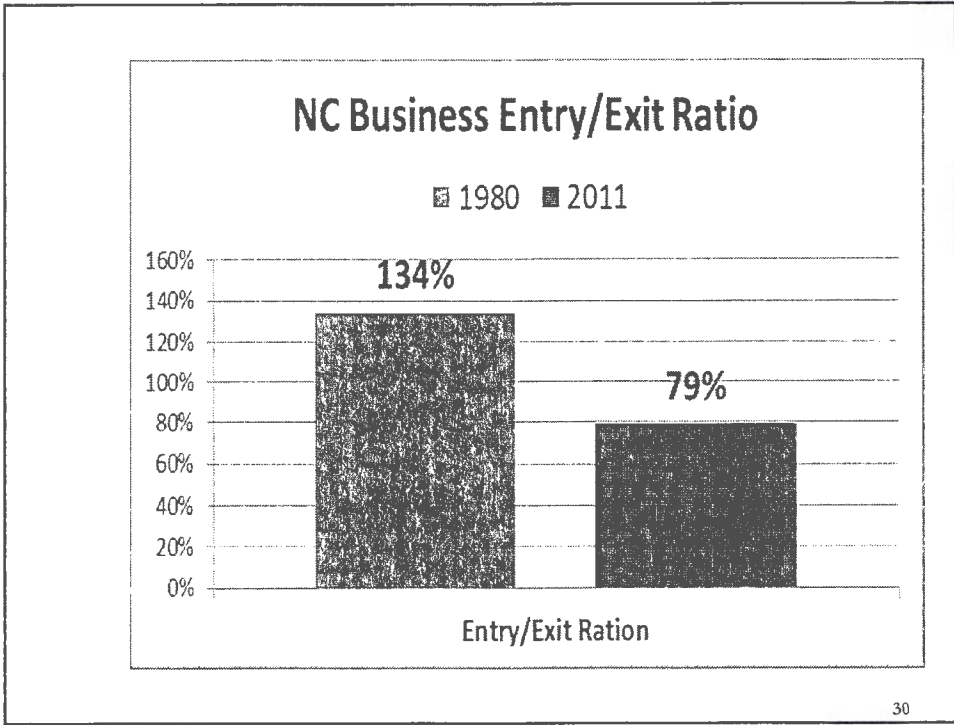
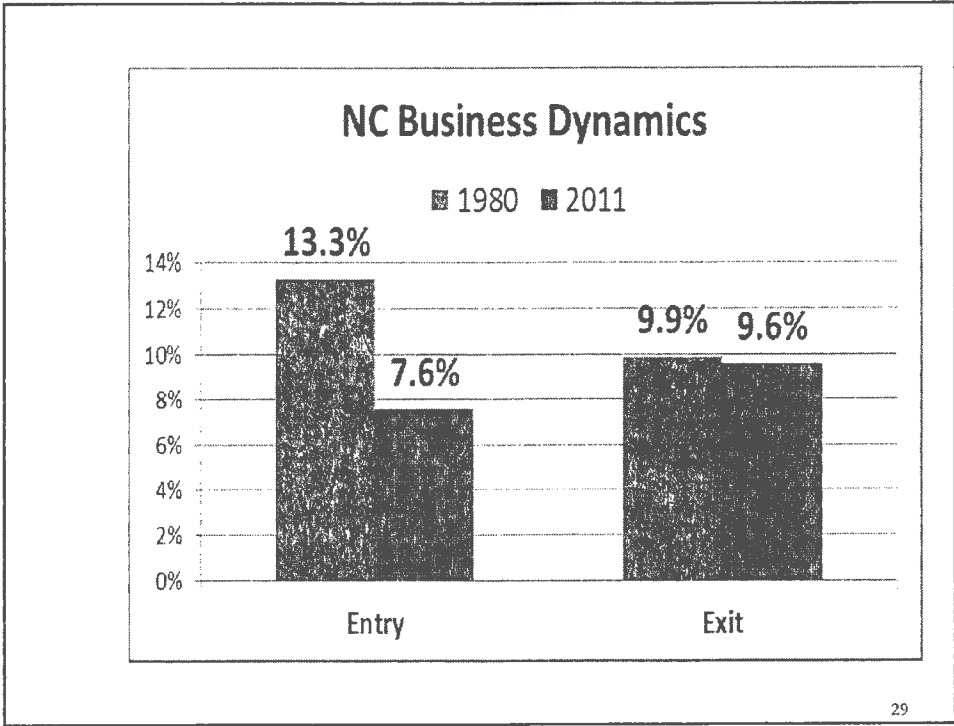
NC: Private sector employment and job creation, by firm type

LEAD
Leveraging Economic
Advantage in North Carolina



Source: Author's analysis of data from the Quarterly Census of Employment and Wages (QCEW). Firm age is the number of years a firm has existed in North Carolina. Job creation is tallied as changes in employment between the third month of each quarter. Firm growth and firm age are calculated in a manner that controls for changes in establishment ownership.

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NCGA Systemic Improvements

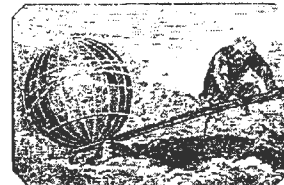
Improved business climate for all reduces need for economic incentives for a few

- Corporate tax reduction from 6.9% (2013) to 3% in 2017
- Personal income tax reduced from max. 7.75% to flat 4.99%
- Lowered rate/broadened base of sales tax

Past 3 years has seen PCI growth in NC meet or exceed US (3.7%)

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Limited Effects



At best, incentives can increase regional

- Income
- Employment
- Tax base

What are the goals for these gains?

Where are those gains a priority?

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Workgroup Tasks

- Reconsider economic incentive tier structure
- Identify and quantify state and local level economic goals
- Develop policies to align economic development efforts with NCGA priorities
- Recommend legislative actions or policy changes for implementation

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Revised Tier Criteria

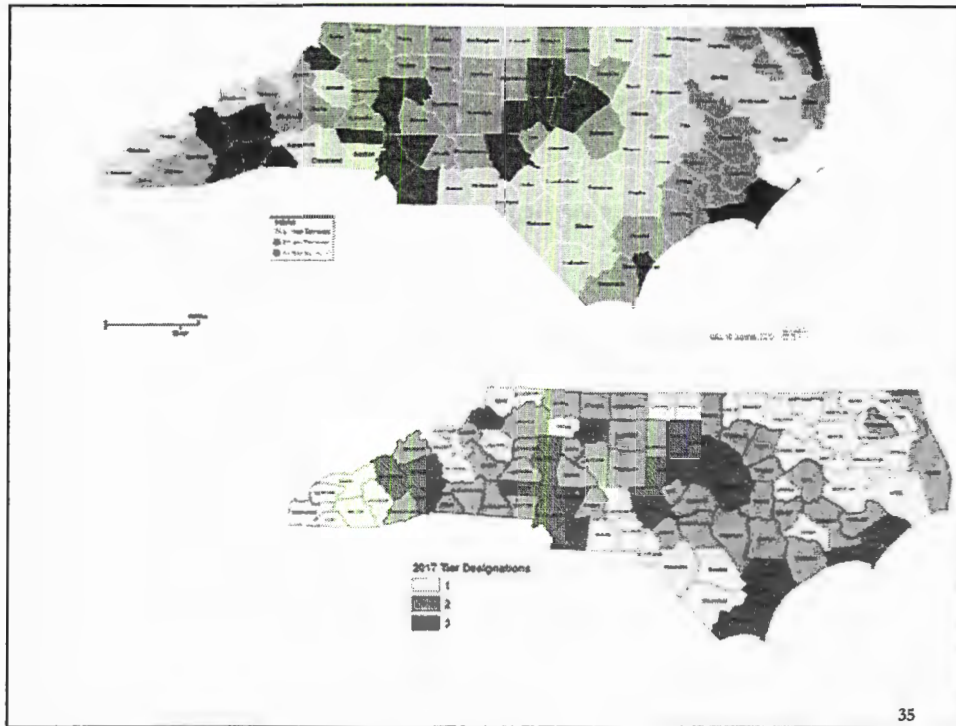
Retaining the tiers but redefined them based on:

- Tax base per capita
- Median household income
- Average annual unemployment rate

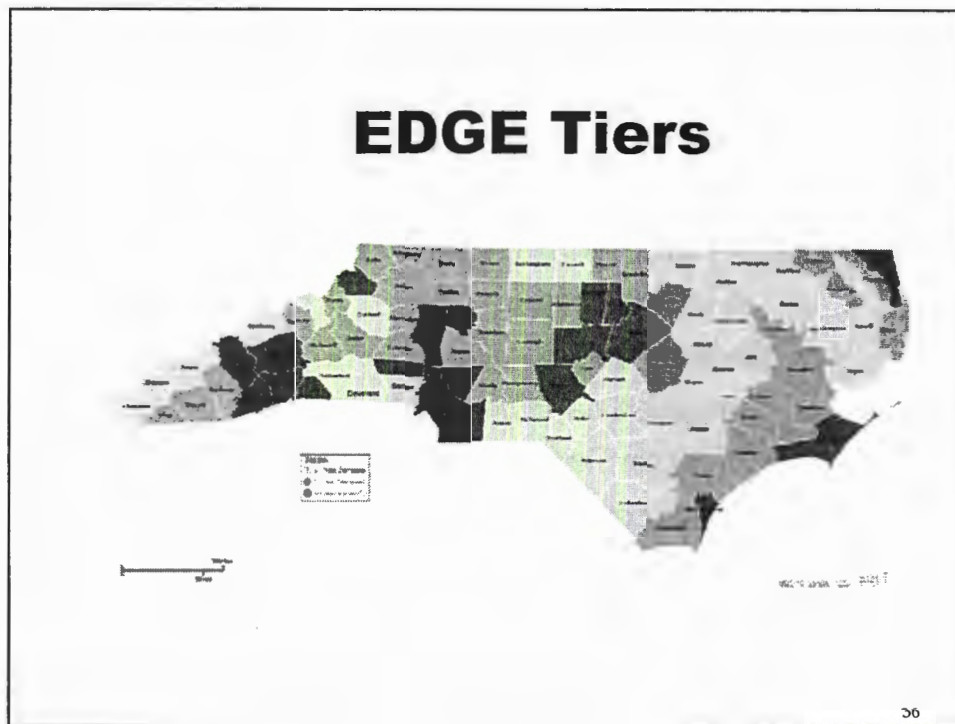
40 counties in Tiers 1 and 2; 20 counties in Tier 3

Eliminated population-based “adjustment factors”

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35



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Tier 1

Edgecombe
Robeson
Scotland
Vance
Bertie
Hertford
Halifax
Washington
Richmond
Columbus
Anson
Bladen
Northampton

Martin
Wayne
Sampson
Lenoir
Duplin
Wilson
Hoke
Rutherford
Tyrrell
Cumberland
Graham
Pitt
Swain
Warren

Greene
Harnett
Rockingham
Caswell
Chowan
Nash
Cherokee
Pasquotank
Cleveland
Caldwell
Gaston
Mitchell
Hyde

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Tier 2

Wilkes
Onslow
Burke
Surry
Jones
Alleghany
Beaufort
Randolph
Lee
McDowell
Perquimans
Rowan

Montgomery
Alamance
Madison
Clay
Gates
Craven
Franklin
Yancey
Stanly
Yadkin
Alexander
Jackson
Davidson
Guilford

Person
Macon
Ashe
Pender
Avery
Stokes
Pamlico
Forsyth
Brunswick
Camden
Granville
Catawba
Dare
Johnston

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Tier 3

Haywood
Transylvania
Davie
Lincoln
Moore
Watauga

Carteret
Cabarrus
Polk
Durham
Henderson
Iredell
Currituck

Mecklenburg
Union
New Hanover
Buncombe
Orange
Chatham
Wake

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Specified Goals

**Affirmed the economic development priority
of distressed areas**

1. **Income:** Increase NC and county incomes to cost-index adjusted US equivalents
2. **Employment:** Increase jobs reducing long term unemployment to state averages
3. **Tax base:** Increase county property tax base to NC per capita average

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Quantified 10 Year NC Goals

Income

- Add \$30B in income to equal US PCI

Employment

- Add 500,000+ to maintain Goal UE

Tax Base

- Add \$124 B to 2015 Tax Base of \$1.0 Trillion

*Healthy economy will provide most needs.
Economic development policy "fills holes".*

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Quantified County Goals

ex. Bladen County

Income

- Goal PCI = \$42,227 (\$34,657)
- Target PCI Gain = \$6,721 (\$233 Million)

Employment

- Goal UE = 5.0% (8.1%)
- Target Gain = 574 jobs

Tax Base

- Goal NC avg. Per Capita Tax Base
- Target Gain = \$733 million

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20 Most Distressed

1	Scotland	11	Anson
2	Robeson	11	Hoke
3	Edgecombe	13	Bladen
4	Vance	14	Rutherford
5	Bertie	15	Northampton
6	Hertford	16	Tyrrell
7	Halifax	17	Graham
7	Richmond	18	Harnett
9	Columbus	18	Madison
10	Washington	18	Swain

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20 Most Distressed Goals

Income

- Add \$7B in income to equal US PCI

Employment

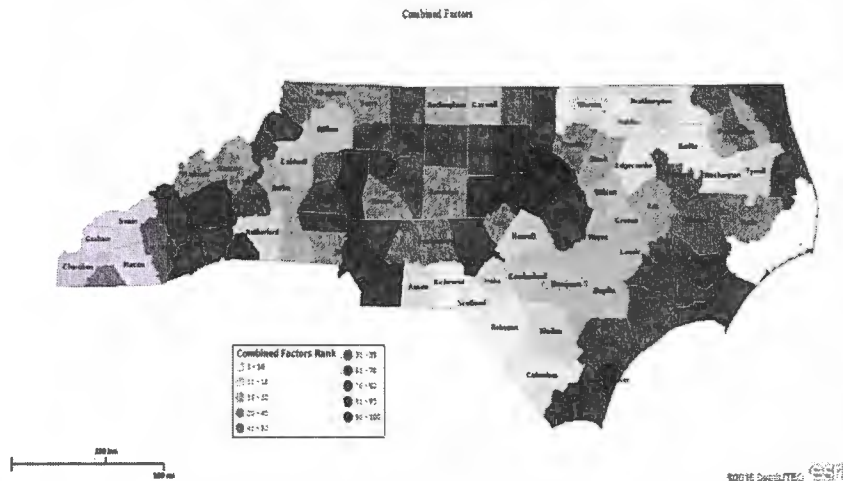
- Add 8,359 to achieve 5% Goal UE

Tax Base

- Add \$32 Billion to achieve NC average

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Goal Attainment



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Meet Tax Base Goal (43)

Camden	Clay	Transylvania
Tyrrell	Hyde	Watauga
Swain	Pender	Currituck
Madison	Polk	Iredell
Montgomery	Catawba	Macon
Cherokee	Beaufort	Jackson
Mitchell	Yancey	Buncombe
Lincoln	Haywood	Carteret
Warren	Ashe	New Hanover
Person	Henderson	Dare
Graham	Durham	Brunswick
Cabarrus	Chatham	Mecklenburg
Perquimans	Orange	Wake
Pamlico	Avery	
Alleghany	Moore	

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Meet Employment Goal (17)

Wake	Johnston
Buncombe	Granville
Durham	Alexander
Union	Yadkin
Orange	Davie
Henderson	Polk
Chatham	Stanly
Cabarrus	Lincoln
Mecklenburg	

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Meet Income Goal (9)

Orange	Carteret
Chatham	Moore
Wake	Onslow
Mecklenburg	Durham
Dare	

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Meet Income & Empl. Goals (5)

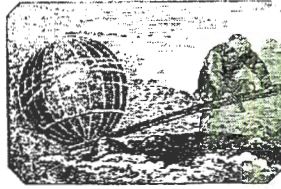
Orange
Chatham
Wake
Mecklenburg
Durham

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Meet All Goals (5)

Orange
Chatham
Wake
Mecklenburg
Durham

50



Incentive Economic Impact Factors

- Headquarters/local ownership
- Value-added products for export
- Reliance on regional assets and local workforce
- High relative economic significance
- Necessity of incentive

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Best Case Incentive Deal

Established firm with growth position

- Low risk with ROI upside

Value added serving national/global market

- Imports profits into local economy

Regional inputs dependent

- Secondary growth and higher stability

Employs current local residents

- Maximum economic benefit w/minimum costs

Headquartered with local investors

- Wealth creation and absorption

Distressed county location maximizes impact

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Relative Job Impact

1 job in Mecklenburg = ?

Tyrrell	198	Warren	75
Gates	147	Caswell	68
Camden	118	Alleghany	65
Jones	116	Yancey	58
Hyde	112	Mitchell	57
Graham	106	Chowan	56
Clay	104	Northampton	53
Perquimans	99	Madison	50
Washington	78	Swain	50
Pamlico	77	Pender	46

53

Findings

1. NC's incentives began to aid distressed areas but most incentives go to wealthy areas
2. Reliance on economic development "success" is inadequate to scale of NC economy
3. Systemic economic policies needed to enhance statewide economic climate
4. Improved competitiveness lessens importance of off-setting economic incentives
5. Incentives most significant in distressed areas

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Alignment Options

Make tier structure more effective in Tiers 1 and 2

1. Establish and oversee goals for T1&T2 outcomes
2. Reformulate JDIG evaluation to include goals for employment, income, tax base
3. Limit total JDIG awards to T3 counties (50%)
4. Reduce maximum amount of T3 JDIG awards
5. Limit EDP bonuses to projects located in T1&T2
6. Limit JDIG eligibility to resident, permanent workers

55

Alignment Options

Establish and oversee goals for T1&T2 outcomes

- Set 10 year goals w/annual performance evaluations
 - \$3 billion in income growth
 - 50,000 new jobs
 - \$12 billion in tax base growth
- EDGE review "Progress toward Goal" reports at the county, regional and state levels

56

Alignment Options

Reformulate JDIG evaluation to include goals for employment, income, tax base

- Current revenue-based model biased toward higher wage, larger scale projects favoring T3 locations
- Prioritize incentive awards on contribution to income, employment and tax base goals
- Increase NCGA involvement in Economic Investment Committee (EIC) in evaluating JDIG awards

57

Alignment Options

Shift more JDIG use from Tier 3 to Tiers 1 and 2

- Limit total JDIG awards to T3 counties to 50% (or less) of annual authorization
- Reduce current 75% to maximum amount of T3 JDIG awards to 50% (or less)
- Support NCEDP employment performance bonuses to results located in T1&T2
- Limit JDIG eligibility to resident, permanent workers

58

Discussion of Options

Make tier structure more effective in Tiers 1 and 2

1. Establish and oversee goals for T1&T2 outcomes
2. Reformulate JDIG evaluation on to include goals for employment, income, tax base
3. Limit total JDIG awards to T3 counties (50%)
4. Reduce maximum amount of T3 JDIG awards
5. Limit EDP bonuses to projects located in T1&T2
6. Limit JDIG eligibility to resident, permanent workers

VISITOR REGISTRATION SHEET

Hse. Comm. on Commerce and Job Development

3/8/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Steven Pennington

HC Commerce

Anthony Starr

Western Piedmont OGE. ... y NC



VISITOR REGISTRATION SHEET

Hse. Comm. on Commerce and Job Development

3/8/2017

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Isabel Villa Grana

NC REACTIONS

Amir Khan

NMRs

Label Cn

NC



ATTENDANCE

HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

2017-2018 SESSION

[illegible]



**House Committee on Commerce and Job Development
Wednesday, March 15, 2017 at 8:35 A.M.
Room 544 of the Legislative Office Building**

MINUTES

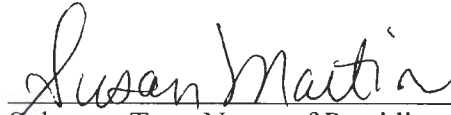
The Joint Meeting of the House and Senate Appropriations Committees on Agriculture and Natural and Economic Resources with the House Committee on Commerce and Job Development met at 8:35 A.M. on March 15, 2017 in Room 544 of the Legislative Office Building. Representatives Beasley, Brody, Clampitt, Conrad, Floyd, Goodman, Grange, Holley, Howard, S. Martin, Millis, Sauls, Steinburg, Terry, and Williams from Commerce attended.

8:35 A.M. Representative Hall gavelled in the meeting and acknowledged the Sergeants at Arms and Pages.

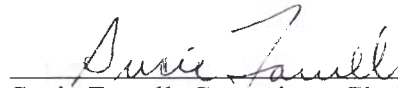
8:36 A.M. William Childs presented Econ. Dev. Program Overview (Fiscal Research/Commerce Base Budget Review/Tiers/Statewide Tools/Rural Tools)

Rep. Hall and Rep. Martin, Presiding Chairs.

The meeting adjourned at 10:45 A.M.



Select or Type Name of Presiding Chair
Presiding



Susie Farrell, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Wednesday, March 15, 2017

TIME: 8:30 AM

LOCATION: 544 LOB

COMMENTS: Joint Meeting with House and Senate ANER Appropriations

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 2:08 PM on Thursday, March 09, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Susie Farrell (Committee Assistant)



Susie Farrell (Rep. Susan Martin)

From: Cameron Dawson (Rep. Kyle Hall)
Sent: Thursday, March 09, 2017 02:50 PM
To: Cameron Dawson (Rep. Kyle Hall)
Subject: <NCGA> House Appropriations, Agriculture and Natural and Economic Resources Committee Meeting Notice for Wednesday, March 15, 2017 at 8:30 AM (Joint)
Attachments: Add Meeting to Calendar_LINC_ics

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Appropriations, Agriculture and Natural and Economic Resources** will meet **JOINTLY** as follows:

DAY & DATE: Wednesday, March 15, 2017
TIME: 8:30 AM
LOCATION: 544 LOB
COMMENTS: Representative Hall, Presiding
Joint meeting with House Commerce and Job Development Committee

TOPIC: Presentation on the State's economic tools.

Respectfully,

Representative Jimmy Dixon, Co-Chair
Representative Kyle Hall, Co-Chair
Representative Pat McElraft, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 2:46 PM on Thursday, March 09, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cameron Dawson (Committee Assistant)



Joint Meeting of
House and Senate Appropriations Committees on Agriculture and Natural
and Economic Resources
and
House Standing Committee on Commerce and Job Development

Agenda
Tuesday, March 15, 2017, 8:30 A.M.
Room 544, Legislative Office Building

Rep. Hall & Rep. Martin, Presiding

- 1. Welcome and Opening Comments**
- 2. Economic Development Programs Overview**

William Childs, Fiscal Research Division
Dan Ettefagh, Legislative Drafting Division

- 3. Adjourn**

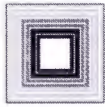
House Appropriations Committee on ANER

Rep. Dixon (Chair)
Rep. Hall (Chair)
Rep. McElraft (Chair)
Rep. Ross (Chair)
Rep. Presnell (Vice Chair)
Reps. Ager, Dulin, Harrison, Hunter, Millis,
B. Richardson, Sauls, Wray, Yarbrough

Senate Appropriations Committee on ANER


Sen. Cook (Chair)
Sen. Gunn (Chair)
Sen. Wade (Chair)
Sens. Brock, Bryant, Clark, Newton,






FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Commerce Economic Development Incentive Programs



NORTH CAROLINA
William Childs
March 15, 2017



Overview

- **Commerce Base Budget Review**
- Tiers
- Statewide Economic Development Incentive Programs
- Rural Economic Development Incentive Programs
 - Program Description
 - Budget Information



Base Budget, FY 2017-19 Biennium

General Fund Budget Code: 14600

	2014-15 Actual	2015-16 Actual	2016-17 Authorized	2017-18 Adjust.	2017-18 Base Budget	2018-19 Adjust.	2018-19 Base Budget
Expenditures	\$ 127,596,045	\$ 102,697,737	\$ 221,751,208	\$ (24,244,353)	\$ 197,506,855	\$ (24,244,353)	\$ 197,506,855
Less Receipts	\$ 59,650,626	\$ 45,206,135	\$ 63,090,767	\$ 1,157	\$ 63,091,924	\$ -	\$ 63,091,924
Net Approp.	\$ 67,745,219	\$ 57,691,602	\$ 158,660,441	\$ (24,245,510)	\$ 134,414,931	\$ (24,244,353)	\$ 134,414,931
Positions	420.75	340.25	332.50	0.00	332.50	0.00	332.50

Expenditures: \$197.5 M
 Less Receipts: \$ 63.1 M
 Net Appropriation: \$134.4 M

Base Budget Adjustments: (\$24.2 M) net appropriation
 No FTE changes



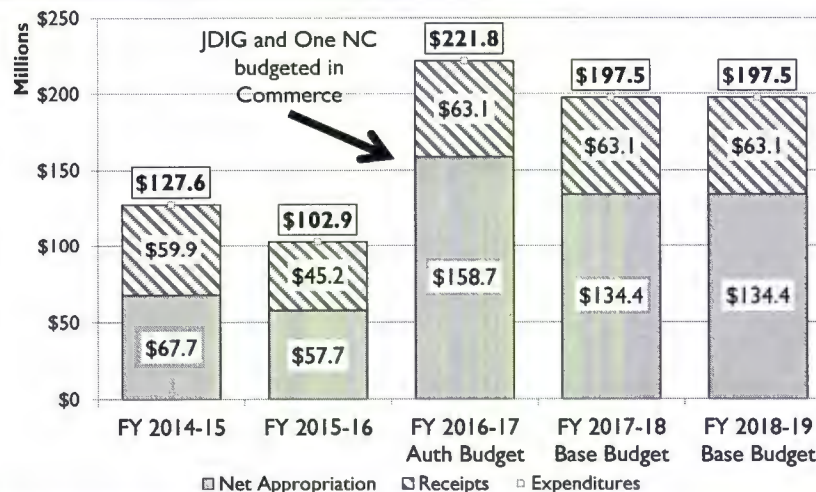
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March 15, 2017

5 Year Expenditure History



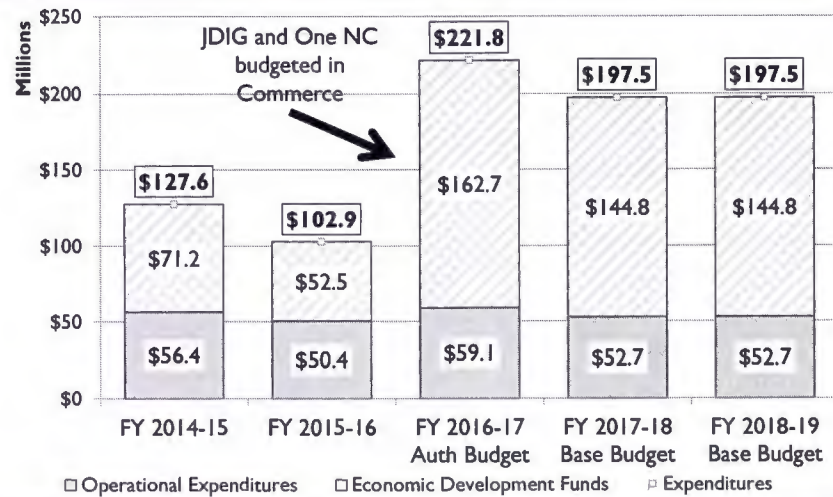
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March 15, 2017

5 Year Expenditure History



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5

March 15, 2017

Overview

- Commerce Base Budget Review
- Tiers
- Statewide Economic Development Incentive Programs
- Rural Economic Development Incentive Programs
 - Program Description
 - Budget Information



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March 15, 2017

Tier Rankings

- Annual measure of economic distress in counties
 - Tier 1: 40 **most** economically distressed counties
 - Tier 2: next 40
 - Tier 3: 20 **least** economically distressed counties
- Five major measures:
 1. Average rate of unemployment over 12 months
 2. Median household income over 12 months
 3. Percentage growth in population over 36 months
 4. Adjusted assessed property value per capita in most recent taxable year
 5. Statutory Adjustment Factors



Tiers – Adjustment Factors

- Statutory adjustment factors ensure certain counties are in certain tiers
- Counties with a population of less than 12,000 are automatically Tier 1
- Counties with a population of less than 50,000 are automatically Tier 1 or Tier 2
- Counties with a population less than 50,000 with more than 19% of population below federal poverty level are automatically Tier 1
- Counties designated Tier 1 remain Tier 1 regardless of rankings for at least 2 consecutive years



Tiers – Use by Incentive Programs

- Eligibility determinations
 - Some programs require that a county be Tier 1 or Tier 2
- Award calculations
 - Percentage of JDIG award, for instance, determined by tier system
- Match requirements

Tiers: 2017 Rankings

2017 COUNTY DEVELOPMENT TIER RANKINGS (§ 143B-437.08)

ECONOMIC DATA										ENVIRONMENTAL FACTORS										TECHNOLOGICAL FACTORS										
COUNTRY	GDP (BIL. USD)	POPULATION (BIL.)	GDP PER CAPITA		UNEMPLOYMENT		INFLATION		INTEREST RATE		FOREIGN DEBT (BIL. USD)		FOREIGN RESERVE (BIL. USD)		ENERGY CONSUMPTION (BIL. TONN)		WATER RESOURCES (BIL. CUB. KM)		FOREST RESOURCES (BIL. HA)		AGRICULTURAL OUTPUT (BIL. TONN)		INDUSTRIAL OUTPUT (BIL. TONN)		TECHNOLOGICAL INDEX		INNOVATION INDEX			
			2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011		
ALBANIA	17,542.92	3.4	1,595	78	144,796	49	4,964	8	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2		
ALGERIA	252,539.39	3.4	1,244	17	1,611,439	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
ANDORRA	4,616.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
ANGOLA	152,368.28	2.08	4	121,561	97	9,270	32	66	11	21	27,781	24,310	1,568	7	1	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
ANTIGUA	244,645.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
ARGENTINA	5,287,105.00	4.4	1,680	18	1,552,187	42	5,270	14	13	106	46	67,529	69,095	1	1	2	1	2	1	2	1	2	1	2	1	2	1	2		
ARMENIA	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
ARUBA	1,794,441.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
AUSTRALIA	2,812,711.91	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
AUSTRIA	81,612.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
AZERBAIJAN	17,174.70	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BALNEUM	1,652,630.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BANGLADESH	277,140.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BARBADOS	90,866.00	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BARCELONA	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BELGIUM	352,896.00	1.08	2	1,645,737	91	5,270	37	10	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2
BENIN	19,727.38	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BHUTAN	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BOLIVIA	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BOSNIA	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BRAZIL	2,812,711.91	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BREITENBURG	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BULGARIA	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
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BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
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BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
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BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	
BURUNDI	1,124,149.76	0.0001	1,576	47	1,181,948	49	4,964	12	13.2	11	27,213	34,748	16,826	1	2															

Tiers: 2017 Adjustment Factors

County Development Rankings With and Without Adjustments

	Pre-Adjusted Rank	Pre-Adjusted Tier	Auto-Adjusted Tier	FINAL 2017 TIER	Change from Adjustment	Qualifying Tier Adjustments				Not automatic adjustment - moved to another tier through tier caps
						Pop between 12k and 50k (At least Tier 2)	Pop less than 12k (Auto Tier 1)	Pop less than 12k (Auto Tier 1)	Tier 1 for two cons. years (Auto Tier 1)	
ALAMANCE	67	2		2						
ALEXANDER	61	2	<3	2		X				
ALLEGHANY	57	2	1	1	2 to 1		X		X	
ANDON	11	1	1	1		X		X		
ASHF	55	2	1	1	2 to 1	X		X		
AVERY	66	2	<3	1		X				
BEAUFORT	46	2	1	1	2 to 1	X		X		
BERTIE	3	1	1	1		X		X		
BLADEN	15	1	1	1		X		X		
BRUNSWICK	82	3		3						
BUNCOMBE	94	3		3						
BURKE	36	2		2	1 to 2					X
CABARRUS	93	3		3						
CALDWELL	36	1	1	1						X
CANDLER	76	2	1	1	2 to 1			X		
CARTERS	83	3		3						
CASHELL	33	1	1	1		X		X		
CATAWBA	72	2		1						
CLATHAM	99	3		3						
CHEROKEE	41	2	1	1	2 to 1	X		X		
CHOATE	25	1	1	1		X		X		
CLAY	68	2	1	1	2 to 1			X		
CLEVELAND	40	1		2	1 to 2					X
COLLINGS	9	1	1	1						
CRANDEN	43	2		2						
CUMBERLAND	22	1		2	1 to 2					X
CURRITUCK	95	3	<3	2	3 to 2	X				
DADE	80	2	<3	1		X				



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March 15, 2017

Overview

- Commerce Base Budget Review
- Tiers
- **Statewide Economic Development Incentive Programs**
- Rural Economic Development Incentive Programs
 - Program Description
 - Budget Information



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Statewide Economic Development Incentive Programs

Statewide ED Incentives:

- Job Development Investment Grant (JDIG)
- One North Carolina Fund

Specialized Statewide ED Incentives:

- Job Maintenance and Capital Development Fund (JMAC)
- One North Carolina Small Business Fund
- Expanded Gas Products Service To Agriculture Fund (Ag-Gas)
- Film & Entertainment Grants



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Job Development Investment Grants (JDIG)

- Discretionary incentive program for businesses that create new jobs in the State
- Amount of incentive =
 - (withholdings of the created eligible positions) X
 - (up to 80% for tier 1) or
 - (up to 75% for all other tiers)

J·D·I·G

JOB DEVELOPMENT INVESTMENT GRANT



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JDIG Requirements

- Project must create at least:
 - 10 jobs if in tier 1
 - 20 jobs if in tier 2
 - 50 jobs if in tier 3
- No retail or sports team projects
- Health insurance offered
- OSHA, environmental, and tax compliance checks



JDIG Pre-requisites

- Pre-requisites:
 - Net increase in employment in the State by the business
 - Only available when the project would not locate in NC "but for" the JDIG incentive
 - Total project benefits outweigh costs (Walden model)
 - Increases employment opportunities and strengthens the economy
 - Consistent with State/local economic development goals



JDIG Authority

- Economic Investment Committee makes JDIG awards
 - EIC Composed of 5 members:
 - Secretary of Commerce
 - Secretary of Revenue
 - Director of OSBM
 - 2 appointees of the General Assembly



JDIG Terms

- Maximum annual cost of JDIG agreements:
 - \$20M per Calendar Year
 - Exception: High-Yield Project (\$500M investment & 1,750 eligible positions)
- Agreement term – 12 year max
 - Exception: High-Yield Project - 20 year max
- Utility Account diversion of percentage of award:
 - 0% for Tier 1 awards
 - 10% for Tier 2 awards
 - 25% for Tier 3 awards



JDIG Clawbacks

- All or part of incentive paid to a business if it fails to maintain operations at the project for at least 150% of the agreement term
- If business fails to meet terms for one year:
 - Incentive paid to business is reduced proportionately
- If business fails to meet terms for two consecutive years:
 - If within base period, further incentive installments are withheld after 2nd year of noncompliance until business satisfies term of agreement
 - If outside of base period, agreement is terminated



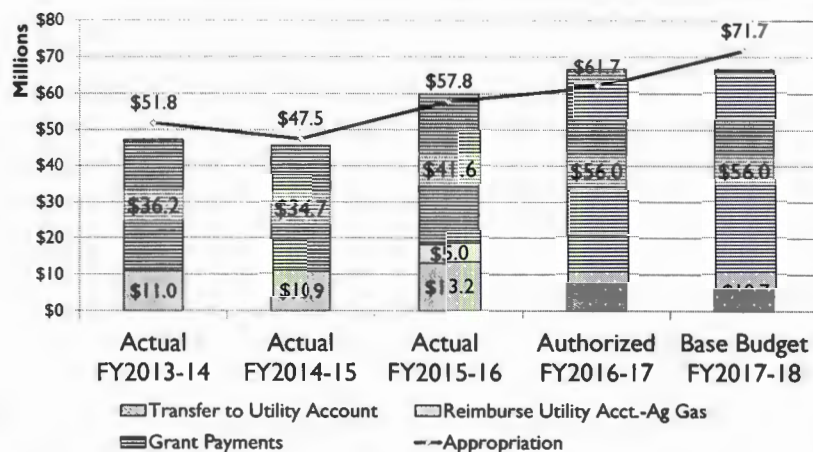
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JDIG Funding and Expenditures



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One North Carolina Fund

- Discretionary incentive program with funds allocated to local governments to secure commitments for recruiting, expanding, or retaining new and existing businesses
- Funds are used to:
 - Install/purchase equipment
 - Structure repairs, improvements, or renovations to existing buildings
 - Construction of utility infrastructure for existing or proposed buildings



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One NC Terms

- Maximum One NC commitment:
 - \$28M per biennium
- Local match:
 - \$3 State to \$1 Local in Tier 1
 - \$2 State to \$1 Local in Tier 2
 - Even match for T3
- Governor or Secretary of Commerce make award decisions



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One NC Funding and Expenditures

Fiscal Year	Actual FY2015-16	Authorized FY2016-17	Base Budget FY2017-18
Starting Balance	\$9.7	\$7.6	\$7.6
Appropriation	\$7.0	\$9.0	\$9.0
Available Funds	\$16.7	\$16.6	\$16.6
Administration	\$0.3		
Grant Payments	\$6.3	\$7.5	\$7.5
One NC Small Business Transfer	\$1.0		
Reimburse Utility Fund	\$1.5	\$1.5	\$1.5
Expenditures	\$9.0	\$9.0	\$9.0
Balance	\$7.6	\$7.6	\$7.5

In Millions



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Job Maintenance and Capital Development Fund (JMAC)

- Fund used to encourage businesses to **retain or maintain** high-paying jobs in the State and to make further capital investment in the State
 - No new jobs required
- Payments reduced for workforce reductions
- Payments withheld if employment is less than 80% of requirement
- Payments recaptured if business fails to meet investment requirements



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JMAC Terms

- Limited to 5 agreements total
- Maximum aggregate cost of \$79M
- Maximum individual agreement cost of \$6M

Authority:

- Award recipients selected by the Secretary of Commerce based on criteria set by NCGA



JMAC Funding

Fiscal Year	Actual 2015-16	Authorized 2016-17	Base Budget 2017-18
Cash Balance	\$0.6	\$0.6	\$0.6
Appropriation	\$6.9	\$7.5	\$7.5
Available Funds	\$7.5	\$8.1	\$8.1
Grant Payments	\$6.9	\$7.5	\$7.5
Year-End Cash Balance	\$0.6	\$0.6	\$0.6

In Millions



JMAC Performance, 2007-2016

Grantee	Disbursements	Jobs Retained	Cost per Retained Job
Blue Ridge Paper Products	\$0	0	N/A
Bridgestone Firestone Tire	\$18.8 M	1,852	\$10,135
Domtar Paper Company	\$6.5 M	415	\$15,663
Goodyear Tire & Rubber	\$19.8 M	2,183	\$9,088
Total	\$45.1 M	4,450	\$10,137

Source: Department of Commerce



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One NC Small Business Grant

- Administered by the Office of Science, Technology & Innovation (OSTI)
- Provides **matching funds** for federal grants:
 - Small Business Innovation Research (SBIR)
 - Small Business Technology Transfer (STTR)
- Grant funds are awarded in two disbursements:
 - 75% of funds disbursed at time of award
 - 25% of encumbered funds disbursed once milestones are met (usually 9 months to 1 year after first disbursement, but sometimes up to 4 years later)



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March 15, 2017

One NC Small Business Funding

	FY 2015-16	FY 2016-17*
Appropriation	\$2.3 NR	\$3.0 NR
Availability	\$2.3	\$3.4
Encumbered	\$2.0	\$2.5
Disbursed	\$1.4	\$1.4

*As of March 13, 2017

In Millions

- OSTI expects to encumber the entire \$3.4M by the end of FY 2016-17



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March 15, 2017

Expanded Gas Products Service To Agriculture Fund (Ag-Gas)

Pays for:

- Excess infrastructure costs
- Cost-effective alternatives to reduce excess infrastructure costs, including
 - relocating equipment
 - adding supplemental uses of natural gas or propane



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Ag-Gas Eligible Projects

Including, but not limited to:

- The cultivation of soil for the production and harvesting of crops
- The planting and production of trees and timber
- Dairying and the raising, management, care and training of livestock, including horses, bees, poultry
- Marketing and selling of agricultural products
- Agritourism
- Other activities related to agriculture



Ag-Gas Funding

Funded by:

- \$5.0M transferred from the IDF-Utility Account every biennium
 - If JDIG or One NC or both together have unexpended and unencumbered funds at the end of a fiscal year, these funds will be used to **reimburse** the IDF-Utility Account



Ag-Gas Funding

Total awards granted as of March 2017: **\$2.9M**

Total grants disbursed: **\$0.7M**

Fiscal Year	Actual 2014-15	Actual 2015-16	Authorized 2016-17	Base Budget 2017-18
Beginning Cash Balance	-	\$5.0	\$4.6	\$4.6
Transfer From Utility Account	\$5.0	-	\$2.5	\$2.5
Subtotal Available Funds	\$5.0	\$5.0	\$7.1	\$7.1
Grant Payments	-	\$0.4	\$2.5	\$2.5
Year-End Balance	\$5.0	\$4.6	\$4.6	\$4.6

In Millions



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Film & Entertainment Grants

- Direct grant appropriation replacing the Film Production Tax Credit
- Rebate of up to **25%** on qualified expenses and purchases by productions while filming in the state



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March 15, 2017

Film & Entertainment Grants

- Productions must average *in-state* expenses of at least:
 - TV series: \$1M per episode
 - Feature-length film: \$5M
 - Commercials: \$250K
- **25%** of expenditures up to a maximum of:
 - TV Series: \$9M per season
 - Feature-length film: \$5M
 - Commercials: \$250K



Film & Entertainment Grants

- Total Appropriation: \$70.0M over 3 years
 - \$10.0M in FY 2014-15
 - \$30.0M in FY 2015-16
 - \$30.0M in FY 2016-17

As of 3/14/2017:

- Obligated: \$50.8M
- Balance: \$19.2M
- Disbursed: \$5.0M



Overview

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- **Rural Economic Development Incentive Programs**
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Rural Economic Development Incentive Programs

- Rural Infrastructure Grants
- Community Development Block Grants – Economic Development
- Industrial Development Fund Utility Account
- NC Main Street Center
- Appalachian Regional Commission
- NC Broadband
- Downtown Revitalization Grants



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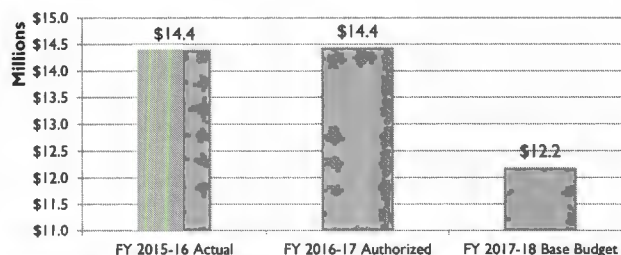
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Rural Infrastructure Grants

- Awarded by Rural Infrastructure Authority (RIA)
- Two uses:
 1. Building Reuse
 2. Economic Infrastructure
- Funding:



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Rural Infrastructure Grants – Building Reuse

- Eligible applicants are units of local government located in either a Tier 1 or Tier 2 county, or a rural census tract in a Tier 3 county
- Eligible Projects:
 - Renovation of vacant buildings
 - Renovation or expansion of a building occupied by an existing NC company wishing to expand in their current location
 - Renovation, expansion, or construction of health-care entities that will lead to the creation of new, full-time jobs



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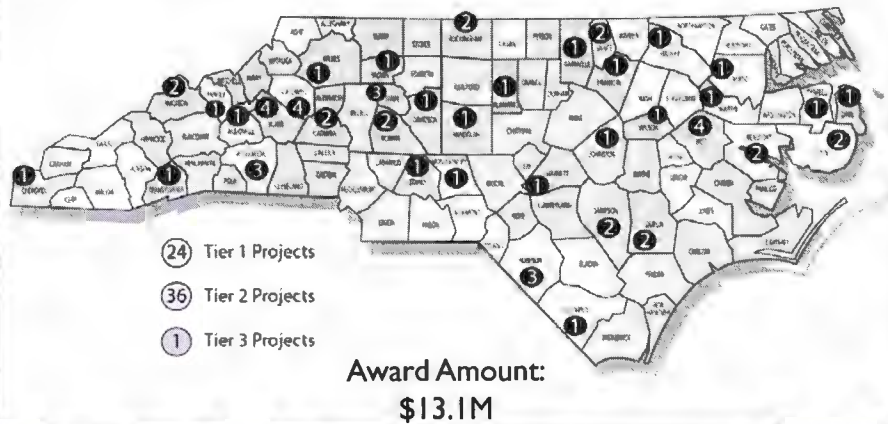
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Rural Infrastructure Grants – Building Reuse FY 2015-16

Building Reuse Program Awards
Rural Infrastructure Authority



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Rural Infrastructure Grants – Economic Infrastructure

- Eligible applicants are units of local government with priority given to Tier 1 and Tier 2 counties
- Eligible projects include:
 - Upgrades or repair of public drinking water or wastewater treatment plants
 - Upgrades, extensions, or repair of public water/sewer lines
 - Extensions of publicly owned natural gas line
 - Installation or extension of public broadband infrastructure
 - Construction of public roads (not DOT owned) or public rail spur improvements



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Rural Infrastructure Grants – Economic Infrastructure FY 2015-16

Economic Infrastructure Program Awards
Rural Infrastructure Authority



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March 15, 2017

Community Development Block Grants – Economic Development

- Awarded by Rural Infrastructure Authority
- Available to local municipal or county governments
 - Exempt: 23 entitlement cities and 3 urban counties receiving fed funds directly
- Grants primarily serve persons of low- and moderate- incomes.
- Funds are provided by the U.S. Department of Housing and Urban Development (HUD)

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March 15, 2017

CDBG-ED Eligible Projects

- Infrastructure Improvements
 - A local funding match of at least 25% of the determined need is required except in the 25 most distressed counties
- Restore Vacant Building
 - Forgivable loan if jobs maintained for five years
- Shell Buildings
 - 2% interest loan from Revolving Loan Fund
 - 5-year term and local match required



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March 15, 2017

CDBG-ED Eligible Projects

- Site Development
 - 2% interest loan from Revolving Loan Fund
 - 7-year term, interest on first 2 years
- Downtown Redevelopment Program
 - Part of NC Main Street Center
 - No job requirement
 - Forgivable loan if building owner maintains for 4 years



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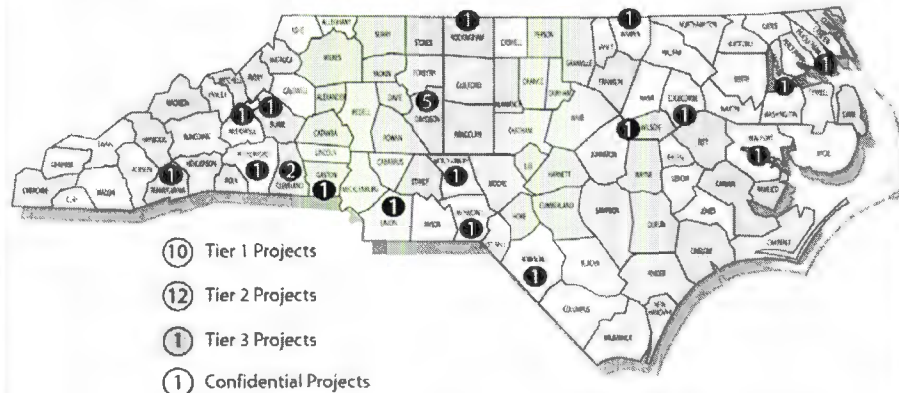
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CDBG-ED Projects, FY 2015-16

Community Development Block Grant Awards
Rural Infrastructure Authority



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CDBG-ED Funding

- FY 2017-18 Base Budget: \$42.6M total CDBG
 - NCGA will allocate in budget bill
 - Last biennium allocated:
 - CDBG-ED to Commerce
 - CDBG-Infrastructure to Environmental Quality for Water Infrastructure projects
- FY 2016-17 Authorized Budget: \$15.7 M
- FY 2015-16 Actual Expenditures:
 - 15 applications for CDBG-ED received and funded
 - Total funded grants: \$9.7M



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March 15, 2017

Industrial Development Fund – Utility Account

- Grants awarded by the Rural Infrastructure Authority
- Used for construction or improvement of utility infrastructure in Tier 1 or 2 counties
- Projects anticipated to create new jobs
- No local match requirement for 25 most economically distressed counties
- Not allowed: retail, entertainment, or sports projects



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Industrial Development Fund – Utility Account

Industrial Development Fund Awards
Rural Infrastructure Authority



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Industrial Development Fund – Utility Account

Fiscal Year	Actual 2013-14	Actual 2014-15	Actual 2015-16	Authorized 2016-17	Base Budget 2017-18
Beginning Cash Balance	13.8	23.4	20.4	32.0	36.4
Transfer from JDIG	11.0	10.9	8.5	10.7	10.7
Reimbursement from JDIG/One NC			5.0		
IDF Closure	1.1				
Available Funds	\$25.9	\$34.3	\$33.8	\$42.6	\$47.0
Transfers:					
General Fund		5.0			
Ag Gas Expansion		5.0		2.5	2.5
Main Street Solutions		1.0			
Grants/Loans	2.4	3.0	1.8	3.8	3.8
Expenditures	\$2.4	\$14.0	\$1.8	\$6.3	\$3.6

In Millions

Encumbrances as of March 14, 2017: \$31.8 M



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NC Main Street Center

- Works to stimulate economic development within the context of historic preservation
- Programs:
 - NC Main Street Program
 - NC Small Town Main Street Program
 - Main Street Solutions Fund Program
 - Downtown Redevelopment Fund



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NC Main Street Center

- NC Main Street Program
 - Technical assistance, guidance, and training to participating communities
 - Self-help program: local communities must provide the human and financial resources to operate their downtown programs
- NC Small Town Main Street Program
 - Small, rural towns needing downtown development assistance but unlikely to pursue the Main Street program
 - 30 Towns in program
 - Not accepting new applications



NC Main Street Center

- Main Street Solutions Fund Program
 - Provides support to small businesses in designated micropolitans in Tier 2 or 3 counties and/or in designated NC Main Street communities
 - Grants for revitalizing downtowns by creating jobs, funding infrastructure improvements, and rehabilitating buildings
 - Awards to 32 communities with total of \$4.0M
 - Community will invest \$6.42 for each State dollar
- Downtown Redevelopment Fund
 - CDBG-ED funds following the same guidelines



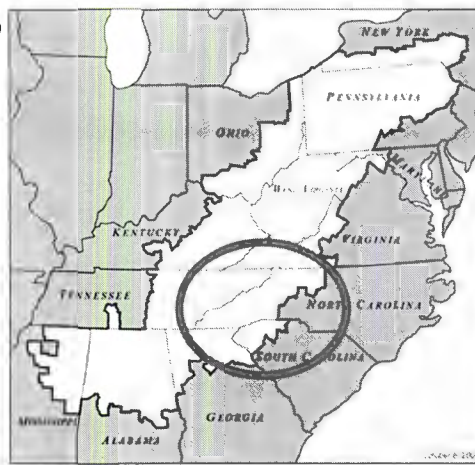
NC Main Street Center Funding

- FY 2017-18 Base Budget: no funding
- FY 2016-17: no funding
- FY 2015-16: \$2.0M NR appropriated to the fund with \$1.1M directed to specific projects
 - Operating funds of \$900K for grants
- FY 2014-15: \$1.0M transferred from IDF-Utility Account



Appalachian Regional Commission (ARC)

- Federal-state partnership
- NC plan focuses on 29 identified Appalachian counties



ARC

- Provides \$2.5 - \$3.5M annually in federal funds to:
 - Create economic opportunity
 - Prepare a ready workforce
 - Build critical infrastructure
 - Leverage natural and cultural assets
 - Cultivate leadership and community capacity
- These funds do not flow through the State
- State employs one receipt-support position to act as program manager



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March 15, 2017

NC Broadband

- Collaborative with DIT on State Broadband Plan
- Funding: \$1.25M in FY 2016-17 from deobligated CDBG funds
- Program still in development
- Pilot Program in NE NC with electric co-op
- Community Anchors to become hubs for internet
 - Application grant process



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Recent NCGA Actions FY 2015-16

Commerce:

- JMAC – \$6.9M R
- One NC Small Business – \$2.25M NR
- Rural Underserved/Limited Resources – (\$1.25M R)
- Rural Grants – \$2.2M NR
- Main Street Solutions – \$2.0M NR

OSBM:

- JDIG – \$57.8M R
- One NC – \$7.0M R



Recent NCGA Actions FY 2016-17

Commerce:

- JMAC – \$7.5M R (2015 budget)
- One NC Small Business – \$3.0M NR (2015 budget)
- Rural Grants – \$2.25M NR (2015 budget)

OSBM (transferred to Commerce):

- JDIG – \$61.7M R
- One NC – \$8.6M R



Base Budget FY 2017-18

Statewide Economic Development Incentive Programs

- JDIG – \$71.7M R
- One NC – \$9.0M R
- JMAC – \$7.5 R
- Expanded Gas Products Service To Agriculture Fund (Ag-Gas) – \$5.0M transferred from IDF-UA over biennium
- One NC Small Business Fund – unfunded
- Film & Entertainment Grants – unfunded



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March 15, 2017

Base Budget FY 2017-18

Rural Economic Development Incentive Programs

- Rural Infrastructure Grants – \$12.2M R
- Community Development Block Grants – Economic Development – \$42.6M federal to be shared with CDBG-I funds at DEQ
- Industrial Development Fund Utility Account – funded by JDIG - \$10.7M transfer in base budget
- Main Street Solutions – unfunded
- Appalachian Regional Commission – federal funds
- NC Broadband – unfunded



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Questions?



"So that's our offer: blood, toil, tears, sweat, and dental."



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March 15, 2017

2017 COUNTY DEVELOPMENT TIER RANKINGS (\$ 143B-437.08)

NEW TIER	COUNTY	ECONOMIC INDICATORS								County Rank Sum (Lowest = most distressed)	ECONOMIC DISTRESS RANK (#1 = most distressed)	TIER ADJUSTMENT FACTORS				TIER ADJUSTMENTS				Auto- Adjusted Tiers	FINAL 2017 TIERS
		Adjusted Property Tax Base Per Capita FY 2016-2017		Population Growth July 2012-July 2015		Median Household Income 2014		Unemployment 12 Mth Avg Oct 15-Sept 16				Population Less Prison July 2015	Poverty Rate 5-year 2010-2014	2015 Tier	2016 Tier	Pop <50,000: Tier 1 or Tier 2	Pop <12,000: auto Tier 1	Pop <50,000 & poverty >19%: auto Tier 1	Must be Tier One for two consec. Years		
		Value	Rank	% Change	Rank	Income	Rank	Rate	Rank												
	ALAMANCE	\$76,032	36	2.93%	78	\$41,296	49	4.90%	81	244	67	157,522	18.8%	2	2						2
	ALEXANDER	\$70,309	24	1.24%	57	\$43,043	59	4.55%	92	232	61	36,798	16.8%	2	2	X				<3	2
	ALLEGHANY	\$144,801	88	1.97%	65	\$35,266	22	5.63%	43	218	57	11,190	21.2%	1	1	X	X			1	1
	ANSON	\$70,063	23	-2.68%	4	\$32,508	7	5.97%	32	66	11	23,789	24.1%	1	1	X		X		1	1
	ASHE	\$141,923	86	-0.18%	35	\$36,488	27	5.11%	68	216	55	27,332	20.5%	1	1	X		X		1	1
	AVERY	\$237,109	98	0.95%	53	\$37,131	32	5.39%	58	241	66	16,179	18.2%	2	2	X				<3	2
	BEAUFORT	\$116,749	73	-0.10%	38	\$40,357	47	5.95%	33	191	46	47,829	19.9%	1	1	X		X		1	1
	BERTIE	\$66,182	10	-2.94%	3	\$31,217	3	6.88%	18	34	3	19,244	25.5%	1	1	X		X		1	1
	BLADEN	\$78,641	45	-0.05%	39	\$33,521	12	7.12%	14	110	15	35,011	27.9%	1	1	X		X		1	1
	BRUNSWICK	\$192,721	93	9.63%	100	\$47,387	80	6.47%	28	301	82	123,535	16.3%	3	3						3
	BUNCOMBE	\$117,604	74	3.91%	85	\$47,296	79	3.95%	100	338	94	253,950	16.5%	3	3						3
	BURKE	\$71,728	27	-0.26%	31	\$39,275	44	5.20%	65	167	36	88,375	20.7%	2	2						2
	CABARRUS	\$101,676	59	6.58%	96	\$55,250	93	4.69%	88	336	93	195,622	13.1%	3	3						3
	CALDWELL	\$77,580	37	-0.01%	41	\$38,653	40	5.51%	49	167	36	82,297	20.5%	2	1				X	1	1
	CAMDEN	\$99,984	58	2.22%	69	\$61,730	98	5.50%	50	275	76	10,224	6.7%	1	1	X	X			1	1
	CARTERET	\$209,477	95	2.11%	67	\$48,824	84	5.37%	59	305	83	69,531	15.2%	3	3						3
	CASWELL	\$69,724	21	0.06%	44	\$42,730	57	5.72%	37	159	33	22,594	21.7%	1	1	X		X		1	1
	CATAWBA	\$104,698	62	0.20%	48	\$45,080	70	4.99%	75	255	72	155,585	15.3%	2	2						2
	CHATHAM	\$126,154	80	8.14%	99	\$56,797	94	4.36%	98	371	99	71,784	14.4%	3	3						3
	CHEROKEE	\$107,046	66	1.44%	59	\$34,620	19	5.86%	34	178	42	27,770	19.4%	2	2	X		X		1	1
	CHOWAN	\$95,888	54	-1.22%	17	\$38,887	41	6.75%	22	134	25	14,541	27.4%	1	1	X		X		1	1
	CLAY	\$146,396	90	2.87%	77	\$37,072	31	5.56%	47	245	68	11,036	23.6%	1	1	X	X	X		1	1
	CLEVELAND	\$78,640	44	0.20%	47	\$39,444	45	5.74%	36	172	40	97,871	20.1%	2	2						2
	COLUMBUS	\$66,813	12	-2.01%	9	\$34,321	18	6.68%	25	64	9	54,772	24.3%	1	1						1
	Craven	\$87,684	50	-1.50%	15	\$43,972	63	5.44%	56	184	43	102,943	16.2%	2	2						2
	CUMBERLAND	\$67,263	14	-0.42%	30	\$42,582	56	6.58%	26	126	22	328,860	17.4%	2	2						2
	CURRITUCK	\$239,348	99	6.27%	94	\$58,024	95	5.45%	54	342	95	25,627	10.3%	2	2	X				<3	2
	DARE	\$378,627	100	3.35%	81	\$54,642	92	6.86%	20	293	80	36,001	9.1%	2	2	X				<3	2
	DAVIDSON	\$77,844	40	1.13%	56	\$43,346	61	4.98%	76	233	62	164,941	16.1%	2	2						2
	DAVIE	\$98,120	56	0.97%	54	\$47,592	81	4.67%	90	281	77	41,743	14.4%	2	2	X				<3	2
	DUPLIN	\$69,761	22	0.65%	52	\$34,109	17	5.50%	52	143	28	59,868	26.9%	2	2						2
	DURHAM	\$104,754	63	5.67%	91	\$50,745	89	4.62%	91	334	91	294,434	18.1%	3	3						3
	EDGEcombe	\$56,372	4	-2.37%	7	\$31,615	4	8.78%	4	19	1	54,367	25.3%	1	1						1
	FORSYTH	\$88,437	51	2.48%	75	\$45,944	75	5.03%	73	274	75	366,302	19.1%	3	3						3
	FRANKLIN	\$70,342	25	3.87%	84	\$48,166	82	5.27%	62	253	70	63,731	15.4%	2	2						2
	GASTON	\$68,031	15	1.97%	66	\$42,056	55	5.40%	57	193	48	212,401	18.1%	2	2						2
	GATES	\$69,004	19	-3.15%	2	\$48,413	83	5.20%	66	170	39	11,739	16.0%	1	1	X	X			1	1
	GRAHAM	\$143,640	87	-1.07%	18	\$33,824	14	9.72%	1	120	19	8,761	21.4%	1	1	X	X	X		1	1
	GRANVILLE	\$72,963	28	1.49%	60	\$49,342	85	4.52%	93	266	74	55,739	15.8%	2	2						2
	GREENE	\$55,026	3	-2.14%	8	\$37,263	33	5.09%	70	114	16	18,941	24.9%	1	1	X		X		1	1
	GUILFORD	\$90,957	52	3.05%	80	\$44,828	67	5.34%	60	259	73	517,124	17.9%	2	3						2
	HALIFAX	\$70,485	26	-3.17%	1	\$31,674	5	8.29%	7	39	4	51,525	25.8%	1	1						1
	HARNETT	\$59,763	5	4.85%	89	\$45,380	71	5.97%	31	196	49	126,143	18.2%	2	2						2
	HAYWOOD	\$117,651	75	2.31%	71	\$42,812	58	4.70%	87	291	79	60,631	15.8%	3	2						3
	HENDERSON	\$110,441	69	4.11%	86	\$47,286	78	4.36%	97	330	90	112,511	14.8%	3	3						3
	HERTFORD	\$62,603	7	-0.22%	34	\$30,056	1	6.74%	23	65	10	23,009	26.3%	1	1	X		X		1	1
	HOKE	\$64,286	9	3.49%	83	\$44,175	64	6.87%	19	175	41	51,184	22.2%	2	2						2
	HYDE	\$210,124	96	-2.37%	6	\$36,891	30	9.30%	3	135	26	4,984	21.1%	1	1	X	X	X		1	1
	IREDELL	\$122,084	78	4.44%	88	\$54,026	91	4.93%	77	334	91	170,230	13.4%	3	3						3
	JACKSON	\$209,333	94	2.34%	72	\$38,130	37	5.61%	44	247	69	41,597	22.3%	1	1	X		X		1	1
	JOHNSTON	\$78,078	41	5.68%	92	\$50,055	88	4.71%	86	307	84	183,908	16.4%	3	3						3
	JONES	\$77,671	39	-1.78%	10	\$38,928	42	5.25%	64	155	31	10,423	18.8%	1	1	X	X			1	1
	LEE	\$86,848	49	0.05%	42	\$46,073	76	6.26%	30	197	50	58,674	18.7%	2	2						2
	LENOIR	\$68,608	17	-1.70%	12	\$35,991	26	5.64%	42	97	14	58,304	23.7%	1	1						2
	LINCOLN	\$102,543	60	2.98%	79	\$49,676	86	4.86%	82	307	84	81,170	15.6%	3	3						3
	MACON	\$218,921	97	2.37%	73	\$37,884	35	5.54%	48	253	70	34,771	20.7%	1	1	X		X		1	1

2017 COUNTY DEVELOPMENT TIER RANKINGS (§ 143B-437.08)

NEW TIER	COUNTY	ECONOMIC INDICATORS								County Rank Sum (Lowest = most distressed)	ECONOMIC DISTRESS RANK (#1 = most distressed)	TIER ADJUSTMENT FACTORS				TIER ADJUSTMENTS				Auto- Adjusted Tiers	FINAL 2017 TIERS
		Adjusted Property Tax Base Per Capita FY 2016-2017		Population Growth July 2012-July 2015		Median Household Income 2014		Unemployment 12 Mth Avg Oct 15-Sept 16				Population Less Prison July 2015	Poverty Rate 5-year 2010-2014	2015 Tier	2016 Tier	Pop <50,000: Tier 1 or Tier 2	Pop <12,000: auto Tier 1	Pop <50,000 & poverty >19%: auto Tier 1	Must be Tier One for two consec. Years		
		Value	Rank	% Change	Rank	Income	Rank	Rate	Rank												
↓	MADISON	\$104,418	61	2.13%	68	\$38,445	38	5.14%	67	234	63	21,663	18.2%	2	2	X				<3	2
	MARTIN	\$77,649	38	-0.93%	19	\$35,930	24	7.08%	15	96	13	23,746	22.5%	1	1	X		X		1	1
	MCDOWELL	\$79,830	46	0.59%	51	\$37,881	34	4.93%	78	209	54	44,739	20.2%	2	1	X		X	X	1	1
	MECKLENBURG	\$115,399	72	7.58%	98	\$59,049	96	4.85%	83	349	98	1,035,605	15.5%	3	3						3
	MITCHELL	\$113,759	70	-0.49%	28	\$36,795	28	6.41%	29	155	31	15,335	19.6%	2	2	X		X		1	1
↑	MONTGOMERY	\$105,894	64	-0.25%	33	\$38,530	39	5.27%	61	197	50	27,174	26.2%	1	1	X		X		1	1
	MOORE	\$126,671	81	4.19%	87	\$51,650	90	5.25%	63	321	88	94,492	16.3%	3	3						3
	NASH	\$75,838	35	-0.63%	23	\$43,348	62	6.76%	21	141	27	93,731	17.8%	1	1						2
	NEW HANOVER	\$139,871	85	4.91%	90	\$49,905	87	4.91%	80	342	95	219,841	18.1%	3	3						3
	NORTHAMPTON	\$96,079	55	-2.40%	5	\$32,063	6	7.47%	11	77	12	20,635	26.2%	1	1	X		X		1	1
↑ ↓	ONSLow	\$68,853	18	1.71%	63	\$47,201	77	5.69%	39	197	50	194,636	14.7%	2	2						2
	ORANGE	\$114,918	71	1.49%	61	\$60,304	97	4.36%	96	325	89	139,936	16.8%	3	3						3
	PAMLICO	\$139,604	84	0.06%	43	\$43,097	60	5.47%	53	240	65	12,614	13.3%	2	2	X				<3	2
	PASQUOTANK	\$75,447	34	-0.81%	21	\$44,596	66	6.69%	24	145	29	38,987	19.5%	1	1	X		X		1	1
	PENDER	\$109,732	68	6.99%	97	\$45,453	72	5.56%	46	283	78	57,184	18.0%	3	3						3
↑ ↓	PERQUIMANS	\$130,643	82	-0.26%	32	\$41,328	50	6.54%	27	191	46	13,648	18.8%	1	1	X				<3	2
	PERSON	\$109,178	67	1.13%	55	\$45,841	74	5.71%	38	234	63	39,574	19.9%	2	2	X		X		1	1
	PITT	\$66,765	11	1.76%	64	\$41,765	51	5.66%	41	167	36	175,532	24.0%	2	2						2
	POLK	\$132,793	83	2.52%	76	\$45,464	73	4.80%	85	317	87	20,828	13.4%	2	2	X				<3	2
	RANDOLPH	\$73,656	30	0.37%	49	\$41,770	52	5.04%	72	203	53	142,718	18.0%	2	2						2
↑	RICHMOND	\$68,193	16	-1.73%	11	\$34,665	20	7.30%	13	60	8	44,690	23.8%	1	1	X		X		1	1
	ROBESON	\$46,493	1	-0.51%	27	\$30,414	2	7.48%	10	40	5	132,590	32.0%	1	1						1
	ROCKINGHAM	\$74,721	32	-0.81%	20	\$39,606	46	5.80%	35	133	24	92,084	18.8%	1	2						2
	ROWAN	\$81,541	48	1.51%	62	\$44,973	68	5.60%	45	223	59	139,142	19.1%	2	2						2
	RUTHERFORD	\$91,034	53	-0.46%	29	\$35,629	23	7.06%	16	121	20	67,384	21.0%	1	1						2
↑	SAMPSON	\$67,056	13	-0.16%	36	\$33,876	16	5.50%	51	116	17	63,538	24.7%	2	2						2
	SCOTLAND	\$60,140	6	-1.64%	14	\$32,782	9	9.50%	2	31	2	34,193	31.2%	1	1	X		X		1	1
	STANLY	\$74,834	33	1.38%	58	\$41,921	53	4.85%	84	228	60	60,391	16.6%	2	2						2
	STOKES	\$78,283	43	-0.55%	25	\$45,065	69	4.92%	79	216	55	46,763	17.1%	2	2	X				<3	2
	SURRY	\$74,227	31	-0.63%	24	\$37,915	36	5.00%	74	165	34	73,195	19.8%	1	2						2
↓	SWAIN	\$106,506	65	3.43%	82	\$34,788	21	6.93%	17	185	44	14,953	27.7%	1	1	X		X		1	1
	TRANSYLVANIA	\$176,148	92	2.25%	70	\$44,490	65	5.09%	69	296	81	33,745	13.8%	2	2	X				<3	2
	TYRRELL	\$124,302	79	-0.55%	26	\$32,773	8	8.59%	5	118	18	3,646	23.0%	1	1	X	X	X		1	1
	UNION	\$99,469	57	5.90%	93	\$64,381	99	4.46%	95	344	97	219,992	9.6%	3	3						3
	VANCE	\$52,321	2	-0.77%	22	\$33,609	13	7.51%	9	46	6	45,097	25.5%	1	1	X		X		1	1
↓	WAKE	\$119,336	77	6.57%	95	\$66,950	100	4.30%	99	371	99	1,004,811	11.3%	3	3						3
	WARREN	\$118,440	76	0.14%	45	\$33,869	15	7.45%	12	148	30	19,754	24.8%	1	1	X		X		1	1
	WASHINGTON	\$69,593	20	-1.67%	13	\$32,867	10	7.91%	8	51	7	12,589	24.2%	1	1	X		X		1	1
	WATAUGA	\$165,541	91	2.48%	74	\$41,942	54	4.68%	89	308	86	53,737	32.1%	3	3						3
	WAYNE	\$63,691	8	0.18%	46	\$36,890	29	5.68%	40	123	21	124,182	22.5%	2	2						2
↓	WILKES	\$80,786	47	-0.13%	37	\$33,398	11	5.08%	71	166	35	69,434	24.3%	2	2						2
	WILSON	\$78,217	42	-0.02%	40	\$39,268	43	8.47%	6	131	23	81,689	24.0%	1	2						2
	YADKIN	\$73,323	29	-1.40%	16	\$40,801	48	4.49%	94	187	45	37,705	19.4%	2	2	X		X		1	1
	YANCEY	\$145,314	89	0.51%	50	\$35,974	25	5.45%	55	219	58	17,959	21.5%	2	1	X		X	X	1	1

County Development Rankings With and Without Adjustments

2017

	Pre-Adjusted Rank	Pre-Adjusted "Tier"	Auto-Adjusted Tiers	FINAL 2017 TIERS	Change from Adjustment	Qualifying Tier Adjustments				Not automatic adjustment - moved to another tier through tier caps
						Pop between 12k and 50K (At least Tier 2)	Pop less than 50K & poverty greater than 19% (Auto Tier 1)	Pop less than 12K (Auto Tier 1)	Tier 1 for two cons. years (Auto Tier 1)	
ALAMANCE	67	2		2						
ALEXANDER	61	2	<3	2		X				
ALLEGHANY	57	2	1	1	2 to 1		X	X		
ANSON	11	1	1	1		X	X			
ASHE	55	2	1	1	2 to 1	X	X			
AVERY	66	2	<3	2		X				
BEAUFORT	46	2	1	1	2 to 1	X	X			
BERTIE	3	1	1	1		X	X			
BLADEN	15	1	1	1		X	X			
BRUNSWICK	82	3		3						
BUNCOMBE	94	3		3						
BURKE	36	1		2	1 to 2					x
CABARRUS	93	3		3						
CALDWELL	36	1	1	1					X	
CAMDEN	76	2	1	1	2 to 1			X		
CARTERET	83	3		3						
CASWELL	33	1	1	1		X	X			
CATAWBA	72	2		2						
CHATHAM	99	3		3						
CHEROKEE	42	2	1	1	2 to 1	X	X			
CHOWAN	25	1	1	1		X	X			
CLAY	68	2	1	1	2 to 1		X	X		
CLEVELAND	40	1		2	1 to 2					x
COLUMBUS	9	1		1						
CRAVEN	43	2		2						
CUMBERLAND	22	1		2	1 to 2					x
CURRITUCK	95	3	<3	2	3 to 2	X				
DARE	80	2	<3	2		X				

	Pre-Adjusted Rank	Pre-Adjusted "Tier"	Auto-Adjusted Tiers	FINAL 2017 TIERS	Change from Adjustment	Pop between 12k and 50K (At least Tier 2)	Pop less than 50K & poverty greater than 19% (Auto Tier 1)	Pop less than 12K (Auto Tier 1)	Tier 1 for two cons. years (Auto Tier 1)	Not automatic adjustment - moved to another tier through tier caps
DAVIDSON	62	2		2						
DAVIE	77	2	<3	2		X				
DUPLIN	28	1		2	1 to 2					X
DURHAM	91	3		3						
EDGEcombe	1	1		1						
FORSYTH	75	2		3	2 to 3					X
FRANKLIN	70	2		2						
GASTON	48	2		2						
GATES	39	1	1	1				X		
GRAHAM	19	1	1	1			X	X		
GRANVILLE	74	2		2						
GREENE	16	1	1	1		X	X			
GUILFORD	73	2		2						
HALIFAX	4	1		1						
HARNETT	49	2		2						
HAYWOOD	79	2		3	2 to 3					X
HENDERSON	90	3		3						
HERTFORD	10	1	1	1		X	X			
HOKE	41	2		2						
HYDE	26	1	1	1			X	X		
IREDELL	91	3		3						
JACKSON	69	2	1	1	2 to 1	X	X			
JOHNSTON	84	3		3						
JONES	31	1	1	1				X		
LEE	50	2		2						
LENOIR	14	1		2	1 to 2					X
LINCOLN	84	3		3						
MACON	70	2	1	1	2 to 1	X	X			
MADISON	63	2	<3	2		X				
MARTIN	13	1	1	1		X	X			
MCDOWELL	54	2	1	1	2 to 1	X	X		X	
MECKLENBURG	98	3		3						

	Pre-Adjusted Rank	Pre-Adjusted "Tier"	Auto-Adjusted Tiers	FINAL 2017 TIERS	Change from Adjustment	Pop between 12k and 50K (At least Tier 2)	Pop less than 50K & poverty greater than 19% (Auto Tier 1)	Pop less than 12K (Auto Tier 1)	Tier 1 for two cons. years (Auto Tier 1)	Not automatic adjustment - moved to another tier through tier caps
MITCHELL	31	1	1	1		X	X			
MONTGOMERY	50	2	1	1	2 to 1	X	X			
MOORE	88	3		3						
NASH	27	1		2	1 to 2					x
NEW HANOVER	95	3		3						
NORTHAMPTON	12	1	1	1		X	X			
ONslow	50	2		2						
ORANGE	89	3		3						
PAMLICO	65	2	<3	2		X				
PASQUOTANK	29	1	1	1		X	X			
PENDER	78	2		3	2 to 3					x
PERQUIMANS	46	2	<3	2		X				
PERSON	63	2	1	1	2 to 1	X	X			
PITT	36	1		2	1 to 2					x
POLK	87	3	<3	2	3 to 2	X				
RANDOLPH	53	2		2						
RICHMOND	8	1	1	1		X	X			
ROBESON	5	1		1						
ROCKINGHAM	24	1		2	1 to 2					x
ROWAN	59	2		2						
RUTHERFORD	20	1		2	1 to 2					x
SAMPSON	17	1		2	1 to 2					x
SCOTLAND	2	1	1	1		X	X			
STANLY	60	2		2						
STOKES	55	2	<3	2		X				
SURRY	34	1		2	1 to 2					x
SWAIN	44	2	1	1	2 to 1	X	X			
TRANSYLVANIA	81	3	<3	2	3 to 2	X				
TYRRELL	18	1	1	1			X	X		
UNION	97	3		3						
VANCE	6	1	1	1		X	X			
WAKE	99	3		3						

	Pre-Adjusted Rank	Pre-Adjusted "Tier"	Auto-Adjusted Tiers	FINAL 2017 TIERS	Change from Adjustment	Pop between 12k and 50K (At least Tier 2)	Pop less than 50K & poverty greater than 19% (Auto Tier 1)	Pop less than 12K (Auto Tier 1)	Tier 1 for two cons. years (Auto Tier 1)	Not automatic adjustment - moved to another tier through tier caps
WARREN	30	1	1	1		X	X			
WASHINGTON	7	1	1	1		X	X			
WATAUGA	86	3		3						
WAYNE	21	1		2	1 to 2					x
WILKES	35	1		2	1 to 2					x
WILSON	23	1		2	1 to 2					x
YADKIN	45	2	1	1	2 to 1	X	X			
YANCEY	58	2	1	1	2 to 1	X	X		X	

* All automatic Tier 1 qualifiers are assigned a "1" in the Adjusted tier rankings.

Adjusted Tier rankings between 1-40 are assigned to Tier 1, 41-80 to Tier 2, and 81-100 to Tier 3.

If the row is not highlighted, the adjustment factor did not change the county's tier.

Adjustment Factor moved into more distressed tier

2 to 1
3 to 2

Tier caps moved into less distressed tier

1 to 2
2 to 3

Adjustment Factor had no effect

1
<3

March 1 ANER Committee Meeting Follow-up

Department of Environmental Quality

1. When did the Noncommercial Underground Storage Tank Cleanup Fund begin?

The General Assembly created the fund in 1988 along with the Commercial LUST program. The noncommercial program, however, has no federal requirements attached to it, and the General Assembly eliminated it as of December 31st, 2016.

2. What is the status of the State's coal ash efforts?

The State's efforts toward coal ash inspections and cleanup are funded through a 0.022% fee on the State's jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment, which is projected to generate about \$1.7M in FY 2017-18.

These funds support 21.22 full time equivalents (FTE) across various divisions within DEQ.

- Division of Energy, Mineral, and Land Resources (DEMLR) – 6.62 FTE. Of these four are involved in the Dam Safety Program and two with the Stormwater Program. The remaining 0.62 FTE are spread across other positions within DEMLR that assist with coal ash management for a portion of their time.
- Division of Waste Management – 3.7 FTE. These staff perform coal ash facility inspections and permit the disposition of residuals.
- Division of Water Resources – 10.9 FTE. These staff issue permits under the National Pollutant Discharge Elimination System and perform hydrogeological duties.

Note: The Governor's recommended budget would return the coal combustion residuals fee to 0.03%, the level that it was under the Coal Ash Management Act of 2014 until it was reduced in SL 2016-95. The revenue generated by this change would support operational costs, not additional FTE.

3. What is the history and status of hydraulic fracturing in NC?

Session Law 2011-276 directed the former Department of Environment and Natural Resources (DENR) and the Department of Commerce to study oil and gas exploration in the State and the use of directional and horizontal drilling and hydraulic fracturing for that purpose.

- DENR issued its report in April 2012, suggesting that "production of natural gas by means of hydraulic fracturing can be done safely as long as the right protections are in place."

Session Law 2012-143, the Clean Energy and Economic Security Act directed the Mining and Energy Commission (MEC) to establish a modern regulatory program for the management of oil and gas exploration and development in the State.

- DEQ staffed the MEC through a rule-making process, resulting in the adoption of 15A NCAC 05H “Oil and Gas Conservation Rules” in April 2015.

The General Assembly began providing four FTE as well as recurring and nonrecurring funds in FY 2013-14 to support shale gas exploration. As of FY 2016-17, the State provides a recurring \$400K and three FTE for this purpose.

Since 2012, DEQ, in contract with private oil and gas companies, have undertaken various studies exploring opportunities for shale gas extraction in the Deep River, Cumberland-Marlboro, and Dan River Basins. The results were published in four publications and 17 American Association of Petroleum Geologists abstracts. *Links to these publications are available upon request.*

DEQ continues to study shale gas resources within NC’s Triassic Basins and beneath the outer Coastal Plain.

4. What is the history of \$2 per ton solid waste tax?

Session Law 2007-550 created an excise tax on the disposal of municipal solid waste and construction and demolition debris in any landfill permitted pursuant to Article 9 of Chapter 130A of the General Statutes at a rate of two dollars (\$2.00) per ton of waste.

- The proceeds of the tax were to be distributed as follows:
 - \$225,000 for Department of Revenue administration
 - 50% Inactive Hazardous Sites Cleanup Fund
 - 37.5% to local governments that provide solid waste management services directly to residents, distributed on a per capita basis
 - 12.5% to the Solid Waste Management Trust Fund
 - Session Law 2013-360 reallocated this portion to the State’s General Fund on a recurring basis.
- A detailed breakdown of the revenues and distributions of the tax is available at http://dornrc.com/publications/abstract/2015/table46_table46a.pdf
- The cash balance of the Inactive Hazardous Sites Cleanup Fund was about \$33.3M at the end of February 2017; of that, \$25.9M was encumbered, and DEQ was in the process of encumbering an additional \$6.5M, which would leave just under \$1M unencumbered.

5. Are there opportunities for efficiencies in the regional offices?

DEQ operates seven regional offices around the State.

- The offices are administered by the Division of Environmental Assistance and Customer Services (DEACS) and staffed by members of nearly all of the other divisions within DEQ.
- The offices provide technical assistance as well as perform permitting and inspection operations for the various regulatory programs that DEQ operates.

- Many of the regional staff are cross-trained and split-funded across various programs to allow for greater efficiency in permitting and inspecting.
- Fiscal Research Division performed a justification review of the regional office structure in 2011. The report is available at http://www.ncleg.net/fiscalresearch/justification_reviews/DENR_RegionalOffices_Review_2012-05-01.pdf.

Decision-making authority is handled differently by the divisions within DEQ.

- Division of Waste Management (DWM) – central office staff make permitting decisions while compliance decisions (like Notices of Violations) are often made at the regional level. DWM does not have metrics to determine how many of those decisions are overturned at the central office.
- Division of Water Resources (DWR) – central office staff generally make decisions based on information from the regional offices. DWR does not maintain any statistics on differences of opinion between the central and regional offices.
- Division of Energy, Mineral, and Land Resources (DEMLR) - central office staff process and approve applications for mining permits, dam safety approvals, state stormwater permits, MS4 and DOT stormwater permits, and NPDES stormwater permits. Regional office staff review and approve erosion and sedimentation control plans and coastal state stormwater permits, and provide review comments to the Central Office staff on other permits noted above. Regional offices have authority over compliance decisions, issuing some directly and recommending some to the central office. DEMLR notes that in almost all the Central Office staff concurs with the Regional Offices plan approvals and enforcement case actions.

6. Why is poultry litter sometimes treated as agricultural waste and sometimes as industrial waste when it is used for electricity generation?

- Poultry litter as such is permitted under regulation 15A NCAC 02T .1303 and is treated as solid waste.
- When poultry litter is used in an industrial digestion process to produce methane gas for conversion to electricity, the byproducts of that conversion process is no longer treated as permitted under 15A NCAC 02T .1303 and must have their own waste disposal permit that is applicable to the relevant industry.
 - Digesters located on farms with an existing animal waste management permit may dispose of the waste as part of that farm's animal waste management permit and nutrient management plan, provided that the animal waste permit has capacity to handle the waste, and the waste is incorporated into the certificate of coverage/waste management plan.



Senate Pages Attending

COMMITTEE: Jt. App. Agri., Nat'l & Econ. Resources ROOM: 544

DATE: 3-15 TIME: 8:30

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!!.....or else!!!!

	Page Name	Hometown	Sponsoring Senator
1.	Caitlyn Sosbe ⁵⁰⁴⁵²⁸ Caitlyn Sosbe	50528 Rougemont	Michael Woodard
2.	Alyssa Alfaro Alyssa Alfaro	Goldsboro	SII. Louis Pate
3.	Mycala Blowe	Newbern	Sanderson
4.	MYCALA BLOWE		
5.			
6.			
7.			
8.			

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.



VISITOR REGISTRATION SHEET

COMMERCE & JOB DEVELOP./JOINT AG/NER

MARCH 15, 2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Dmy L...	NCSA
GERRY COHEN	NM
Shannon Creech	OSBM
Frances Liles	NCREA
Betsy Huber	National Grange
Jimmy Gentry	NC GRANGE
Ed Stiles	LA for Rep. Clappitt
Carson Kuo	MVA
Reb Hammer	RFA
Sam Davis	Farmer
Flint Benson	SEANC



VISITOR REGISTRATION SHEET

COMMERCE & JOB DEVELOP./JOINT AG/NER

MARCH 15, 2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Sarah Hardin	NCEL
Laura Kilian	Vista Strategies
[Signature]	S-H
[Signature]	CapAd
Chris Broughton	MWC
Dave Efrid	Commerce
Heather Horton	Commerce
Susan Fleewood	Nc Dept. of Commerce
Robert Robinson	NCRIIT
Ha Nguy	NCCOB
Jon Lanier	NCDA & ES



VISITOR REGISTRATION SHEET

COMMERCE & JOB DEVELOP./JOINT AG/NER

MARCH 15, 2017

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

KIM Sionlles

NCKLA



VISITOR REGISTRATION SHEET

COMMERCE & JOB DEVELOP./JOINT AG/NER

MARCH 15, 2017

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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FIRM OR AGENCY AND ADDRESS

Ken McHon

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Evelyn Hawthorne

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Isabel Villa-Fronda

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Padraig C. Glover

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Committee Sergeants at Arms

NAME OF COMMITTEE Jt. Committee on Appropriations, AGNER and Commerce

DATE: 3/15/2017

Room: 544

House Sgt-At Arms:

1. Name: Bill Bass
2. Name: Mark Cone
3. Name: Will Crocker - Today is Will's 80^B Birthday
4. Name: Thomas Terry
5. Name:

Senate Sgt-At Arms:

1. Name: Terry Barnhardt
2. Name: Jim Hamilton
3. Name: Linda Matthews
4. Name:
5. Name:



**House Pages
Assignments
Wednesday, March 15, 2017**

Committee	Room	Time	Staff	Comments	Member
Appropriations, Agriculture and Natural and Economic Resources	544	8:30 AM	Yasmeen Ayesh		Rep. Speaker Tim Moore
			Brooke Reutinger		Rep. Speaker Tim Moore



HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

[illegible]



[illegible]



House Committee on Commerce and Job Development
Wednesday, April 5, 2017 at 8:30 AM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Commerce and Job Development met at 8:30 AM on April 5, 2017 in Room 544 of the Legislative Office Building. Representatives Conrad, Martin, and Ross – Co-Chairs; Representatives Adams, Beasley, Boles, Bradford, Brody, Clampitt, Cunningham, Davis, Floyd, Grange, D. Hall, Holley, McNeill, Millis, Presnell, Quick, Shepard, and Torbett attended.

Representative Debra Conrad, Co-Chair, called the meeting to order and introduced the Pages and Sergeant At Arms who would be assisting the Committee. Copies of the attendance and visitor registration are attached to these minutes, (Attachment 1-4).

The following bills were considered:

HB 228 Postpone Assumed Name Revisions. (Representative Davis), (Attachment 5).

Rep. Conrad recognized Rep. Clampitt for a motion for the PCS H228-PCS30239-BG-10 for House Bill 228, "Postpone Assumed Name Revisions," to be before the Committee. Rep. Conrad recognized Rep. Davis to explain the bill. The PCS for House Bill 228 would postpone for one year the implementation of the Assumed Business Name Act, as recommended by the General Statutes Commission, (Attachment 6). Compared to the first edition, the PCS would make one technical change: replace the phrase "Chapter 14A" with the phrase "Article 14A" in Section 1.

Following the explanation, Rep. Conrad recognized members for questions and comments. After discussion, Rep. Floyd was recognized for a motion for HB 228 to receive a favorable report to the proposed committee substitute and unfavorable report to the original bill. Rep. Conrad called for a vote and the motion carried.

HB 389 School Calendar Flexibility Pilot Program. (Representatives Warren, Horn, Johnson, McGrady), (Attachment 7).

Rep. Conrad stated that House Bill 389, "School Calendar Flexibility Pilot Program," was before the Committee for discussion. Rep. Conrad recognized Rep. Warren to explain the bill. House Bill 389 would establish a School Calendar Flexibility Pilot Program for the opening and closing dates for certain local school administrative units (LEAs) that would allow those LEAs to establish different opening and closing dates than those required in current law. Rep. Warren passed out two handouts during the explanation (Attachment 8).

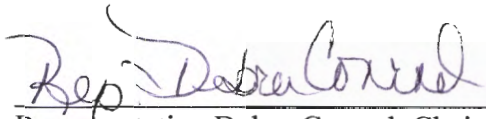
Following the explanation, Rep. Conrad recognized members for questions and comments. After discussion from the Committee, Rep. Conrad recognized the public for comment. Louise Lee of

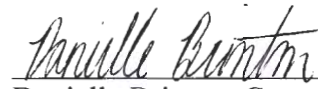


Save Our Summers NC was recognized to speak. Dr. Terry Stoops of the John Locke Foundation was also recognized to speak.

Rep. Conrad then recognized Rep. Floyd for a motion for HB 389 to receive a favorable report to the original bill. Rep. Conrad called for a vote and the motion carried.

The meeting adjourned at 9:08 AM.


Representative Debra Conrad, Chair
Presiding


Danielle Brinton, Committee Clerk

Attachments:

- 1.) Agenda
- 2.) Attendance
- 3.) Committee Sergeant at Arms and Pages
- 4.) Visitor Registration
- 5.) PCS for HB 228 and Summary
- 6.) Handout 1
- 7.) HB 389 and Summary
- 8.) Handouts 2 and 3



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Wednesday, April 5, 2017
TIME: 8:30 AM
LOCATION: 544 LOB
COMMENTS: Co-Chair Representative Susan Martin, presiding.

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 228	Postpone Assumed Name Revisions.	Representative Davis
HB 389	School Calendar Flexibility Pilot Program.	Representative Warren Representative Horn Representative Johnson Representative McGrady

Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 4:20 PM on Thursday, March 30, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Susie Farrell (Committee Assistant)



**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

COMMERCE AND JOB DEVELOPMENT COMMITTEE REPORT

**Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair**

FAVORABLE

HB 389 School Calendar Flexibility Pilot Program.
Draft Number: None
Serial Referral: None
Recommended Referral: None
Long Title Amended: No
Floor Manager: Warren

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL

HB 228 Postpone Assumed Name Revisions.
Draft Number: H228-PCS30239-BG-10
Serial Referral: None
Recommended Referral: None
Long Title Amended: No
Floor Manager: Davis

TOTAL REPORTED: 2





House Committee on Commerce and Job Development
Wednesday, April 5, 2017, 8:30 AM
544 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Representative Debra Conrad, Co-Chairman
Commerce & Job Development Committee

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 228	Postpone Assumed Name Revisions.	Representative Davis
HB 389	School Calendar Flexibility Pilot Program.	Representative Warren
		Representative Horn
		Representative Johnson
		Representative McGrady

Adjournment



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 228
PROPOSED COMMITTEE SUBSTITUTE H228-PCS30239-BG-10

Short Title: Postpone Assumed Name Revisions.

(Public)

Sponsors:

Referred to:

March 2, 2017

- 1 A BILL TO BE ENTITLED
2 AN ACT TO POSTPONE THE IMPLEMENTATION OF NEW ARTICLE 14A OF
3 CHAPTER 66 OF THE GENERAL STATUTES, WHICH REVISED THE LAW ON
4 ASSUMED BUSINESS NAMES, AS RECOMMENDED BY THE GENERAL
5 STATUTES COMMISSION.
6 The General Assembly of North Carolina enacts:
7 **SECTION 1.** The implementation of Article 14A of Chapter 66 of the General
8 Statutes, the Assumed Business Name Act, as enacted by S.L. 2016-100, is postponed to July 1,
9 2018. The provisions of former Article 14 of Chapter 66 of the General Statutes shall continue
10 to apply until that time.
11 **SECTION 2.** G.S. 66-71.15 reads as rewritten:
12 "**§ 66-71.15. Expiration of certificates filed under Article 14; transition provisions.**
13 (a) All certificates of assumed name filed under former Article 14 of this Chapter
14 expire July 1, ~~2022, 2023,~~ and the provisions of that former Article continue to apply to them
15 until that date except as provided in this section. On or after that date, any person that (i) is
16 listed as an owner of the business in a certificate of assumed name filed under that former
17 Article and (ii) desires to continue engaging in business in this State under the assumed
18 business name after that date must file an assumed business name certificate under this Article.
19 (b) At least one person listed as an owner of the business in a certificate of assumed
20 name under former Article 14 of this Chapter must file an assumed business name certificate
21 before the certificate of assumed name expires under subsection (a) of this section if any of the
22 following occur:
23 (1) A general partnership would have been required to file a new certificate of
24 assumed name under former G.S. 66-68(c) due to the withdrawal or addition
25 of a partner.
26 (2) Any of the information in the certificate of assumed name required under
27 former G.S. 66-68(a) has changed, and the person desires to continue
28 engaging in business in this State.
29 (c) No person shall file a new certificate of assumed name under former Article 14 of
30 this Chapter on or after July 1, ~~2017, 2018.~~ Any document or other record filed on or after that
31 date to register an assumed business name is deemed to be filed under this Article, even if it is
32 described as a certificate of assumed name rather than an assumed business name certificate, or
33 if it expressly refers to former Article 14 of this Chapter.
34 (d) A person that filed a certificate of assumed name that has not expired may withdraw
35 the assumed name under the provisions of former G.S. 66-68(f). Any such withdrawal is



* H 2 2 8 - P C S 3 0 2 3 9 - B G - 1 0 *

1 deemed to be a withdrawal under former G.S. 66-68(f), even if it is described as a withdrawal
2 under this Article.

3 (e) No person shall file a certificate of amendment under this Article to a certificate of
4 assumed name filed under former Article 14 of this Chapter. If any such amendment is
5 nevertheless filed, it is not effective as a certificate of amendment or as an assumed business
6 name certificate under this Article.

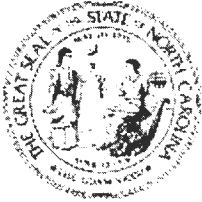
7 (f) The register of deeds shall not transmit a scanned image to the Secretary of State, or
8 enter any of the information required by G.S. 66-71.10 into the central database maintained by
9 the Secretary of State, of any withdrawal or transfer of an assumed name or any amendment to
10 a certificate of assumed name when the certificate of assumed name to which the withdrawal,
11 transfer, or amendment relates was filed before July 1, ~~2017~~2018.

12 (g) Other than this section, this Article does not apply to a certificate of assumed name
13 or a withdrawal of an assumed name under former Article 14 of this Chapter."

14 **SECTION 3.** The introductory language of Section 3(b) of S.L. 2016-100 reads as
15 rewritten:

16 "SECTION 3.(b) Effective July 1, ~~2021~~, 2022, G.S. 1-69.1(a)(3), as amended by this
17 section, reads as rewritten:"

18 **SECTION 4.** This act is effective when it becomes law.



HOUSE BILL 228: Postpone Assumed Name Revisions.

2017-2018 General Assembly

Committee: House Commerce and Job Development
Introduced by: Rep. Davis
Analysis of: PCS to First Edition
H228-CSBG-10

Date: April 5, 2017
Prepared by: Howard Marsilio
Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 228 would postpone for one year the implementation of the Assumed Business Name Act, as recommended by the General Statutes Commission.*

Compared to the first edition, the PCS would make one technical change: replace the phrase "Chapter 14A" with the phrase "Article 14A" in Section 1.

CURRENT LAW: Article 14 of Chapter 66, titled Business Under Assumed Name Regulated, governs the filing requirements for engaging in business under an assumed name. S.L. 2016-100 enacted a new Article 14A to modernize the law governing the use of assumed business names. Article 14A was a recommendation by the General Statutes Commission.

Section 2 of S.L. 2016-100 enacted Article 14A of Chapter 66, effective July 1, 2017.

Section 3 through Section 9 of S.L. 2016-100 made conforming changes to other statute sections to coordinate with the new Article 14A.

BILL ANALYSIS:

Section 1 states the purpose of the PCS, and states that Article 14 of Chapter 66 shall apply until July 1, 2018.

Section 2 would modify the following deadlines for certificates of assumed name under Article 14:

- Expiration of certificates of assumed named under Article 14 from July 1, 2022 to July 1, 2023.
- Filing certificates of assumed named under Article 14 from July 1, 2017 to July 1, 2018.
- Filing cut-off date related to withdrawal, transfer, or amendment of a certificate of assumed name filed under Article 14 from July 1, 2017 to July 1, 2018.

Section 3 would modify an effective date for a conforming change in G.S. 1-69.1(a)(3), addressing a pleading requirement in legal proceedings, from July 1, 2022 to July 1, 2023.

BACKGROUND: Article 14A establishes a statewide database of assumed business name information maintained by the Secretary of State. The database will not be operational by the current effective date of Article 14A.

EFFECTIVE DATE: The PCS for House Bill 228 would be effective when it becomes law.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578





General Statutes Commission

300 N. Salisbury Street, Suite 401
Raleigh, NC 27603-5925
Tel. 919-733-6660 Fax 919-715-5459

Floyd M. Lewis
Revisor of Statutes

P. Bly Hall
Assistant Revisor of Statutes

MEMORANDUM

To: House Commerce and Job Development
From: General Statutes Commission
Re: HB 228 (Postpone Assumed Name Revisions)
Date: April 4, 2017

General Comments

Parts I and II of S.L. 2016-100 revised the law on assumed names in this State and made conforming amendments elsewhere in the statutes. Part I repealed the existing law on assumed names, Article 14 of Chapter 66 of the General Statutes, and enacted a new Article 14A of that Chapter as a replacement. As one of its main changes, the new Article 14A requires registers of deeds' offices to upload assumed name information to a searchable online statewide database for assumed names, so that a person can search for an assumed name in one location online rather than having to search each register of deeds' records separately. The act required the Secretary of State to develop, implement, and maintain this database. Parts I and II had a postponed effective date of July 1, 2017, but additional time is needed for the necessary database. This bill postpones the implementation of the new Article 14A by one year, to July 1, 2018.

Specific Comments

Section 1 postpones the date to implement the assumed name changes made by S.L. 2016-100 from July 1, 2017, to July 1, 2018. The existing Article 14 will continue to apply until July 1, 2018.

Section 2 amends G.S. 66-71.15, the section dealing with the transition from existing Article 14 of Chapter 66 to the new Article 14A of Chapter 66, to similarly postpone for one year the three dates referenced in that section.

Section 3 amends the effective date of Section 3(b) of S.L. 2016-100, which made a conforming amendment to G.S. 1-69.1, to postpone that date for one year.

Section 4 provides that the bill is effective when it becomes law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 389

Short Title: School Calendar Flexibility Pilot Program. (Public)

Sponsors: Representatives Warren, Horn, Johnson, and McGrady (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, Commerce and Job Development

March 20, 2017

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE SCHOOL CALENDAR FLEXIBILITY PILOT PROGRAM.

Whereas, North Carolina is a State blessed with great diversity of climate, culture, geography, and environmental offerings from mountains to beaches; and

Whereas, North Carolina communities are individually blessed with demographics unique to their localities that may support or supplement their local economies; and

Whereas, some communities are economically dependent on seasonal business offerings or tourism, and some communities are not affected as much, or at all; and

Whereas, the State-mandated, late-August start date puts high school calendars out of alignment with community colleges and four-year universities, which typically begin the first semester in early August and the second semester weeks before high school students complete the fall semester; and

Whereas, superintendents have reported that the calendar misalignment creates barriers for high school students who want to take community college courses and creates challenges for high school students who graduate early; and

Whereas, practices and tryouts for interscholastic sports can start as early as August 1 and many student athletes are required to be available, while some sports such as football have already played games before the school year has started, negatively impacting ticket and booster club revenues; and

Whereas, the State invests more than fifty-six percent (56%) of its annual budget revenue on education, research must be done to determine the impact of local school calendar flexibility on student achievement, graduation rates, school grade improvement, and all other education evaluation metrics to weigh against any potential local economic impacts; and

Whereas, such research would provide irrefutable evidence of individual communities that would not be economically harmed by school calendar flexibility and those communities where educational advantages outweigh negative economic impacts; and

Whereas, such research would identify those communities that would be negatively affected by calendar flexibility; and

Whereas, the State's generous annual investment in education requires the best absolute return on investment to provide for an educated and globally competitive citizenry; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Purpose. – The State Board of Education (State Board) shall establish a School Calendar Flexibility Pilot Program (Program). The purpose of the Program is to determine the impact of school calendar flexibility for opening and closing dates on student achievement and



1 summer internships and to identify and quantify the communities that can support local school
2 calendar control and those that cannot.

3 **SECTION 2.** Participation. – All local school administrative units in the following
4 counties, which collectively represent the geographic, economic, and social diversity of the State,
5 are authorized to participate in the Program: Anson County, Bladen County, Cabarrus County,
6 Caldwell County, Cherokee County, Cleveland County, Davidson County, Duplin County,
7 Graham County, Greene County, Guilford County, Martin County, McDowell County, Mitchell
8 County, Northampton County, Robeson County, Rowan County, Warren County, Washington
9 County, and Wilson County.

10 Any local board of education of a local school administrative unit authorized to
11 participate in the Program may elect not to participate. For each local school administrative unit
12 that elects not to participate in the Program, the State Board may authorize one replacement local
13 school administrative unit to participate in the program. Together, the local school administrative
14 units participating in the Program shall represent the geographic, economic, and social diversity of
15 the State.

16 **SECTION 3.** Implementation. – Each local school administrative unit participating in
17 the Program shall do so for three school years, beginning in either the 2018-2019 school year or
18 the 2019-2020 school year. The State Board shall provide the Department of Commerce with a list
19 of the participating local school administrative units no later than February 1, 2018.

20 Notwithstanding G.S. 115C-84.2(d), local boards of education of participating local
21 school administrative units shall determine, for the duration of the Program, the dates of opening
22 and closing the public schools under subdivision (a)(1) of G.S. 115C-84.2. Except for year-round
23 schools, the opening date for students shall be no earlier than the Monday closest to August 10 and
24 the closing date for students shall be no later than the Friday closest to June 11. A local board may
25 revise the scheduled closing date if necessary in order to comply with the minimum requirements
26 for instructional days or instructional time.

27 The required opening and closing dates under this section shall not apply to any school
28 that a local board designated as having a modified calendar for the 2003-2004 school year or to
29 any school that was part of a planned program in the 2003-2004 school year for a system of
30 modified calendar schools, so long as the school operates under a modified calendar.

31 **SECTION 4.** Data Collection by Department of Public Instruction. – For the duration
32 of the Program, the Department of Public Instruction shall contact each participating local school
33 administrative unit annually to determine (i) the actual dates for opening and closing the public
34 schools, (ii) the impact of the Program on student achievement and summer internships, and (iii)
35 any other information the Department deems necessary for purposes of the study. The Department
36 of Public Instruction shall provide the Department of Commerce with the actual dates for opening
37 and closing the public schools in each participating local school administrative unit.

38 **SECTION 5.** Department of Commerce Evaluation. – The Department of Commerce
39 shall study the effect of the Program on the tourist industry.

40 **SECTION 6.** Reports. – By November 15 of each year following the operation of the
41 Program, the State Board and the Department of Commerce shall separately report to the School
42 of Government at the University of North Carolina at Chapel Hill on the effects of the Program.
43 The State Board shall report on (i) implementation and administration of the Program; (ii) any
44 impact of the Program on student achievement; (iii) any effect of the Program on summer
45 internships; and (iv) any recommendations on the modification, continuation, and potential
46 expansion of the Program statewide. The State Board shall also recommend any local school
47 administrative units that should be assigned calendar flexibility on an ongoing basis. The
48 Department of Commerce shall report on any economic impact of the Program on the tourism
49 industry in the State. The School of Government shall evaluate this information and provide an
50 aggregated report to the Joint Legislative Education Oversight Committee by December 15 of the
51 same year.

1

SECTION 7. This act is effective when it becomes law.





HOUSE BILL 389: School Calendar Flexibility Pilot Program.

2017-2018 General Assembly

Committee:	House Commerce and Job Development	Date:	April 5, 2017
Introduced by:	Reps. Warren, Horn, Johnson, McGrady	Prepared by:	Drupti Chauhan
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 389 would establish a School Calendar Flexibility Pilot Program for the opening and closing dates for certain local school administrative units (LEAs) that would allow those LEAs to establish different opening and closing dates than those required in current law.*

CURRENT LAW: Under G.S. 115C-84.2, a school calendar must include a minimum of 185 days or 1025 hours of instruction covering at least nine calendar months. Except for year-round schools, the opening date for students cannot be earlier than the Monday closest to the August 26 and the closing date for students cannot be later than the Friday closest to June 11. On a showing of "good cause" the State Board of Education (SBE) may waive the opening date requirement and allow a local board of education to set an opening date no earlier than the Monday closest to August 19. "Good cause" means that schools in any LEA in a county have been closed 8 days per year during any of the 4 of the last 10 years because of severe weather conditions, energy shortages, power failures, or other emergency situations. A local board may revise the scheduled closing date if necessary in order to comply with the minimum requirements for instructional days or time. The required opening and closing dates also do not apply to any school that a local board of education designated as having a modified calendar for the 2003-2004 school year or to any school that was part of a planned program in the 2003-2004 school year for a system of modified calendar schools as long as the school operates under a modified calendar.

BILL ANALYSIS: House Bill 389 would direct the SBE to establish a School Calendar Flexibility Pilot Program (Pilot Program). The purpose of the Pilot Program would be to determine the impact of school calendar flexibility for opening and closing dates on (i) student achievement and summer internships and (ii) to identify and quantify the communities that can support local school calendar control and those that cannot.

Local boards of education of participating LEAs would determine the opening and closing dates for students. The opening dates could be no earlier than the Monday closest to August 10 and the closing date could be no later than the Friday closest to June 11. A local board could revise the scheduled closing date if needed to comply with minimum requirements for instructional days or time.

Participation: The LEAs in the following counties would be authorized to participate in the Pilot Program:

Anson County, Bladen County, Cabarrus County, Caldwell County, Cherokee County, Cleveland County, Davidson County, Duplin County, Graham County, Greene County, Guilford County, Martin County, McDowell County, Mitchell County, Northampton County, Robeson County, Rowan County, Warren County, Washington County, and Wilson County

The local board of education of an authorized LEA may elect not to participate in the Pilot Program and the SBE may then authorize one replacement LEA to participate.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House Bill 389

Page 2

Implementation: Each LEA shall participate for 3 school years beginning in either the 2018-2019 school year or the 2019-2020 school year. The SBE must provide the Department of Commerce with a list of the participating LEAs no later than February 1, 2018.

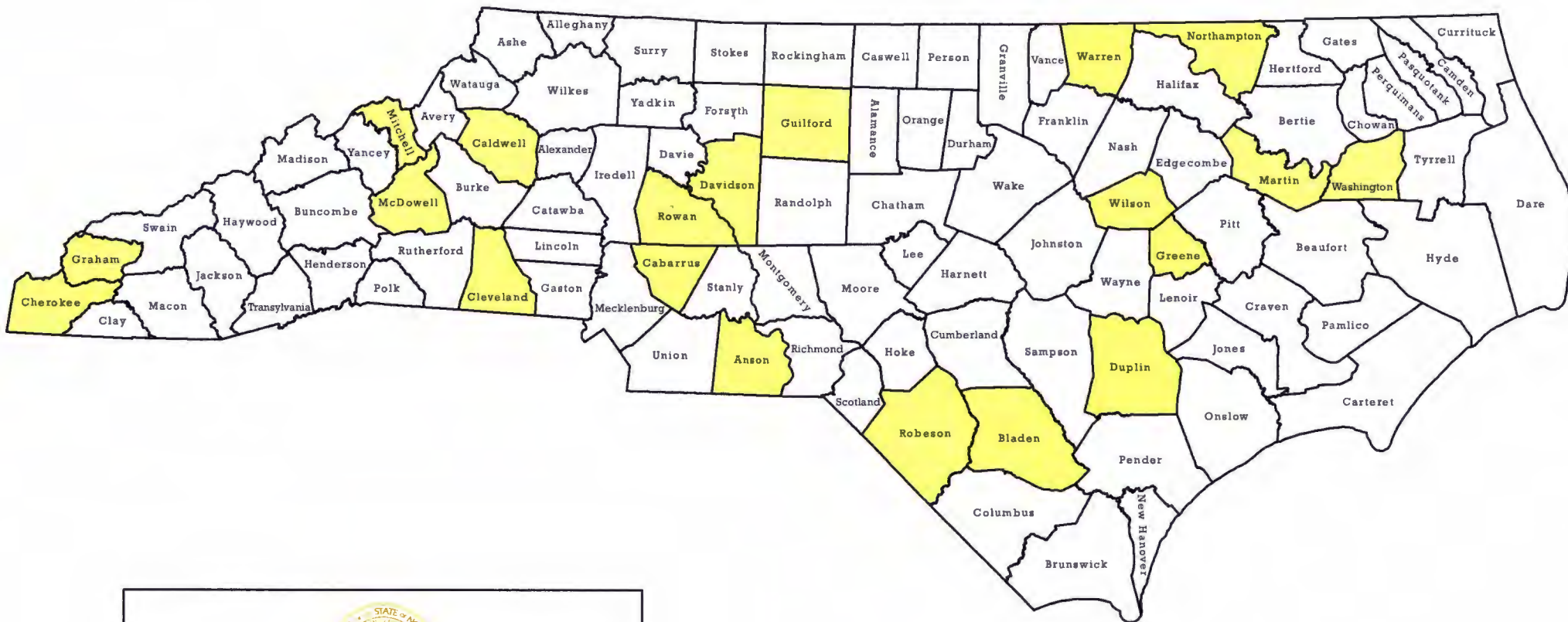
Data Collection by the Department of Public Instruction (DPI) and Evaluation by the Department of Commerce: DPI must contact each participating LEA each year of the Pilot Program to determine (i) the actual dates for opening and closing the schools; (ii) the impact of the Program on student achievement and summer internships; and (iii) any other information DPI deems needed for the study. The Department of Commerce must study the effect of the Pilot Program on the tourism industry.

Reports: By November 15 of each year following the operation of the Pilot Program, the SBE and the Department of Commerce shall separately report the School of Government (SOG) at the University of North Carolina at Chapel Hill on the effects of the Pilot Program.

The SBE must report on the following: (i) implementation and administration of the Pilot Program; (ii) any impact of the Pilot Program on student achievement; (iii) any effect of the Pilot Program on summer internships; and (iv) any recommendations on the modification, continuation, and potential expansion of the Pilot Program statewide. The SBE must also recommend any LEAs that should be given calendar flexibility on an ongoing basis.

The Department of Commerce must report on any economic impact of the Pilot Program on the tourism industry in the State. The SOG must evaluate this information and provide an aggregated report to the Joint Legislative Education Oversight Committee by December 15 of the same year.

EFFECTIVE DATE: The bill would become effective when it becomes law.



REPRESENTATIVE HARRY WARREN

N.C. HOUSE OF REPRESENTATIVES
ROWAN COUNTY - 77TH District

611 LEGISLATIVE OFFICE BUILDING
300 N SALISBURY STREET
RALEIGH, NC 27603-5925
PHONE: (919) 733-5784
HARRY.WARREN@NCLEG.NET

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Organizations representing education interests, youth camps, and other interested stakeholders prefer that summer break ends in early August.

These organizations prefer a summer break schedule that begins in late May and ends in early August. This schedule allows LEAs to offer high school exams before winter break and to align their school calendar with the community college calendar. In addition, this schedule allows summer camps to more easily employ college students as counselors. As discussed earlier in this report, a summer break that includes most of August does not allow LEAs or summer camps to accomplish their goals, which is why they continue to be dissatisfied with the school calendar law and request that the law be changed or eliminated.

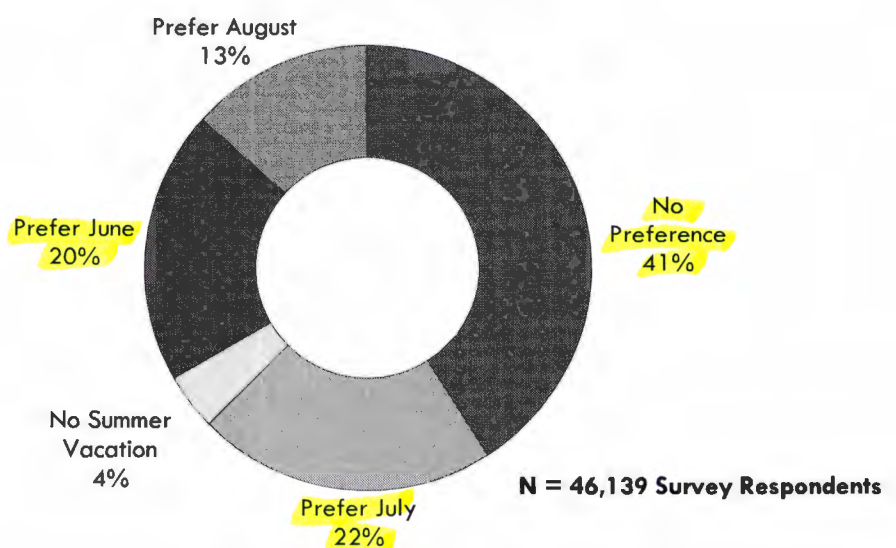
Results from a survey of parents and school personnel show July is the most preferred summer month for taking a vacation and 41% of survey respondents had no preference. The Program Evaluation Division's survey of parents and school personnel asked them to indicate when their family prefers to take a summer vacation. The survey offered the following choices:

- My family prefers to take a vacation in June.
- My family prefers to take a vacation in July.
- My family prefers to take a vacation in August.
- My family takes a summer vacation but does not have a preference for which month it is in.
- My family does not take a summer vacation.

As shown in Exhibit 21, July was the most preferred month and August was the least preferred month for taking a summer vacation among the survey respondents who indicated a preference.

Exhibit 21

July is the Most Preferred Month for Taking a Summer Vacation; 41% of Respondents Had No Preference



Source: Program Evaluation Division based on data from a survey of parents and school personnel.



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VISITOR REGISTRATION SHEET

Rm# 544

Commerce & Job Development

Name of Committee

04-05-2017
DateVISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Adam Pidemore

NCRB

Phoebe Landon

MWC

Zest Grant

SA

Richard Bostic

NC SBA

Leanne Warner

NC SBA

Kim Sionsing

NCKLA



VISITOR REGISTRATION SHEET

Rm# 544

Commerce & Job Development

Name of Committee

04-05-2017

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Terry Stoops	John Locke Foundation
Bruce Milder	NCSBT
James Smith	N/A
Tommy Clark	SOS
Haley Haynes	SOS
Mike Arnold	SOS
Louise Lee	Save Our Summers - NC



Committee Sergeants at Arms

NAME OF COMMITTEE HOUSE COMM ON COMMERSE & JOB DEVELOP.

DATE: 04-05-2017

Room: 544

House Sgt-At Arms:

1. Name: REGGIE SILLS

2. Name: MARVIN LEE

3. Name: TERRY McCRAW

4. Name: THOMAS TERRY

5. Name: REY COOKE

Senate Sgt-At Arms:

1. Name: _____

2. Name: _____

3. Name: _____

4. Name: _____

5. Name: _____

**House Pages
Assignments
Wednesday, April 05, 2017
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Commerce and Job Development	544	8:30 AM	Jared Diegelman		Rep. Dean Arp
			Samantha Lenger		Rep. Duane Hall



HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

[illegible]

[illegible]



House Committee on Commerce and Job Development
Monday, April 24, 2017 at 3:00 PM
Room 544 of the Legislative Office Building

MINUTES

The House Committee on Commerce and Job Development met at 3:00 PM on April 24, 2017 in Room 544 of the Legislative Office Building. Representatives Beasley, Bradford, Brody, Clampitt, Conrad, Cunningham, Davis, Floyd, Fraley, Goodman, Grange, Holley, S. Martin, McNeill, Ross, Terry, Torbett, and Williams attended.

Representative Stephen M. Ross, Chair, presided. Rep. Ross called the meeting to order at 3:05pm, welcomed everyone to the meeting, and recognized Sgt. at Arms staff in the meeting.

The following bills were considered:

HB 754 Optional Meals for Bed & Breakfast Guests. (Representatives Belk, Clampitt, Steinburg, Duane Hall)

Rep. Ross recognized Rep. Belk to present H754 at 3:06pm. At 3:08pm, the floor was opened to questions and comments from Rep. Holley, Rep. Goodman, Rep. Fraley, and Rep. Bradford. Rep. Ross recognized Rep. Beasley for a motion that the bill would receive a favorable report and be sent to the Rules, Calendar, and Operations of the House Committee. Rep. Ross called for a vote and the vote carried.

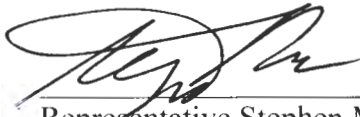
HB 552 General Contractor Licensing Amendments. (Representative Brody)

Rep. Ross recognized Rep. Brody to present H552 at 3:12pm. Seeing no questions, Rep. Ross recognized Rep. Clampitt for a motion that the bill would receive a favorable report and be sent to Regulatory Reform Committee. Rep. Ross called for a vote and the vote carried.

HB 35 Protect North Carolina Workers Act. (Representatives Cleveland, Millis, Conrad, Destin Hall)

Rep. Ross recognized Rep. Cleveland to present on H35 at 3:14pm. Rep. Ross moved that a PCS for the bill be heard. The Motion carried with a unanimous "aye" vote. The floor was opened to questions from Rep. Beasley, Rep. Cunningham, Rep. McNeill, and Rep. Terry. Rep. Ross opened the floor to the public to speak on the bill. Ron Woodward of NC Listen spoke in favor of H35. Seeing no further questions, Rep. Ross recognized Rep. Clampitt for a motion that the bill would receive an unfavorable report to the original bill, favorable report to the PCS. Rep. Ross called for a vote and the vote carried.

The meeting adjourned at 3:23pm.



Representative Stephen M. Ross, Chair
Presiding



Kirk O'Steen, Committee Clerk

Corrected #1: H35, H552, & H754 added

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Monday, April 24, 2017
TIME: 3:00 PM
LOCATION: 544 LOB
COMMENTS: Rep. Stephen M. Ross Presiding

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 35</u>	Protect North Carolina Workers Act.	Representative Cleveland Representative Millis Representative Conrad Representative Destin Hall Representative Brody
<u>HB 552</u>	General Contractor Licensing Amendments.	
<u>HB 754</u>	Optional Meals for Bed & Breakfast Guests.	Representative Belk Representative Clampitt Representative Steinburg Representative Duane Hall



Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:37 PM on Friday, April 21, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Kirk O'Steen (Committee Assistant)



House Committee on Commerce and Job Development
Monday, April 24, 2017, 3:00 PM
544 Legislative Office Building

AGENDA

Welcome and Opening Remarks

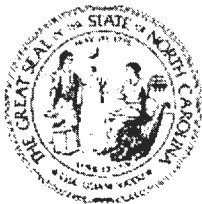
Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 552	General Contractor Licensing Amendments.	Representative Brody
HB 754	Optional Meals for Bed & Breakfast Guests.	Representative Belk Representative Clampitt Representative Steinburg Representative Duane Hall
HB 35	Protect North Carolina Workers Act.	Representative Cleveland Representative Millis Representative Conrad Representative Destin Hall

Adjournment





HOUSE BILL 754: Optional Meals for Bed & Breakfast Guests.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 24, 2017
Introduced by:	Reps. Belk, Clampitt, Steinburg, Duane Hall	Prepared by:	Amy Darden
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 754 would make the requirements to be a "bed and breakfast home" or "bed and breakfast inn" the same except the number of rooms, allow lunch and dinner to be served, and allow lunch and dinner to be charged separately from the room rate.*

CURRENT LAW: G.S. 130A-247(5a) defines a "bed and breakfast home" as accommodations for a maximum 8 guest rooms in a private home for a period of less than 1 week.

G.S. 130A-247(6) defines a "bed and breakfast inn" as accommodations for a maximum 12 guest rooms for 9-23 people for a period of less than 1 week.

Both "bed and breakfast home" and "bed and breakfast inn" are limited as follows:

- Serve food or drink only to overnight guests (Bed and breakfast inn may only serve breakfast)
- Include the price of any meals served in the room rate
- Permanent residence of the owner or the manager

BILL ANALYSIS: House Bill 754 would allow a "bed and breakfast home" to charge separately for lunch and dinner. Currently, any meal served by a "bed and breakfast home" must be in the room rate.

House Bill 754 would set 9 as the minimum number of rooms for a "bed and breakfast inn" to differentiate an "inn" from a "home" which is allowed a maximum of 8 rooms. "Bed and breakfast inn" would also be allowed to serve all meals and charge separately for lunch and dinner. Currently, a "bed and breakfast inn" can only serve breakfast, and the charge must be included in the room rate.

EFFECTIVE DATE: House Bill 754 would be effective October 1, 2017.

ren Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 754

Short Title: Optional Meals for Bed & Breakfast Guests. (Public)

Sponsors: Representatives Belk, Clampitt, Steinburg, and Duane Hall (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Job Development, if favorable, Rules, Calendar, and Operations
of the House

April 13, 2017

A BILL TO BE ENTITLED
AN ACT AMENDING THE DEFINITION OF "BED AND BREAKFAST HOME" AND
"BED AND BREAKFAST INN" TO ALLOW OPTIONAL MEALS FOR BED AND
BREAKFAST GUESTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-247(5a) reads as rewritten:

"(5a) "Bed and breakfast home" means a business in a private home of not more
than eight guest rooms that offers bed and breakfast accommodations for a
period of less than one week and that meets all of the following criteria:

- a. Does not serve food or drink to the general public for pay.
- b. Serves the breakfast meal, the lunch meal, the dinner meal, or a
combination of all or some of these three meals, only to overnight
guests of the home.
- c. Includes in the room rate the price of any breakfast meals ~~served in
the room rate served.~~
- d. Is the permanent residence of the owner or the manager of the
business."

SECTION 2. G.S. 130A-247(6) reads as rewritten:

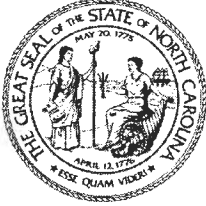
"(6) "Bed and breakfast inn" means a business of at least nine, but not more than
12 guest rooms that offers bed and breakfast accommodations to at least nine
but not more than 23 persons per night for a period of less than one week,
and ~~that~~ that meets all of the following criteria:

- a. Does not serve food or drink to the general public for ~~pay;~~ pay.
- b. Serves ~~only the breakfast meal, and that meal is served~~ meal, the
lunch meal, the dinner meal, or a combination of all or some of these
three meals only to overnight guests of the ~~business;~~ business.
- c. Includes in the room rate the price of any breakfast ~~in the room rate;
and meals served.~~
- d. Is the permanent residence of the owner or the manager of the
business."

SECTION 3. This act becomes effective October 1, 2017.







HOUSE BILL 552: General Contractor Licensing Amendments.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Regulatory Reform	Date:	April 24, 2017
Introduced by:	Rep. Brody	Prepared by:	Howard Marsilio
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 552 would make various changes to modernize, clarify, and modify the law related to general contractor licensing, examination, and licensing renewal procedures.*

CURRENT LAW: G.S. 87-10 outlines general contractor licensing, examination, and licensing renewal procedures, such as:

- Requiring the filing of an application for examination 30-days prior to next meeting of the Licensing Board for General Contractors (Board), and a varying fee depending on the license type.
- Setting forth project value thresholds for the three different license classes: unlimited (no value cap for project value), intermediate (\$500,000 - \$1,000,000 project value), and limited (less than \$500,000 project value).
- Requiring a showing of good character, competency, financial responsibility, and lack of certain criminal convictions or adverse licensure actions.
- Conducting an examination to ascertain: ability to apply contracting knowledge; plan and specification reading; knowledge of the NC Building Code, construction estimating and ethics; and knowledge of various laws related to contracting and sedimentation control.
- Creating 5 types of general contractor licenses: Building Contractor; Residential Contractor; Highway Contractor; Public Utilities Contractor; Specialty Contractor.
- Specifying certain utility line installation and termination requirements related to public utility contractors.
- Allowing an examination by personal appearance, or by the appearance of one or more managing employees or responsible managing members or officers (if the applicant is a business entity), and providing a procedure for license retention in the event a licensed general contractor with a business entity should leave.
- Requiring a new application for applicants taking the examination a third or subsequent time.
- Specifying that expiration of licenses, renewal requirements and fees, and that a lapse in licensure for four years requires a new application.

BILL ANALYSIS: House Bill 552 would:

- Remove the 30-day lead time requirement for applications.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House Bill 552

Page 2

- Clarify that an applicant must (1) be at least 18 years old, (2) possess good moral character, (3) provide evidence of financial responsibility, and (4) submit the appropriate application fee. Deletes other provisions related to an applicant's character.
- Require an applicant to pay an examination fee not to exceed \$100 (previously, the Board was permitted to charge the fee but not required).
- Clarify that the value thresholds for licensure type excludes the costs of land and ancillary land improvements.
- Provide that an applicant must identify an individual that has successfully passed, or is seeking to take, an examination approved by the Board as a "qualifier" or "qualifying party".
- Provide that if the "qualifier" or "qualifying party" passes the examination, and after review of the application and all relevant information, then the Board must issue a license to the applicant to engage in general contracting in North Carolina which may be limited by the 5 license types available.
- Modify the procedure related to disconnection of a "qualifier" or "qualifying party" from the licensee, by providing that the license will remain in full force and effect for 90 days. After 90 days the license is invalidated, but the licensee is entitled to return to active status pursuant to all relevant statutes and rules from the Board.
- Clarify that during the 90-day grace period, no licensee can bid on or undertake contracts from the time the "qualifier" or "qualifying party" ceased to be connected to the licensee until the license is reinstated.
- Modify the procedure related to retaking the examination, and provide that the Board can require a new application if a qualifier or qualifying party requests to take an examination a third or subsequent time.
- Amend provisions concerning the validity and expiration of a license, providing that licenses expire the first day of January following their issuance or renewal, and require a late fee for renewals received after the January 1 expiration.
- Remove the requirement that the Board mail written notice of the amount of the renewal fees for the upcoming year by November 30.
- Require that a license that remained inactive for four years be archived (and the license number would be retired), and a former licensee whose license is archived would need to apply as a new applicant.
- Make various organizational changes.

EFFECTIVE DATE: This act becomes effective October 1, 2017, and applies to applications for licensure submitted on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 552

Short Title: General Contractor Licensing Amendments.

(Public)

Sponsors: Representative Brody.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Job Development, if favorable, Regulatory Reform

April 5, 2017

A BILL TO BE ENTITLED
AN ACT TO UPDATE THE LAWS PERTAINING TO LICENSING OF GENERAL
CONTRACTORS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 87-10 reads as rewritten:

"§ 87-10. Application for license; examination; certificate; renewal.

(a) Anyone seeking to be licensed as a general contractor in this State shall ~~file-submit~~
an application for an examination on a form provided by the Board, at least 30 days before any
regular or special meeting of the Board application. Before being entitled to an examination, an
applicant shall:

(1) Be at least 18 years of age.

(2) Possess good moral character as determined by the Board.

(3) Provide evidence of financial responsibility as determined by the Board.

(4) Submit the appropriate application fee.

(a1) The Board ~~may~~ shall require the ~~an~~ applicant to pay the Board or a provider
contracted by the Board an examination fee not to exceed one hundred dollars (\$100.00) and
pay to (\$100.00). In addition, the Board shall require an applicant to pay the Board a license fee
not to exceed one hundred twenty-five dollars (\$125.00) if the application is for an unlimited
license, one hundred dollars (\$100.00) if the application is for an intermediate license, or
seventy-five dollars (\$75.00) if the application is for a limited license. The fees accompanying
any application or examination shall be nonrefundable. The holder of an unlimited license shall
be entitled to act as general contractor without restriction as to value of any single project; the
holder of an intermediate license shall be entitled to act as general contractor for any single
project with a value of up to one million dollars (\$1,000,000); (\$1,000,000), excluding the cost
of land and any ancillary costs to improve the land; and the holder of a limited license shall be
entitled to act as general contractor for any single project with a value of up to five hundred
thousand dollars (\$500,000); and the (\$500,000), excluding the cost of land and any ancillary
costs to improve the land. The license certificate shall be classified in accordance with this
section. Before being entitled to an examination an applicant must show to the satisfaction of
the Board from the application and proofs furnished that the applicant is possessed of a good
character and is otherwise qualified as to competency, ability, integrity, and financial
responsibility, and that the applicant has not committed or done any act, which, if committed or
done by any licensed contractor would be grounds under the provisions hereinafter set forth for
the suspension or revocation of contractor's license, or that the applicant has not committed or
done any act involving dishonesty, fraud, or deceit, or that the applicant has never been refused



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1 a license as a general contractor nor had such license revoked, either in this State or in another
2 state, for reasons that should preclude the granting of the license applied for, and that the
3 applicant has never been convicted of a felony involving moral turpitude, relating to building or
4 contracting, or involving embezzlement or misappropriation of funds or property entrusted to
5 the applicant: Provided, no applicant shall be refused the right to an examination, except in
6 accordance with the provisions of Chapter 150B of the General Statutes.

7 (b) The Board shall conduct an examination, either oral or written, of all applicants for
8 license to ascertain, for the classification of license for which the applicant has applied: An
9 applicant shall identify an individual who has successfully passed an examination approved by
10 the Board who, for purposes of this section, shall be known as the "qualifier" or the "qualifying
11 party" of the applicant. If the qualifier or the qualifying party seeks to take an examination, the
12 examination shall establish (i) the ability of the applicant to make a practical application of the
13 applicant's knowledge of the profession of contracting; (ii) the qualifications of the applicant in
14 reading plans and specifications, knowledge of relevant matters contained in the North Carolina
15 State Building Code, knowledge of estimating costs, construction, ethics, and other similar
16 matters pertaining to the contracting business; (iii) the knowledge of the applicant as to the
17 responsibilities of a contractor to the public and of the requirements of the laws of the State of
18 North Carolina relating to contractors, construction, and liens; and (iv) the applicant's
19 knowledge of requirements of the Sedimentation Pollution Control Act of 1973, Article 4 of
20 Chapter 113A of the General Statutes, and the rules adopted pursuant to that Article. If the
21 results of the examination of the applicant shall be satisfactory to the Board, then the qualifier
22 or qualifying party passes the examination, upon review of the application and all relevant
23 information, the Board shall issue to the applicant a certificate to a license to the applicant to
24 engage as a in general contractor contracting in the State of North Carolina, as provided in said
25 certificate, which may be limited into five classifications as follows:

- 26 (1) Building contractor, which shall include private, public, commercial,
27 industrial and residential buildings of all types.
- 28 (1a) Residential contractor, which shall include any general contractor
29 constructing only residences which are required to conform to the residential
30 building code adopted by the Building Code Council pursuant to
31 G.S. 143-138.
- 32 (2) Highway contractor.
- 33 (3) Public utilities contractors, which shall include those whose operations are
34 the performance of construction work on the following subclassifications of
35 facilities:
- 36 a. Water and sewer mains, water service lines, and house and building
37 sewer lines as defined in the North Carolina State Building Code, and
38 water storage tanks, lift stations, pumping stations, and
39 appurtenances to water storage tanks, lift stations, and pumping
40 stations.
- 41 b. Water and wastewater treatment facilities and appurtenances thereto.
- 42 c. Electrical power transmission facilities, and primary and secondary
43 distribution facilities ahead of the point of delivery of electric service
44 to the customer.
- 45 d. Public communication distribution facilities.
- 46 e. Natural gas and other petroleum products distribution facilities;
47 provided the General Contractors Licensing Board may issue license
48 to a public utilities contractor limited to any of the above
49 subclassifications for which the general contractor qualifies.
- 50 (4) Specialty contractor, which shall include those whose operations as such are
51 the performance of construction work requiring special skill and involving

1 the use of specialized building trades or crafts, but which shall not include
2 any operations now or hereafter under the jurisdiction, for the issuance of
3 license, by any board or commission pursuant to the laws of the State of
4 North Carolina.

5 (b1) Public utilities contractors constructing house and building sewer lines as provided
6 in sub-subdivision a. of subdivision (3) of subsection (b) of this section shall, at the junction of
7 the public sewer line and the house or building sewer line, install as an extension of the public
8 sewer line a cleanout at or near the property line that terminates at or above the finished grade.
9 Public utilities contractors constructing water service lines as provided in sub-subdivision a. of
10 subdivision (3) of subsection (b) of this section shall terminate the water service lines at a
11 valve, box, or meter at which the facilities from the building may be connected. Public utilities
12 contractors constructing fire service mains for connection to fire sprinkler systems shall
13 terminate those lines at a flange, cap, plug, or valve inside the building one foot above the
14 finished floor. All fire service mains shall comply with the NFPA standards for fire service
15 mains as incorporated into and made applicable by Volume V of the North Carolina Building
16 Code.

17 (c) If an applicant is an individual, examination may be taken by his personal
18 appearance for examination, or by the appearance for examination of one or more of his
19 responsible managing employees, ~~and if employees. If an applicant is a copartnership or~~
20 ~~copartnership, a corporation, or any other combination or organization, by the examination of~~
21 ~~the examination may be taken by one or more of the responsible managing officers or members~~
22 ~~of the personnel of the applicant, and if the person so examined applicant.~~

23 (c1) If the qualifier or qualifying party shall cease to be connected with the applicant,
24 licensee, then in such event the license shall remain in full force and effect for a period of 90
25 days thereafter, and then be canceled, but the applicant days. After 90 days, the license shall be
26 invalidated, however the licensee shall then be entitled to a reexamination, all return to active
27 status pursuant to the all relevant statutes and rules to be promulgated by the Board: Provided,
28 that the holder of such license Board. However, during the 90-day period described in this
29 subsection, the licensee shall not bid on or undertake any additional contracts from the time
30 such examined employee shall cease qualifier or qualifying party ceased to be connected with
31 the applicant licensee until said applicant's the license is reinstated as provided in this Article.

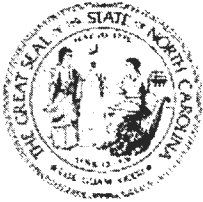
32 (d) ~~Anyone failing to pass this examination may be reexamined at any regular meeting~~
33 ~~of the Board upon payment of an examination fee. Anyone requesting to take the~~
34 ~~examination The Board may require a new application if a qualifier or qualifying party requests~~
35 ~~to take an examination a third or subsequent time shall submit a new application with the~~
36 ~~appropriate examination and license fees time.~~

37 (e) ~~A certificate of license shall expire on the thirty-first first day of December January~~
38 ~~following its issuance or renewal and shall become invalid 60 days from that date unless~~
39 ~~renewed, subject to the approval of the Board. Renewals may be effected any time during the~~
40 ~~month of January without reexamination, by the payment of a fee to the secretary of the Board.~~
41 ~~The fee shall Renewal applications shall be submitted with a fee not to exceed one hundred~~
42 ~~twenty-five dollars (\$125.00) for an unlimited license, one hundred dollars (\$100.00) for an~~
43 ~~intermediate license, and seventy-five dollars (\$75.00) for a limited license. No later than~~
44 ~~November 30 of each year, the Board shall mail written notice of the amount of the renewal~~
45 ~~fees for the upcoming year to the last address of record for each general contractor licensed~~
46 ~~pursuant to this Article. Renewal applications shall be accompanied by evidence of continued~~
47 ~~financial responsibility satisfactory to the Board. Renewal applications received by the Board~~
48 ~~on or after the first day of January shall be accompanied by a late payment of ten dollars~~
49 ~~(\$10.00) for each month or part after January partial month thereafter.~~

50 (f) ~~After a lapse of four years no renewal shall be effected and the applicant license has~~
51 ~~been inactive for four years, a licensee shall not be permitted to renew the license, and the~~

1 license shall be deemed archived. If a licensee wishes to be relicensed subsequent to the
2 archival of the license, the licensee shall fulfill all requirements of a new applicant as set forth
3 in this section. Archived licensed numbers shall not be renewed."

4 **SECTION 2.** This act becomes effective October 1, 2017, and applies to
5 applications for licensure submitted on or after that date.



HOUSE BILL 35: Protect North Carolina Workers Act.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Agriculture. If favorable, re-refer to Judiciary III	Date:	April 24, 2017
Introduced by:	Reps. Cleveland, Millis, Conrad, Destin Hall	Prepared by:	Greg Roney
Analysis of:	PCS to First Edition H35-CSTM-7		Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 35 would require businesses to use the federal E-Verify program if the business has 15 or more employees. The PCS would also redefine employee to include short-term employees and exclude farm workers, independent contractors, and household employees who provide intermittent domestic services.*

Compared to the first edition, the PCS makes 1 change: Setting the number of employees required before a business must use E-Verify at 15.

CURRENT LAW: E-Verify is a voluntary internet-based federal program that employers may use to verify the work authorization of newly hired employees. The program is administered by the US Department of Homeland Security in partnership with the Social Security Administration. Federal law does not generally require the use of E-Verify.

Under State law (G.S. 64-25), private businesses with 25 or more employees must use E-Verify. The definition of employee excludes individuals whose term of employment is less than 9 months.

BILL ANALYSIS: The PCS for House Bill 35 would lower the number of employees required before a business must use the federal E-Verify program to 15 employees (currently, 25 employees).

The PCS would include short-term employees when determining the number of employees for E-Verify compliance. However, the following 3 groups are excluded when determining the number of employees:

- Farm worker. – An individual who maintains farms, crops, or livestock by doing physical labor or operating machinery under the supervision of a farmer, rancher, or other agricultural manager. The term does not include those who merely plant, transplant, or transport trees.
- Independent contractor. – An individual who carries on independent business, contracts to do a piece of work according to the individual's own means and methods, and is subject to control only as to results. The determination is on a case-by-case basis, and the characterization by the individual is not controlling.
- Household employee. – An individual who provides intermittent domestic services

BACKGROUND: As of August 1, 2015, the National Conference of State Legislatures (NCSL) determined: 9 states require E-Verify for all employers (Alabama, Arizona, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Utah).

EFFECTIVE DATE: The PCS for House Bill 35 would be effective October 1, 2017.

Sharen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 35
PROPOSED COMMITTEE SUBSTITUTE H35-PCS40512-TM-7

Short Title: Protect North Carolina Workers Act.

(Public)

Sponsors:

Referred to:

February 2, 2017

A BILL TO BE ENTITLED
AN ACT TO INCREASE THE NUMBER OF EMPLOYERS WHO ARE REQUIRED TO
PARTICIPATE IN THE FEDERAL E-VERIFY PROGRAM; TO REPEAL THE
E-VERIFY EXEMPTION FOR TEMPORARY EMPLOYEES; AND TO EXCLUDE
FARM WORKERS FROM THE DEFINITION OF EMPLOYEE UNDER ARTICLE 2 OF
CHAPTER 64 OF THE GENERAL STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 64-25 reads as rewritten:

"§ 64-25. Definitions.

The following definitions apply in this Article:

- (1) Commissioner. – The North Carolina Commissioner of Labor.
- (2) Employ. – Hire an employee.
- (3) Employee. – Any individual who provides services or labor for an employer in this State for wages or other remuneration. ~~The term does not include an individual whose term of employment is less than nine months in a calendar year.~~ The term does not include a farm worker, an independent contractor, or an individual who provides domestic service in a private home that is sporadic, irregular, or intermittent.
- (4) Employer. – Any person, business entity, or other organization that transacts business in this State and that employs ~~25–15~~ or more employees in this State. This term does not include State agencies, counties, municipalities, or other governmental bodies.
- (5) E-Verify. – The federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law.
- (5a) Farm worker. – An individual who maintains farms, crops, or livestock by doing physical labor or operating machinery under the supervision of a farmer, rancher, or other agricultural manager. The term includes those who perform tasks related to growing and harvesting grains, fruits, vegetables, nuts, Christmas trees, and other agricultural crops but does not include those who merely plant, transplant, or transport trees.
- (5b) Independent contractor. – Any individual or entity who carries on independent business, contracts to do a piece of work according to the individual or entity's own means and methods, and is subject to control only as to results. Whether an individual or entity is an independent contractor,



* H 3 5 - P C S 4 0 5 1 2 - T M - 7 *

1 regardless of what the individual or entity calls itself, shall be determined on
2 a case-by-case basis. Factors to be considered in that determination include,
3 but are not limited to, whether the individual or entity supplies the tools or
4 materials; makes services available to the general public; works for a
5 number of clients at the same time; has an opportunity for profit or loss as a
6 result of labor or services provided; invests in the facilities for work; directs
7 the order or sequence in which the work is to be done; and determines the
8 hours during which the work is to be done.

9 (6) Unauthorized alien. – As defined in 8 U.S.C. § 1324a(h)(3)."

10 **SECTION 2.** This act becomes effective October 1, 2017.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

1

HOUSE BILL 35

Short Title: Protect North Carolina Workers Act. (Public)

Sponsors: Representatives Cleveland, Millis, Conrad, and Destin Hall (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Job Development, if favorable, Agriculture

February 2, 2017

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE NUMBER OF EMPLOYERS WHO ARE REQUIRED TO PARTICIPATE IN THE FEDERAL E-VERIFY PROGRAM; TO REPEAL THE E-VERIFY EXEMPTION FOR TEMPORARY EMPLOYEES; AND TO EXCLUDE FARM WORKERS FROM THE DEFINITION OF EMPLOYEE UNDER ARTICLE 2 OF CHAPTER 64 OF THE GENERAL STATUTES.

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SECTION 1. G.S. 64-25 reads as rewritten:

"§ 64-25. Definitions.

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- (2) Employ. – Hire an employee.
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- (4) Employer. – Any person, business entity, or other organization that transacts business in this State and that employs 25-five or more employees in this State. This term does not include State agencies, counties, municipalities, or other governmental bodies.
- (5) E-Verify. – The federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law.
- (5a) Farm worker. – An individual who maintains farms, crops, or livestock by doing physical labor or operating machinery under the supervision of a farmer, rancher, or other agricultural manager. The term includes those who perform tasks related to growing and harvesting grains, fruits, vegetables, nuts, Christmas trees, and other agricultural crops but does not include those who merely plant, transplant, or transport trees.
- (5b) Independent contractor. – Any individual or entity who carries on independent business, contracts to do a piece of work according to the individual or entity's own means and methods, and is subject to control only as to results. Whether an individual or entity is an independent contractor, regardless of what the individual or entity calls itself, shall be determined on a case-by-case basis. Factors to be considered in that determination include, but are not limited to, whether the individual or entity supplies the tools or materials; makes services available to the general public; works for a number of clients at the same time; has an opportunity for profit or loss as a result of labor or services provided; invests in the facilities



for work; directs the order or sequence in which the work is to be done; and determines the hours during which the work is to be done.

(6) Unauthorized alien. – As defined in 8 U.S.C. § 1324a(h)(3)."

SECTION 2. This act becomes effective October 1, 2017.



NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

COMMERCE AND JOB DEVELOPMENT COMMITTEE REPORT

Representative Debra Conrad, Co-Chair

Representative Susan Martin, Co-Chair

Representative Stephen M. Ross, Co-Chair

FAVORABLE AND RE-REFERRED

HB 552

General Contractor Licensing Amendments.

Draft Number: None

Serial Referral: REGULATORY REFORM

Recommended Referral: None

Long Title Amended: No

Floor Manager: Brody

HB 754

Optional Meals for Bed & Breakfast Guests.

Draft Number: None

Serial Referral: RULES, CALENDAR, AND
OPERATIONS OF THE HOUSE

Recommended Referral: None

Long Title Amended: No

Floor Manager: Belk

TOTAL REPORTED: 2



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**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

COMMERCE AND JOB DEVELOPMENT COMMITTEE REPORT

**Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair**

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 35

Protect North Carolina Workers Act.

Draft Number: H35-PCS40512-TM-7

Serial Referral: **AGRICULTURE**

Recommended Referral: None

Long Title Amended: No

Floor Manager: Cleveland

TOTAL REPORTED: 1



* C M R 3 0 9 - V - 1 *



VISITOR REGISTRATION SHEET

COMMERCE AND JOB DEVELOPMENT

Name of Committee

4-24-17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Katie Gannon	Governor's office
David Heithorn	NC Nonprofits
Shirley Clark	WNC
Ralph Belk	Rep. Mary Belk
Kipi Siomkes	NCKLA
Monica Kalutny	MK QUE RASA
Skipe David	NEWFRAME
Mike Leighs	NCPC
Cindy Watkins	NCPC
Sarah Wolfge	nnc



VISITOR REGISTRATION SHEET

COMMERCE AND JOB DEVELOPMENT

Name of Committee

4-24-17

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Магнаний:

NC chambers

Tim Lent

Mr. Lee & Co.



VISITOR REGISTRATION SHEET

COMMERCE AND JOB DEVELOPMENT

Name of Committee

4-24-17

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Andrew Gaithe

Intern



VISITOR REGISTRATION SHEET

COMMERCE AND JOB DEVELOPMENT

Name of Committee

4-24-17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

RON. WOODARD	NC LISTEN MORRISVILLE, NC
DAVID COLLINS	SEAN
David Crawford	PIA NC
Betsy Bailey	CAGC
Tim Minor	NCHAB
Sandy Marin	UNIVISION
JAKE PARKER	NCFB
Sarah Gillbody	ACLU
Bill Slobbin	TC
Orin Colton	can off. of RHC NCC
Kyle Lougher	Intern



Committee Sergeants at Arms

NAME OF COMMITTEE Commerce and Job Development

DATE: 4-24-2017 Room: 544

House Sgt-At Arms:

1. Name: Joe Austin
2. Name: Bill Bass
3. Name: Mark Cone
4. Name: Will Crocker
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

[illegible]



[illegible]



**House Committee on Commerce and Job Development
Wednesday, June 7, 2017 at 8:30 AM
Room 544 of the Legislative Office Building**

MINUTES

The House Committee on Commerce and Job Development gavelled in at 8:32 AM on June 7, 2017 in Room 544 of the Legislative Office Building. Representatives Adams, Beasley, Bradford, Brody, Clampitt, Davis, Floyd, Goodman, C. Graham, Grange, Holley, McNeill, Pierce, Presnell, Shepard, Terry, and Torbett attended.

Representative Susan Martin, Chair, presided.

The following bills were considered:

SB 577 Consumer Credit/Default Charge. (Senator Gunn)

Representative Martin recognized Representative Szoka as The Floor Manager to present SB577. The floor was opened to questions and comments from Rep. Goodman who shared that he owns an Appliance/Furniture business, and this Bill is long past due, very practical, and he highly recommends it. Rep. Martin recognized Rep. Clampit for a motion to concur and move the bill. Rep. Martin called for a vote and the vote carried. It received a favorable report and moves to the House Floor.

HB 904 North Carolina Rural Job Creation Fund. (Representatives Ross, Goodman, Collins, Faircloth)

Rep. Martin recognized Rep. Ross to present HB904. Rep. Goodman also explained HB904. Discussion followed:

Rep. Floyd: Can the Serial Referral to Appropriations be struck out because of time?

Greg Roney: According to House Rules, it must go to Appropriations.

Rep. Floyd: Can it come from Commerce through chairs because of time?

Rep. Martin: No

Rep. Sheppard: He thinks this is one of the best put forward in a long time and encourages support.

Rep. Brody: If the company can serve value, why does NC have to step in?

Rep. Goodman: Good question. Small businesses don't have strong enough credit to take advantage of some opportunities that require larger funds. Great opportunity for businesses who can't get bank funding.

Rep. Brody: We must account to citizens for 50Ml. of tax funds that we are giving to someone else. Instead of grant, why not loan \$ (0 percent interest)?

Rep. Ross: All options were considered. In order to incentivize private capital (Tier 1) this is the most viable to make this program work.

Rep. Goodman: Amount used is similar to JDIG. \$12K/jobs created. The company doesn't keep \$ unless jobs are created within a six year window.



Rep. Ross: The state receives \$3 back per every \$1 spent.

Rep. Martin: How will this interact with other existing programs?

Rep. Ross: Most of the existing programs are developed to bring in outside companies. This is designed for existing companies in North Carolina.

Rep. Martin: JDIG can be used for existing companies.

Rep. Holley: Would this apply in my community (Wake County)?

Rep. Ross: Yes

Rep. Holley: Why doesn't a Tier 1 company in a Tier 3 area get same funds?

Rep. Ross: They just need to be certified that they are in an economically distressed area.

Rep. Holley: Do they get the higher factor?

Rep. Ross: They get the lower factor – we may need to take a closer look at it.

Theresa Kostrzewa of Capitol Advantage: Rep. Holly, we caught that error and research is aware that it needs corrected.

Rep. Ross: Confirmed

Rep. Martin: Will it be amended in Appropriations?

Rep. Ross: Yes

Rep. Terry: I applaud this bill. It is a step toward closing the urban/rural divide. I do question the exiting requirements.

Rep. Ross: Through private equity, the private equity gets into the business and works side by side.

Rep. Terry: So there is a formula?

Rep. Ross: Yes

Rep. McNeil: What happens if the company goes bankrupt? Pg. 3, Section 3 of bill summary: Is the word "community" a sufficient definition? Bill analysis says "areas." Is there a better definition for a community of 50K?

Rep. Goodman: There is a risk of bankruptcy. Private equity shares so they will be prudent in investment. Private equity is working with money credit per jobs created. Low risk for state.

Rep. McNeil: In favor – just asking. Enough vetting in it that company is financially sound. Market tricky.

Rep. Ross: Well established, licensed firms according to federal government are involved. Definition of "community" is based on population. Word community is easier to use because it allows different blocks.

Rep. McNeil: North end of Moore County – community.

Rep. Bradford: Question for clarity: what happens in a buyout where the new owner of the company takes it out of state within the first year?

Rep. Ross: Buyout is a win. Moving out of state is an issue (formula requires recommitment).

Rep. Bradford: Chequita Banana in Charlotte is an example of what has happened in the past. Needs a factor that gets paid back.

Rep. Ross: We will get an answer to that issue and fix it.

Theresa Kostrzewa of Capitol Advantage: \$2ml. is invoiced if after 1 year they leave the state. An immediate repayment is triggered.

Rep. Bradford: Need very strong language to cover this.

Rep. Brody: Investment company needs rate of return. Is \$5ml. a grant and \$5ml. a loan or is it the total?

Rep. Goodman: Max. is \$5ml. per industry. Not a grant. It's a loan or equity stake in company.



Rep. Brody: Address the model - give the loan at 0 percent because this is non-recurring money. If it's a loan, atleast we would get \$ back to use going forward.

Rep. Goodman: Don't know legality, but in concept it is a loan, and they get credit based on jobs created. Theory: those jobs will create a 3 – 1 payback. Win-Win-Win.

Rep. Ross: Using a 0 percent loan, the money would be 1-1 payback. This model has a 3-1 payback for the state.

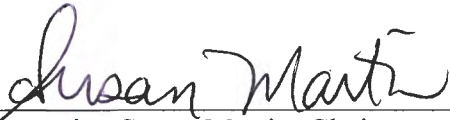
Rep. Goodman: Equity firms may put in more money as they wish. Min. is a 1-1 match.

Rep. Martin: Any others?

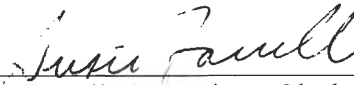
Rep. Floyd: Move for a favorable report.

Rep. Martin recognized Rep. Floyd to move for a favorable report. Rep. Martin called for a vote and the vote carried. It received a favorable report and moves to Appropriations.

The meeting adjourned at 9:10 a.m.



Representative Susan Martin, Chair
Presiding



Susie Farrell, Committee Clerk



Susie Farrell (Rep. Susan Martin)

From: Kirk O'Steen (Rep. Stephen Ross)
Sent: Tuesday, June 06, 2017 8:32 AM
To: Rep. John Faircloth; Rep. Jeff Collins; Rep. Ken Goodman; Rep. Stephen Ross; Sen. Rick Gunn
Cc: Becky Bauerband (Rep. John Faircloth); Wes Householder (Rep. Jeff Collins); Judy Veorse (Rep. Ken Goodman); Kirk O'Steen (Rep. Stephen Ross); Karen Johns (Sen. Rick Gunn)
Subject: <H.CGA> House Commerce and Job Development Committee Meeting Notice for Wednesday, June 07, 2017 at 8:30 AM
Attachments: Add Meeting to Calendar_LINC_ics

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the House Committee on Commerce and Job Development will meet as follows:

DAY & DATE: Wednesday, June 7, 2017
TIME: 8:30 AM
LOCATION: 544 LOB
COMMENTS: Rep. Susan Martin Presiding

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 904</u>	North Carolina Rural Job Creation Fund.	Representative Ross Representative Goodman Representative Collins Representative Faircloth
<u>SB 577</u>	Consumer Credit/Default Charge	Senator Gunn



Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 8:31 AM on Tuesday, June 06, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Kirk O'Steen (Committee Assistant)



House Committee on Commerce and Job Development
Wednesday, June 7, 2017, 8:30 AM
544 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 904	North Carolina Rural Job Creation Fund.	Representative Ross Representative Goodman Representative Collins Representative Faircloth Senator Gunn
SB 577	Consumer Credit/Default Charge.	

Presentations

Other Business

Adjournment



SENATE BILL 577: Consumer Credit/Default Charge.

2017-2018 General Assembly

Committee:	House Commerce and Job Development	Date:	June 7, 2017
Introduced by:	Sen. Gunn	Prepared by:	Amy Darden
Analysis of:	Second Edition		Committee Counsel

OVERVIEW: *Senate Bill 577 would increase the allowable default charge for a past due installment payment under a consumer credit installment sale contract from a maximum of \$6 to \$15.*

CURRENT LAW: Chapter 25A of the General Statutes, the Retail Installment Sales Act, regulates consumer credit installment sales in North Carolina, including limits on finance charge rates and terms of payment. G.S. 25A-29 limits default charges on installments that are past due for 10 days or more to no more than 5% of the installment that is past due or \$6.00, whichever is less.

Under G.S. 25A-44(3), if a seller charges fees in excess of what is authorized, the buyer may recover the unauthorized charges. If the buyer doesn't receive a refund within 10 days of making a written request, the seller is liable for three times the improper charges.

BILL ANALYSIS: Senate Bill 577 would amend G.S. 25A-29 to increase the allowable default charge for an overdue installment payment under a consumer credit installment sale contract. The bill would change the fee from no more than 5% of the overdue installment or \$6, whichever is less, to \$15.

EFFECTIVE DATE: The bill would be effective when it becomes law and would apply to charges imposed on or after that date.

Wendy Ray, Staff Attorney, substantially contributed to this summary.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

S

2

SENATE BILL 577
Commerce and Insurance Committee Substitute Adopted 4/26/17

Short Title: Consumer Credit/Default Charge.

(Public)

Sponsors:

Referred to:

April 3, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MODERNIZE NORTH CAROLINA'S CONSUMER CREDIT INSTALLMENT
3 SALE CONTRACT DEFAULT CHARGE IN ORDER TO LEVEL THE PLAYING
4 FIELD WITH OUT-OF-STATE BUSINESSES.
5 The General Assembly of North Carolina enacts:
6 **SECTION 1.** G.S. 25A-29 reads as rewritten:
7 **"§ 25A-29. Default charges.**
8 (a) If any installment is past due for 10 days or more according to the original terms of
9 the consumer credit installment sale contract, a default charge may be made in an amount ~~not to~~
10 ~~exceed five percent (5%) of the installment past due or six dollars (\$6.00), whichever is the~~
11 ~~lesser of fifteen dollars (\$15.00).~~ A default charge may be imposed only one time for each
12 default.
13 (b) If a default charge is deducted from a payment made on the contract and ~~such the~~
14 deduction results in a subsequent default on a subsequent payment, no default charge may be
15 imposed for ~~such the~~ default.
16 (c) If a default charge has been once imposed with respect to a particular default in
17 payment, no default charge shall be imposed with respect to any future payments which would
18 not have been in default except for the previous default.
19 (d) A default charge for any particular default shall be deemed to have been waived by
20 the seller unless, within 45 days following the default, (i) the charge is collected or (ii) written
21 notice of the charge is sent to the buyer."
22 **SECTION 2.** This act is effective when it becomes law and applies to charges
23 imposed on or after that date.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 904

Short Title: North Carolina Rural Job Creation Fund. (Public)

Sponsors: Representatives Ross, Goodman, Collins, and Faircloth (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Job Development, if favorable, Appropriations

April 26, 2017

A BILL TO BE ENTITLED
AN ACT TO ENACT THE NORTH CAROLINA RURAL JOB CREATION FUND.
The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 23. North Carolina Rural Job Creation Fund.

"§ 143B-437.135. Short title.

This Part shall be known and may be cited as the "North Carolina Rural Job Creation Fund."

"§ 143B-437.136. Definitions.

The following definitions apply in this Part:

- (1) Affiliate. – An entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another entity. For the purposes of this subdivision, an entity is "controlled by" another entity if the controlling entity holds, directly or indirectly, the majority voting or ownership interest in the controlled entity or has control over the day-to-day operations of the controlled entity by contract or law.
- (2) Business concern. – An operating company that, at the time of the initial investment in the company by a rural fund, has fewer than 150 employees and the business's principal business operations are located in North Carolina other than in a development tier three area located outside a census tract with the median household income at or below eighty percent (80%) of the median household income of the State for a family of four.
- (3) Closing date. – The date on which a rural fund has collected all of the amounts specified by G.S. 143B-437.137.
- (4) Department. – The Department of Commerce.
- (5) Development tier area. – Defined in G.S. 143B-437.08.
- (6) Earned job factor. – An amount equal to seven thousand five hundred dollars (\$7,500) per year per full-time employee employed by a business concern located in a development tier three area; eleven thousand two hundred fifty dollars (\$11,250) per year per full-time employee employed by a business concern located in a development tier two area; or fifteen thousand dollars (\$15,000) per year per full-time employee employed by a business concern located in development tier one area.



- (7) Full-time employee. – An employee who is employed by a business concern for consideration for at least 35 hours per week or who renders any other standard of service generally accepted by custom or practice as full-time employment.
- (8) Growth investment. – Any capital or equity investment in a business concern or any loan to a business concern with a stated maturity at least one year after the date of issuance.
- (9) Investment authority. – The amount stated on the notice issued under G.S.143B-437.137(e) certifying the rural fund. A rural fund's investment authority shall be comprised of equal amounts of repayable grant contributions and private contributions at the closing date.
- (10) Net full-time employee. – The difference between (i) the number of full-time employees at the business concern on the date of the initial growth investment and (ii) the quarterly average of full-time employees at the business concern for the preceding year, annualized from the date of the initial growth investment.
- (11) Principal business operations. – For a business concern, the place or places where at least eighty percent (80%) of its employees work or where employees that are paid at least eighty percent (80%) of its payroll work. An out-of-state business that has agreed to relocate employees using the proceeds of a growth investment to establish its principal business operations in this State shall be deemed to have its principal business operations in this new location provided it satisfies this definition within 180 days after receiving the growth investment or a later date, if agreed to by the Department.
- (12) Private contributions. – An investment of cash in a rural fund to match dollar-for-dollar the repayable grant amount up to the investment authority of the rural fund. A rural fund's private contributions shall be comprised as follows: ten percent (10%) shall be comprised of equity investments contributed by affiliates of the rural fund, including employees, officers, and directors of such affiliates, and the remainder shall be comprised of equity investments contributed by nonaffiliates of the rural fund.
- (13) Repayment amount. – The amount for a rural fund that is fifty percent (50%) of its investment authority pursuant to G.S. 143B-437.127(b) minus the sum of (i) the product of net full-time employees reported to the State in each of the rural fund's annual reports submitted pursuant to G.S. 143B-437.141(a)(3) and the earned job factor and (ii) the product of full-time employees at the time of the initial growth investment in a business concern and fifty percent (50%) of the business concern's applicable earned job factor. The amount of the repayable grant that is available for repayment shall be reduced by thirty percent (30%) upon meeting the one hundred percent (100%) investment requirement under G.S. 143B-437.139(a)(1).
- (14) Repayable grant. – An investment of cash by the Department into a rural fund that will be matched dollar-for-dollar with private contributions up to the investment authority of the rural fund.
- (15) Rural county. – A development tier one or two area.
- (16) Rural fund. – An entity certified by the Department under G.S. 143B-437.137.

"§ 143B-437.137. Application process and allocations.

(a) Beginning October 1, 2017, the Department shall accept applications for approval as a rural fund. The application shall include all of the following:

- (1) The total investment authority sought by the applicant.
 - (2) A copy of the applicant's license or the license of an affiliate of the applicant as a (i) rural business investment company under 7 U.S.C. § 2009cc or (ii) small business investment company under 15 U.S.C. § 68.
 - (3) Evidence that, as of the date the application, the applicant or the affiliate has invested at least one hundred million dollars (\$100,000,000) in nonpublic companies located in communities throughout the United States with fewer than 50,000 residents.
 - (4) A signed affidavit from each investor stating the investor's amount of private contributions to the rural fund.
 - (b) The Department shall make application determinations by November 30, 2017, in the order in which the applications are received. The Department shall deem applications received on the same day to have been received simultaneously. The Department shall not approve more than one hundred million dollars (\$100,000,000) in investment authority. If requests for investment authority received simultaneously would result in the limitation provided in this subsection being exceeded, the Department shall proportionally allot the investment authority among the approved applications. Upon approval of an application, the Department shall provide a grant certificate to the applicant designating the applicant as a rural fund and specifying the amount of the rural fund's investment authority.
 - (c) The Department may deny an application submitted under this section only for the following reasons:
 - (1) The applicant does not satisfy all the criteria described in subsection (a) of this section.
 - (2) The signed affidavits of investors indicate private contributions of less than fifty percent (50%) of the total amount of investment authority sought by the applicant.
 - (3) The Department has already approved the maximum amount of investment authority allowed under subsection (b) of this section.
 - (d) If the Department denies an application, the applicant may provide additional information to the Department within five days of the notice of denial. The Department shall review and reconsider the application and additional information within 10 days but not beyond November 30, 2017. A reconsidered application shall retain the original date of receipt provided under subsection (b) of this section for purposes of priority.
 - (e) A rural fund shall do all of the following:
 - (1) Within 60 days after receiving the approval issued under subsection (b) of this section, collect the private contributions from each investor that, when added to the repayable grant, equal the rural fund's investment authority.
 - (2) Within 65 days after receiving the approval issued under subsection (b) of this section, send to the Department documentation sufficient to prove that the amounts described in subdivision (1) of this subsection have been collected.
 - (f) If the rural fund fails to fully comply with subsection (e) of this section, the rural fund's approval is forfeited, and the Department may award the corresponding investment authority to existing applicants who received an investment authority lower than the amount requested due to a reduction pursuant to subsection (b) of this section or to new applicants.
- "§ 143B-437.138. Grant established.**
- (a) The North Carolina Rural Job Creation Fund is established as a special revenue fund in the Department. The Department shall provide allocations from the Fund to a rural fund as of the closing date in an amount equal to one-half of the investment authority provided to the rural fund in the grant certificate issued pursuant to G.S. 143B-437.137(b).

(b) The rural fund and the Department shall execute a binding agreement enumerating the duties of the Department, including the right of the rural fund to receive allocations as provided in subsection (a) of this section, the duties of the rural fund to invest in business concerns, and stating terms of grant repayment, consistent with the provisions of this Part.

"§ 143B-437.139. Demand of repayment.

(a) The Department shall demand immediate repayment of the grant issued under G.S. 143B-437.138 if any of the following occurs with respect to the rural fund before it is certified to exit the program in accordance with G.S. 143B-437.143:

- (1) The rural fund does not invest all of its investment authority in growth investments in this State within three years of the closing date and does not invest at least seventy percent (70%) of its investment authority in growth investments in development tier one or two areas.
- (2) The rural fund, after satisfying subdivision (1) of this subsection, fails to maintain growth investments equal to one hundred percent (100%) of its investment authority in growth investments in this State until the sixth anniversary of the closing date. For the purposes of this subsection, an investment is "maintained" even if the investment is sold or repaid so long as the rural fund reinvests an amount equal to the capital returned or recovered by the rural fund from the original investment, exclusive of any profits realized, in other growth investments in this State within 12 months of the receipt of such capital. Amounts received periodically by a rural fund shall be treated as continually invested in growth investments if the amounts are reinvested in one or more growth investments by the end of the following calendar year. A rural fund is not required to reinvest capital returned from growth investments after the fifth anniversary of the closing date, and such growth investments shall be considered held continuously by the rural fund through the sixth anniversary of the closing date.
- (3) The rural fund, before exiting the program in accordance with G.S. 143B-437.143, makes a distribution or payment that results in the rural fund having less than one hundred percent (100%) of its investment authority invested in growth investments in this State or available for investment in growth investments and held in cash and other marketable securities.
- (4) The rural fund provides greater than five million dollars (\$5,000,000) in growth investments in a single business concern, including growth investments in affiliates of the business concern.
- (5) The rural fund makes a growth investment in a business concern that directly or indirectly through an affiliate owns, has the right to acquire an ownership interest, makes a loan to, or makes an investment in the rural fund, an affiliate of the rural fund, or an investor in the rural fund. For purposes of this subdivision, a rural fund will not be considered an affiliate of a business concern solely as a result of its growth investment.

(b) Before demanding repayment under this subsection, the Department shall notify the rural fund of the reasons for the pending repayment. The rural fund shall have 90 days from the date the notice was dispatched to correct any violation outlined in the notice to the satisfaction of the Department and avoid repayment of the grant.

"§ 143B-437.140. Request for determination.

A rural fund, before making a growth investment, may request from the Department a written opinion as to whether the business in which it proposes to invest is a business concern as defined in this Part. The Department, not later than the fifteenth business day after the date of receipt of the request, shall notify the rural fund of its determination. If the Department fails

1 to notify the rural fund by the fifteenth business day of its determination, the business in which
2 the rural fund proposes to invest shall be deemed to not be a business concern.

3 **"§ 143B-437.141. Reports.**

4 (a) A rural fund shall submit an annual report to the Department on or before the last
5 day of February of each year until the rural fund has exited the program in accordance with
6 G.S. 143B-437.143. The annual report shall provide documentation as to the rural fund's
7 growth investments and include all of the following:

8 (1) A bank statement evidencing each growth investment.

9 (2) The name, location, and industry of each business concern receiving a
10 growth investment, including either the determination letter set forth in
11 G.S. 143B-437.140 or evidence that the business qualified as a business
12 concern at the time the investment was made.

13 (3) The annualized number of net full-time employees and the number of
14 full-time employees at the business concern on the date of the initial growth
15 investment at each business concern.

16 (4) Any other information required by the Department.

17 (b) Within 60 days of receipt of an annual report, the Department shall provide written
18 confirmation to the rural fund of the net full-time employees the rural fund has been credited
19 for that year.

20 (c) By the fifth business day after the third anniversary of the closing date, a rural fund
21 shall submit a report to the Department evidencing its compliance with the investment
22 requirements of G.S. 143B-437.139(a)(1).

23 (d) The Department shall adopt rules necessary to implement this Part.

24 (e) The Department shall submit an annual report to the Joint Legislative Economic
25 Development Oversight Committee on or before April 1, 2019. The annual report shall include
26 all of the following:

27 (1) The rural funds certified to participate in the program.

28 (2) The amount of investment authority awarded to each rural fund.

29 (3) Any investments made by the rural funds, including the location of the
30 investments.

31 (4) Whether the rural funds are in compliance with the statute and rules and
32 regulations.

33 (5) Any other information required by the Department.

34 **"§ 143B-437.142. Fee.**

35 (a) The Department shall calculate an annual fee to be paid by each rural fund certified
36 pursuant to G.S. 143B-437.137 by dividing twenty-five thousand dollars (\$25,000) by the
37 number of applications certified pursuant to G.S. 143B-437.137 and notify each rural fund of
38 the amount of the annual fee.

39 (b) The initial annual fee shall be due and payable to the Department with evidence of
40 receipt of a cash investment as set forth in G.S. 143B-437.137(e)(2). After the initial annual
41 fee, an annual fee shall be due and payable to the Department on or before that last day of
42 February of each year.

43 (c) An annual fee shall not be required once a rural fund has exited the program in
44 accordance with G.S. 143B-437.143.

45 (d) To maintain an aggregate annual fee of twenty-five thousand dollars (\$25,000) for
46 all rural funds, the Department shall recalculate the annual fee as needed upon the lapse of any
47 certification under G.S. 143B-437.137(g), the demand of repayment under
48 G.S. 143B-437.139(a), or a rural fund's exit from the program pursuant to G.S. 143B-437.143.

49 **"§ 143B-437.143. Exit.**

50 (a) On or after the sixth anniversary of the closing date, a rural fund may exit the
51 program and no longer be subject to the provisions of this Part. The Department shall respond

1 to the application within 30 days of receipt and include a calculation of any repayment amount
2 due.

3 (b) No distributions may be made with respect to the equity interests of the rural fund in
4 excess of the sum of the amount of equity capital invested with respect to such interests and an
5 amount equal to any projected increase in the federal or State tax liability of holders of such
6 interests related to the ownership, management, or operation of the rural fund until the rural
7 fund has made payments to the State equal to the repayment amount."

8 **SECTION 2.** There is appropriated from the General Fund to the North Carolina
9 Rural Job Creation Fund, as established in this act, the sum of fifty million dollars
10 (\$50,000,000) for the 2017-2018 fiscal year to be used for purposes consistent with that Fund.

11 **SECTION 3.** This act is effective when it becomes law.



HOUSE BILL 904: North Carolina Rural Job Creation Fund.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Appropriations	Date:	June 7, 2017
Introduced by:	Reps. Ross, Goodman, Collins, Faircloth	Prepared by:	Howard Marsilio
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 904 would create the North Carolina Rural Job Creation Fund, which would authorize the Department of Commerce (Department) to make allocations of funds as grants to rural business investment companies or small business investment companies (licensed in accord with federal laws) for investing in businesses in primarily tier one and tier two areas.*

CURRENT LAW:

The General Assembly has created new economic development tools for new and expanding businesses in North Carolina, such as the Job Development Investment Grant (JDIG) Program. There is no current program providing grants to rural business investment or small business investment companies.

BILL ANALYSIS:

Section 1 would create the North Carolina Rural Job Creation Fund through the creation of a new Part 23, of Article 10 in Chapter 143B of the General Statutes. This new part would do the following:

- Define terms related to the North Carolina Rural Job Creation Fund.
- Outline the application process, and application criteria necessary, for applications submitted to the Department of Commerce for approving rural funds, which require:
 - The total investment authority requested by the rural fund.
 - A copy of the applicant's rural investment company or small business investment company license under applicable federal laws.
 - Evidence that the applicant has invested at least \$100,000,000 in non-public companies throughout the United States in areas with fewer than 50,000 residents.
 - A signed affidavit from each investor stating the amounts of private contributions to the rural fund.
- Require the Department to make application determinations by November 30, 2017, and cap total allocated investment authority to \$100,000,000. In the case of simultaneous applications, the Department may proportionally allot investment authority. The Department shall provide a grant certificates for approved rural funds upon application approval.
- Outline grounds for denying applications, and the process for requesting review and reconsideration of the application with the possibility of submitting additional information.
- Outline grounds for approval forfeiture if private contributions are not collected timely, and sufficient documentation is not received by the Department.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House Bill 904

Page 2

- Create the North Carolina Rural Job Creation Fund as a special revenue fund in the Department, and requires the Department to allocate a dollar-for-dollar grant, up to 50% of the investment authority.
- Require the execution of a binding agreement between the Department and the rural funds stating the terms and conditions.
- Requires the Department to demand repayment of a grant, when a violation is not corrected after notice by the Department, if:
 - The rural fund does not invest all of its investment authority in growth investments of this State within 3 years, at least 70% of which are in tier one or tier two areas.
 - The rural fund does not maintain growth investment benchmarks.
 - Improper distribution or payments prior to exiting the program.
 - Investing more than the \$5,000,000 cap into a single business concern.
 - Investing in a business concern that also invests in the rural fund directly or indirectly.
- Allow the Department to issue written opinions, upon request from a rural fund, as to whether a business concern meets Department guidelines.
- Outline the reporting requirements to the Department, which includes:
 - An annual report documenting the rural fund's growth investments and outlines required information for the report.
 - A report after 3 years to the Department documenting compliance with the investment requirements.
 - An annual report to the Joint Legislative Economic Development Oversight Committee.
- Outline an annual fee associated with the program to be paid by each rural fund.
- Outline the program exit requirements.

Section 2 of the bill would appropriate 50 million dollars in nonrecurring funds from the General Fund in 2017-2018 to the NC Rural Job Creation Fund.

EFFECTIVE DATE: This act is effective when it becomes law.

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

COMMERCE AND JOB DEVELOPMENT COMMITTEE REPORT

**Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair**

FAVORABLE

SB 577 (CS#1)

Consumer Credit/Default Charge.

Draft Number:	None
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Szoka

FAVORABLE AND RE-REFERRED

HB 904

North Carolina Rural Job Creation Fund.

Draft Number:	None
Serial Referral:	APPROPRIATIONS
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Ross

TOTAL REPORTED: 2



* C M R 4 8 4 - V - 1 *



Floor Manager: Rep Szokea

8:32 - Gavelled
- Welcomed Pages
- Ack. S @ Arms

Bill Action Worksheet

Order: # 1

Date: 6-7-17

Bill Number 5511

PCS: YES or NO

Motion for PCS to be before the committee made by Rep. _____.

Representative/Senator _____ explained the bill.

Discussion: YES or NO

Rep. Goodman: Appl / Furr. Business Owner
Long Past Due - Practical - High Recommendation

Clampitt Motion to concur - Motion to App Bill &
refer to Appr.

Vote - Favorable

Motion by Representative Clampitt

☒ Favorable Report _____ Unfavorable to original bill,
_____ Unfavorable Report _____ favorable to PCS
_____ No vote _____ Adoption
_____ Other: _____

Serial referral to: _____

2nd to the Motion: Representative _____

Speakers:

Handouts:

Adjournment: _____



 Full Version

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Senate Bill 577

S578 >>

**Consumer Credit/Default Charge.
2017-2018 Session**

View Bill Digest	
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Bill Text	Fiscal Note
Filed [HTML]	
Edition 1 [HTML]	
Edition 2 [HTML]	

Last Action:	Re-ref Com On Commerce and Job Development on 05/10/2017
Sponsors:	Gunn; (Primary)
Attributes:	Public; Text has changed;
Counties:	No counties specifically cited
Statutes:	25A (Chapter); 25A-29 (Section)
Keywords:	COMMERCE, CONSUMER CREDIT, CORPORATIONS, FOR-PROFIT, FINANCIAL SERVICES, INTERSTATE TRADE, PUBLIC

Vote History									
Date	Subject	RCS #	Aye	No	N/V	Exc. Abs.	Exc. Vote	Total	Result
04/26/2017 9:27PM	Second Reading	[S] - 185	46	3	0	1	0	49	PASS
Viewing Last 1 Vote(s)									View All Votes

History <small>ALL</small>				
Date	Chamber	Action	Documents	Vote
03/30/2017	Senate	Filed	DRS45340-MU-30	
04/03/2017	Senate	Passed 1st Reading		
04/03/2017	Senate	Ref To Com On Rules and Operations of the Senate		
04/24/2017	Senate	Withdrawn From Com		
04/24/2017	Senate	Re-ref to Commerce and Insurance. If fav, re-ref to Rules and Operations of the Senate		
04/26/2017	Senate	Reptd Fav Com Substitute	S577-PCS45425-SU-24	
04/26/2017	Senate	Com Substitute Adopted		
04/26/2017	Senate	Re-ref Com On Rules and Operations of the Senate		
04/26/2017	Senate	Reptd Fav		
04/26/2017	Senate	Placed on Today's Supplemental Calendar		
04/26/2017	Senate	Passed 2nd Reading		PASS
04/26/2017	Senate	Passed 3rd Reading		
04/27/2017	Senate	Regular Message Sent To House		
04/27/2017	House	Regular Message Received From Senate		
04/27/2017	House	Passed 1st Reading		
	House	Ref To Com On Rules, Calendar, and Operations of the House		



04/27/2017		
05/08/2017	House	Withdrawn From Com
05/08/2017	House	Re-ref Com On Judiciary II
05/10/2017	House	Withdrawn From Com
05/10/2017	House	Re-ref Com On Commerce and Job Development

Note: a bill listed on this website is not law until passed by the House and the Senate, ratified, and, if required, signed by the Governor.

2017-2018 Session ▼

Bill Number:



Bill Action Worksheet

Order: # 2

Date: 6-7-17

Bill Number HB904

PCS: YES or NO

Motion for PCS to be before the committee made by Rep. _____.

Representative/Senator Ross/Goodman explained the bill.

Discussion: YES or NO

Rep. Floyd: Serial ref. to Approp - can this be stricken out
w/c of time?
Guy R: Accord. to H Rules must go to Rules
F: Can it come from comm. through chair of c of c
Mather: No
Sheppard: We think this is one of best put forward in long
time. Encourage support.
Bridges: If company can serve value, why does NC have to stop

Motion by Representative Floyd

☒ Favorable Report _____ Unfavorable to original bill,
_____ Unfavorable Report _____ favorable to PCS
_____ No vote _____ Adoption
_____ Other: _____

Serial referral to: Appropriations

2nd to the Motion: Representative _____

Speakers:

Handouts:

Adjournment: 9:10 am

in?

Goodman: Good question!
Small business don't have strong enough credit to
take advantage of some opportunities that require
larger funds. Great opp for bus who can't
get bank funding.

Brody: 50M of tax funds & giving to someone else.
That account to citizens for that.
Instead of Grant - why not loan \$ (0% interest?)

Ross: All options were considered.
In order to incentivize private capital (Tier 1)
this is not viable to make the program work

Goodman: Amt. used is similar to JDIG.
\$12K/jobs created.
Don't keep 5 months jobs are created in a
6 yr. window.

Ross: \$7 back per 1\$ spent.

Martin: How will this interact w/ other existing programs?

Ross: More dev to bring in outside
this is designed for existing companies

Martin: JDIG can be for first.

Ross: Much smaller companies

John: Would this apply in Durham (Wake County)

Ross: Yes

Holly: Why doesn't a Tier 1 Company in a Tier 3 area
get same funds?

Ross: Just need certified in a econ. distressed area.

Holly: Do they get the higher grant?

Ross: They get the lower funds may need to look up.

Tessie - Capital: Rep. Holly - we can't let that error & let us away from.



FULL SITE SEARCH:	type search criteria	<input type="button" value="Go"/>
SEARCH BILL TEXT:	2017-2018 Session <input type="button" value="v"/> type search criteria	<input type="button" value="Go"/>
FIND A BILL:	2017-2018 Session <input type="button" value="v"/> enter bill # (e.g., S253)	<input type="button" value="Go"/>
VIEW MEMBER INFO:	Select a member...	<input type="button" value="v"/> <input type="button" value="Go"/>

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House Bill 904

H905 >>

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North Carolina Rural Job Creation Fund. 2017-2018 Session

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Bill Text	Fiscal Note
Filed [HTML]	
Edition 1 [HTML]	

Last Action:	Ref to the Com on Commerce and Job Development, if favorable, Appropriations on 04/26/2017
Sponsors:	Ross; Goodman; Collins; Faircloth; (Primary) L. Bell; Brockman; Dulin; Farmer-Butterfield; Garrison; Gill; C. Graham; G. Graham; Hanes; Hunter; Brenden Jones; Lucas; S. Martin; R. Moore; Pierce; Reives; B. Richardson; Shepard; Steinburg; B. Turner; Williams; Wray; Yarborough;
Attributes:	Public; Affects Appropriations;
Counties:	<i>No counties specifically cited</i>
Statutes:	143B-437.135, 143B-437.136, 143B-437.137, 143B-437.138, 143B-437.139, 143B-437.140, 143B-437.141, 143B-437.142, 143B-437.143 (Sections)
Keywords:	APPROPRIATIONS, BUDGETING, COMMERCE, COMMERCE DEPT., ECONOMIC DEVELOPMENT, EMPLOYMENT, FEES, FUNDING, FUNDS & ACCOUNTS, GRANTS, PERSONNEL, PUBLIC, RURAL DEVELOPMENT

History				
↑ Date	Chamber	Action	Documents	Vote
04/25/2017	House	Filed	DRH40544-MCa-151	
04/26/2017	House	Passed 1st Reading		
04/26/2017	House	Ref to the Com on Commerce and Job Development, if favorable, Appropriations		

Can I confirm

Me: I am not @ Apple.

Yes: yes

Tony: Apple + I - step forward (being taken) and then
Question @ old agreement?

Car: through Prime Equity, PE got into the
business of work and equity
Tony: So this is a business?
Yes

Me: I am not @ Apple + I am not @ Apple
Yes: yes

Pa. 3, Section 3: Word "community" sufficient
definition? Bill analysis says "area"
Plenty of am. of 50K?

Car: I am not @ Apple - Prime Equity shares as they
are put into investment. PE is working with cases
to get into cases. Car not.

Me: I am not @ Apple - I am not @ Apple
Company is American, owned, Market today
Well so. American Prime accord to Fed Gov.

Def: "community" based on population.
Car: to me, allow "Prime Equity".

Me: No. sort of Moore City - Community.

Def: "community": what happens in a Big City who takes
in, and I take in, you are.

Car: I am not @ Apple - I am not @ Apple
(neg. account).

Note: a bill listed on this website is not law until passed by the House and the Senate, ratified, and, if required, signed by the Governor.

2017-2018 Session ▼

Bill Number:



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Bradford: Chequita Barana in Charlotte
is example of what has happened.
Needs a factor that gets paid back.

Ross: we will get an answer to that issue & fix it.

Teresa Estrada: 2011 mo., if after 1 yr. they leave,
an immed. repayment is triggered.

Bradford: Need very strong language to cover this.

Brody: Am. Co. needs rate of return.
is 5M Grant & 5M loan or is total

Goodman: Max is 5M per industry.
Not a Grant - It's a loan or Equity Stake in Co.

Brody: Address the Model - instead of granting, if
loan @ 0%. b/c this is a non-recurring.
If loan, at least we would get it back to
use going forward.

Goodman: Don't know legal but in concept it is a loan &
they get credit based on jobs created.
There: those jobs will create a 3:1 payback.
Win-Win-Win.

Ross: 0% loan, \$ would be 1-1 payback. This model
has a 3:1 for the State.

Goodman: Equity Firms may put in More as they wish.
Min. is a 1-1 Match.

Martin: any others?

Floyd: Move for a Favorable April

Rm 544

VISITOR REGISTRATION SHEET

06/07/2017

House Commerce

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Paul Sherma

NCFB

Sara Stuckey

NC Rural Center

John Cossin

NC Rural Center



Rm 544

VISITOR REGISTRATION SHEET

06/07/2017

House Commerce



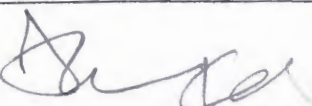
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FIRM OR AGENCY AND ADDRESS

Preston Howard	NCMA
Lisa Mark	Cap-Ad
	
Stephen Bennett	Stonchenge Capital
Mackenzie Ladd	Stonchenge Capital
	CAD
Ryan Lee	CapAd
Chris Houghton	MWC
Courtney Johnson	NP
Levi Arthur	NCMA
Isk Card	NCC



Rm 544

VISITOR REGISTRATION SHEET

06/07/2017

House Commerce
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Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Frederic Bon	Bone & Assoc
James Francis Drew Walker	Jones Street Consulting In Office of KMAC PM
Peter Daniel	Connect C
John Cooper	Connect C
Tom West	NCTCU
Nathan Batts	NBA
J. White	Commerce
Wallace	Commerce
Henry M Lancaster	LCA
Daniel Radford	NCFB





Committee Sergeants at Arms

NAME OF COMMITTEE COMMERCE AND JOB DEVELOPMENT

DATE: 6-7-17

Room: 544

House Sgt-At Arms:

1. Name: REGGIE SILLS
2. Name: MARVIN LEE
3. Name: TERRY McCRAW
4. Name: DEAN MARSHBOURNE
5. Name:

Senate Sgt-At Arms:

1. Name:
2. Name:
3. Name:
4. Name:
5. Name:



**House Pages
Assignments
Wednesday, June 07, 2017
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Commerce and Job Development	544	8:30 AM	Carter Bilbro		Rep. Nelson Dollar
			Jace Brinson		Rep. Michael Speciale
			James Cochrane		Rep. Donny Lambeth
			David McLymore		Rep. George Graham



ATTENDANCE

HOUSE COMMITTEE ON COMMERCE AND JOB DEVELOPMENT

2017-2018 SESSION

[illegible]



[illegible]



House Committee on Commerce and Job Development
Thursday, June 15, 2017 at 10:00 AM
Room 1228/1327 of the Legislative Building

MINUTES

The House Committee on Commerce and Job Development met at 10:00 AM on June 15, 2017 in Room 1228/1327 of the Legislative Building. Representatives Conrad, Martin, and Ross – Co-Chairs; Representatives Adams, Beasley, Boles, Bradford, Clampitt, Cunningham, Davis, Floyd, Goodman, Graham, Grange, D. Hall, K. Hall, Holley, McNeill, Millis, Pierce, Presnell, Quick, Saine, Steinburg, Torbett, and Williams attended.

Representative Debra Conrad, Chair, presided and called the Committee to order. Rep. Conrad introduced the Sergeant at Arms and the Pages who would be assisting the Committee. Copies of the attendance and visitor registration are attached to these minutes, (Attachment 1-4).

The following bill was considered:

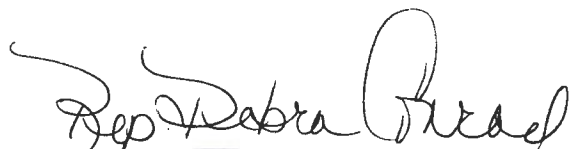
HB 795 Economic Development Incentives Modifications. (Representatives S. Martin, Szoka, Ross, Fraley), (Attachment 5).

Rep. Conrad recognized Rep. Boles for a motion to have the PCS to House Bill 795, Proposed Committee Substitute H795-CSTMf-18 [v.4], brought before the Committee. Rep. Conrad recognized Rep. Martin to explain the bill. The PCS to House Bill 795 would reduce the number of jobs to qualify as a high-yield project. It would reduce the filing fee for a JDIG award in tier 1 and 2 areas, and reduce the annual report fee by eliminating the \$2,500 minimum fee. It would extend the sunset for JDIG program to January 1, 2025 and eliminate all adjustment factors that change county's tier designations. It would delete growth in population as a development factor, modify the employment development factor to use the ratio of employment to population for the civilian population aged 25-64, and modify the income development factor to use the average annual wage. Furthermore, it would require State agencies using tier designations for non-economic development purposes to elect whether to discontinue reliance on tiers for targeted programs and propose a law change to use alternative criteria. Finally, the bill would require the EDGE Committee to study and propose legislation that separates the economic development tiers and non-economic county designations for targeted programs. Rep. Martin referenced a handout in her presentation (Attachment 6).

Following the explanation, Rep. Conrad recognized members for questions or comments. After discussion, Rep. Conrad opened up a period of public comment. The list of speakers can be found attached to these minutes (Attachment 7). After final comments and discussion from the Committee, Rep. Conrad recognized Rep. Goodman for a motion for a favorable report to the proposed committee substitute and an unfavorable report to the original bill. Rep. Conrad called for a vote and the motion carried.

The meeting adjourned at 10:46.





Representative Debra Conrad, Chair
Presiding



Danielle Brinton, Committee Clerk

Attachments:

- 1.) Agenda
- 2.) Attendance
- 3.) Committee Sergeant at Arms and Pages
- 4.) Visitor Registration
- 5.) PCS for HB 795 and Summary
- 6.) Handout
- 7.) Public Comment Speakers



Susie Farrell (Rep. Susan Martin)

From: Danielle Brinton (Rep. Debra Conrad)
Sent: Wednesday, June 14, 2017 8:09 AM
To: Rep. John Szoka; Rep. Stephen Ross; Rep. Susan Martin; Rep. John Fraley
Cc: Beverly Slagle (Rep. John Szoka); Kirk O'Steen (Rep. Stephen Ross); Susie Farrell (Rep. Susan Martin); Carol Wakely (Rep. John Fraley)
Subject: <NCGA> House Commerce and Job Development Committee Meeting Notice for Thursday, June 15, 2017 at 10:00 AM - CORRECTED #1
Attachments: Add Meeting to Calendar_LINC_ics

Corrected #1: Time Change to 10:00 AM

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Thursday, June 15, 2017
TIME: 10:00 AM
LOCATION: 1228/1327 LB
COMMENTS: Rep. Debra Conrad Presiding

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 795</u>	Economic Development Incentives Modifications.	Representative S. Martin Representative Szoka Representative Ross Representative Fraley



Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 8:08 AM on Wednesday, June 14, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Danielle Brinton (Committee Assistant)



Susie Farrell (Rep. Susan Martin)

From: Danielle Brinton (Rep. Debra Conrad)
Sent: Wednesday, June 14, 2017 8:03 AM
To: Rep. John Szoka; Rep. Stephen Ross; Rep. Susan Martin; Rep. John Fraley
Cc: Beverly Slagle (Rep. John Szoka); Kirk O'Steen (Rep. Stephen Ross); Susie Farrell (Rep. Susan Martin); Carol Wakely (Rep. John Fraley)
Subject: <NCGA> House Commerce and Job Development Committee Meeting Notice for Thursday, June 15, 2017 at 9:00 AM
Attachments: Add Meeting to Calendar_LINC_.ics

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on Commerce and Job Development** will meet as follows:

DAY & DATE: Thursday, June 15, 2017
TIME: 9:00 AM
LOCATION: 1228/1327 LB
COMMENTS: Rep. Debra Conrad Presiding

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 795</u>	Economic Development Incentives Modifications.	Representative S. Martin Representative Szoka Representative Ross Representative Fraley



Respectfully,

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 8:02 AM on Wednesday, June 14, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Danielle Brinton (Committee Assistant)



**House Committee on Commerce and Job Development
Thursday, June 15, 2017, 10:00 AM
1228/1327 Legislative Building**

AGENDA

Welcome and Opening Remarks

Representative Debra Conrad, Co-Chairman
Commerce & Job Development

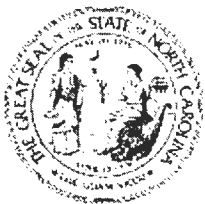
Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 795	Economic Development Incentives Modifications.	Representative S. Martin Representative Szoka Representative Ross Representative Fraley

Adjournment





HOUSE BILL 795: Economic Development Incentives Modifications.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Finance. If favorable, re-refer to Appropriations	Date:	June 15, 2017
Introduced by:	Reps. S. Martin, Szoka, Ross, Fraley	Prepared by:	Greg Roney
Analysis of:	PCS to First Edition H795-CSTMf-18		Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 795 would:*

- *Reduce the number of jobs to qualify as a high-yield project.*
- *Reduce the filing fee for a JDIG award in tier 1 and 2 areas, and reduce the annual report fee by eliminating the \$2,500 minimum fee.*
- *Extend the sunset for JDIG program to January 1, 2025.*
- *Eliminate all adjustment factors that change county's tier designations.*
- *Delete growth in population as a development factor, modify the employment development factor to use the ratio of employment to population for the civilian population aged 25-64, and modify the income development factor to use the average annual wage.*
- *Require State agencies using tier designations for non-economic development purposes to elect whether to discontinue reliance on tiers for targeted programs and propose a law change to use alternative criteria.*
- *Require the EDGE Committee to study and propose legislation that separates the economic development tiers and non-economic county designations for targeted programs.*

BILL ANALYSIS:

Part I: Discretionary Economic Development Fund Modifications

Under current law, G.S. 143B-437.51(6a) defines high-yield project as a project where a business invests at least \$500 million and creates at least 1,750 jobs. Part I modifies the number of jobs required for a high-yield project by tier as follows:

- 1,750 jobs for projects in a high-growth area (defined below).
- 1,600 jobs for projects in a tier 3 area.
- 1,200 jobs for projects in a tier 2 area.
- 800 jobs for projects in a tier 1 area.

High-growth areas are counties that exceed the Statewide value for the economic indicators used to determine tiers. As discussed in Part II below, the PCS deletes 1 of the current 4 development factors and modifies 2 of the remaining 3 development factors.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House PCS 795

Page 2

Under current law, certain conditions act as prerequisites for entering into a JDIG agreement including that the project has been determined to be consistent with State and local economic development goals. Part I modifies G.S. 143B-437.52(a)(3) to clarify that the consideration must account for anticipated effects with respect to each of the development factors used for calculating county tier rankings.

Under current law, JDIG commitment availability is generally capped at \$20 million for a year without a high-yield project and \$35 million for a year with a high-yield project. Part I modifies G.S. 143B-437.52(c) by deleting the larger cap for years with a high-yield project and eliminating the dollar limitation for high-yield projects and tier 1 projects. The tier 1 project must be located wholly within a tier 1 area.

Under current law, G.S. 143B-437.55(b) imposes a \$10,000 filing fee for each JDIG award application. Part I modifies the filing fee as follows:

- \$10,000 for projects in a tier 3 area and all high-yield projects.
- \$5,000 for projects in a tier 2 area.
- \$1,000 for projects in a tier 1 area.

If a project spans tier areas, the project pays the fee for the highest tier.

Under G.S. 143B-437.56(d), JDIG awards earned by businesses are generally decreased by 10% for tier 2 area and 25% for tier 3 area. This percentage is diverted to the Utility Account. Part I would reduce the diversion percentage to 5% for a high-yield project and apply the diversion to all high-yield awards.

Under current law, G.S. 143B-437.58(a) imposes a filing fee on the annual payroll report required by JDIG awards. The fee equals the greater of \$2,500 or .03% of the payment. Part I eliminates the \$2,500 minimum fee and sets the fee equal to the percentage.

Under current law, G.S. 143B-437.62 sunsets the JDIG program for new awards on January 1, 2019. Section 2.1(e) moves the sunset date to January 1, 2025.

Under current law, the Utility Account generally provides funds for infrastructure improvements to local governments of tier 1 and 2 areas for projects reasonably anticipated to create jobs. Part I would additionally allow access to Utility Account funds for projects that are reasonably anticipated to retain existing jobs.

Part II: Development Tier Modifications

Under current law, the Department annually ranks all counties for economic distress based on 4 development factors (unemployment, median household income, growth in population, and assessed property value) for purposes of classifying counties into development tiers. Statutory adjustment factors modify the tier ranking of a county based, among other things, on the population, regional cooperation, and poverty rate.

Part II would eliminate all adjustment factors, delete 1 of the 4 development factors (growth in population), and modify 2 of the remaining 3 development factors. The 3 development factors would be:

- Ratio of employment to population for the civilian population aged 25 to 64 (current law: unemployment).
- Average annual wage (current law: median household income).
- Adjusted assessed property value per capita (no change).

House PCS 795

Page 3

Part II would require the Department to determine each county's performance against Statewide values for the 3 development factors. Based on these values, a county that outperforms all 3 Statewide values is designated as a high-growth area.

Part II would also authorize economic development grants and loans by the Rural Infrastructure Authority to all development tier 1 and 2 areas and rural census tracts in a development tier 3 areas that are not a high-growth area.

Part III: Improve Project Impact

Part III would require the Department to report annually the performance of each county on the economic factors used to determine the tiers, provide the report to each county, and offer assistance to each county, upon request, regarding improving performance relative to the Statewide values.

Part IV: Rural Assistance

Part IV would require the Department to study and report on methods to support data-driven analysis and assistance for each Collaboration for Prosperity Zone and each labor market area within a Prosperity Zone including publication of available facilities for commercial development and potential uses of the facilities.

Part V: Use of Economic Development Tiers and Rankings

Part V of the bill would require all State agencies that use the tiers for non-economic development purposes to elect whether to discontinue the use of the tiers. If an agency elects to discontinue using the tiers, the agency must develop criteria designed to achieve each program's objectives to replace the tiers and report by October 1, 2017, on the alternative criteria. The agencies will continue to use the tiers until the replacement criteria are enacted into law. If an agency elects to continue using the tiers, the agency must analyze and report how targeted programs match the use of the tier designations.

Part V directs the Joint Legislative Economic Development and Global Engagement Oversight Committee to study and make legislative recommendations in the following matters:

- Study the purpose of the economic development tier system including the appropriate factors to designate the level of economic development in counties and multicounty areas.
- Study the use of the tier system for non-economic development purposes including the appropriate factors to identify counties for targeted programs.
- Propose legislation that renames and redefines the "Commerce Tiers" to more accurately identify counties based on economic indicators and that defines an alternative tier system for non-economic development for targeted programs.
- Study methods to promote regional economic development activities.
- Solicit and study any recommendations from the EDPNC Economic Development Advisory Council.
- Study the NCWorks Apprenticeship program.

EFFECTIVE DATE: Except as otherwise provided, the PCS is effective when it becomes law.

Cindy Avrette with the Legislative Analysis Division substantially contributed to this summary.



County - Overall Rank	Actual 2017 Commerce Tier	2017 Tier with New Calculation	2017 "High-Growth Area"	Employment/Population		Average Annual Wage		Adjusted Property Tax Base Per Capita	
				Value	Rank	Value	Rank	Value	Rank
STATEWIDE				69.9%		\$46,563		\$99,592	
Alamance - 78	2	2		73.2%	90	\$37,143	76	\$76,032	36
Alexander - 19	2	1		65.8%	51	\$31,023	15	\$70,309	24
Alleghany - 49	1	2		66.0%	53	\$28,335	2	\$144,801	88
Anson - 7	1	1		56.7%	11	\$32,239	28	\$70,063	23
Ashe - 68	1	2		69.5%	74	\$32,071	24	\$141,923	86
Avery - 34	2	1		58.6%	15	\$29,781	8	\$237,109	98
Beaufort - 71	1	2		64.5%	45	\$35,923	67	\$116,749	73
Bertie - 2	1	1		56.3%	9	\$30,028	11	\$66,182	10
Bladen - 25	1	1		61.3%	24	\$33,578	43	\$78,641	45
Brunswick - 75	3	2		62.2%	31	\$36,719	71	\$192,721	93
Buncombe - 94	3	3		71.9%	84	\$39,726	85	\$117,604	74
Burke - 38	2	1		63.6%	37	\$34,915	61	\$71,728	27
Cabarrus - 89	3	3		75.0%	94	\$38,827	81	\$101,676	59
Caldwell - 39	1	1		63.7%	39	\$34,240	52	\$77,580	37
Camden - 82	1	3		70.4%	79	\$38,411	78	\$99,984	58
Carteret - 59	3	2		66.4%	54	\$31,120	17	\$209,477	95
Caswell - 9	1	1		61.5%	25	\$31,979	22	\$69,724	21
Catawba - 87	2	3		70.6%	80	\$40,080	86	\$104,698	62
Chatham - 86	3	3		72.2%	87	\$34,387	54	\$126,154	80
Cherokee - 17	1	1		56.1%	7	\$30,785	14	\$107,046	66
Chowan - 54	1	2		64.7%	46	\$34,498	56	\$95,888	54
Clay - 42	1	2		63.6%	37	\$29,277	5	\$146,396	90
Cleveland - 63	2	2		67.5%	61	\$36,837	72	\$78,640	44
Columbus - 8	1	1		57.7%	13	\$33,013	40	\$66,813	12
Craven - 65	2	2		63.9%	40	\$40,571	88	\$87,684	50
Cumberland - 29	2	1		58.9%	16	\$39,621	84	\$67,263	14
Currituck - 92	2	3		72.7%	89	\$34,117	49	\$239,348	99
Dare - 81	2	3		79.0%	100	\$30,725	13	\$378,627	100
Davidson - 68	2	2		69.6%	75	\$36,460	69	\$77,844	40
Davie - 67	2	2		72.0%	85	\$33,114	42	\$98,120	56
Duplin - 22	2	1		66.6%	55	\$32,101	25	\$69,761	22
Durham - 96	3	3	X	75.0%	94	\$66,032	100	\$104,754	63
Edgecombe - 20	1	1		62.7%	32	\$34,394	55	\$56,372	4
Forsyth - 88	3	3		72.0%	85	\$49,481	96	\$88,437	51
Franklin - 63	2	2		68.3%	69	\$39,357	83	\$70,342	25
Gaston - 58	2	2		68.2%	68	\$38,533	79	\$68,031	15
Gates - 21	1	1		66.9%	58	\$31,915	21	\$69,004	19
Graham - 55	1	2		56.2%	8	\$34,990	62	\$143,640	87
Granville - 61	2	2		65.8%	51	\$41,787	92	\$72,963	28
Greene - 1	1	1		56.5%	10	\$31,054	16	\$55,026	3
Guilford - 91	2	3		73.2%	90	\$46,078	94	\$90,957	52
Halifax - 15	1	1		59.6%	18	\$32,650	35	\$70,485	26
Harnett - 6	2	1		59.6%	18	\$32,857	37	\$59,763	5
Haywood - 68	3	2		66.7%	56	\$34,268	53	\$117,651	75
Henderson - 83	3	3		69.6%	75	\$36,884	73	\$110,441	69
Hertford - 14	1	1		54.0%	5	\$35,507	65	\$62,603	7
Hoke - 4	2	1		52.8%	3	\$32,435	32	\$64,286	9
Hyde - 41	1	2		61.1%	23	\$30,328	12	\$210,124	96
Indell - 95	3	3		71.6%	82	\$46,093	95	\$122,084	78
Jackson - 83	1	3		67.9%	66	\$34,548	57	\$209,333	94

County - Overall Rank	Actual 2017 Commerce Tier	2017 Tier with New Calculation	2017 "High-Growth Area"	Employment/Population		Average Annual Wage		Adjusted Property Tax Base Per Capita	
				Value	Rank	Value	Rank	Value	Rank
STATEWIDE				69.9%		\$46,563		\$99,592	
Johnston - 74	3	2		71.7%	83	\$36,496	70	\$78,078	41
Jones - 25	1	1		61.8%	28	\$33,598	45	\$77,671	39
Lee - 76	2	2		68.4%	70	\$38,322	77	\$86,848	49
Lenoir - 35	2	1		65.5%	47	\$34,701	59	\$68,608	17
Lincoln - 79	3	2		70.6%	80	\$36,003	68	\$102,543	60
McDowell - 24	1	2		59.3%	17	\$33,092	41	\$79,830	46
Macon - 57	2	2		64.3%	43	\$31,751	20	\$218,921	97
Madison - 45	1	1		67.0%	59	\$31,481	18	\$104,418	61
Martin - 11	1	1		62.7%	32	\$28,903	3	\$77,649	38
Mecklenburg - 99	3	3	X	76.8%	98	\$62,345	99	\$115,399	72
Mitchell - 50	1	2		64.0%	41	\$32,576	34	\$113,759	70
Montgomery - 43	1	2		61.5%	25	\$33,594	44	\$105,894	64
Moore - 85	3	3		67.6%	63	\$37,044	75	\$126,671	81
Nash - 62	2	2		66.8%	57	\$38,549	80	\$75,838	35
New Hanover - 98	3	3		73.6%	92	\$41,467	91	\$139,871	85
Northampton - 31	1	1		56.8%	12	\$34,046	48	\$96,079	55
Onslow - 5	2	1		56.0%	6	\$32,321	31	\$68,853	18
Orange - 97	3	3	X	76.6%	97	\$52,163	97	\$114,918	71
Pamlico - 25	2	1		61.6%	27	\$28,034	1	\$139,604	84
Pasquotank - 60	1	2		68.4%	70	\$35,860	66	\$75,447	34
Pender - 51	3	2		65.6%	48	\$32,312	30	\$109,732	68
Perquimans - 44	2	2		61.8%	28	\$32,173	26	\$130,643	82
Person - 80	1	2		68.4%	70	\$36,964	74	\$109,178	67
Pitt - 72	2	2		72.3%	88	\$41,924	93	\$66,765	11
Polk - 53	2	2		67.3%	60	\$29,592	7	\$132,793	83
Randolph - 56	2	2		70.2%	78	\$34,207	51	\$73,656	30
Richmond - 12	1	1		59.8%	20	\$32,958	38	\$68,193	16
Robeson - 3	1	1		58.4%	14	\$31,592	19	\$46,493	1
Rockingham - 48	2	2		65.7%	49	\$34,796	60	\$74,721	32
Rowan - 66	2	2		64.4%	44	\$40,878	90	\$81,541	48
Rutherford - 23	2	1		60.3%	21	\$32,245	29	\$91,034	53
Sampson - 45	2	2		68.1%	67	\$34,627	58	\$67,056	13
Scotland - 10	1	1		51.3%	2	\$35,052	64	\$60,140	6
Stanly - 47	2	2		69.0%	73	\$32,532	33	\$74,834	33
Stokes - 29	2	1		67.5%	61	\$29,957	10	\$78,283	43
Surry - 32	2	1		65.7%	49	\$32,813	36	\$74,227	31
Swain - 51	1	2		63.3%	35	\$33,683	46	\$106,506	65
Transylvania - 76	2	2		70.0%	77	\$32,183	27	\$176,148	92
Tyrrell - 16	1	1		45.9%	1	\$29,395	6	\$124,302	79
Union - 93	3	3		75.5%	96	\$40,762	89	\$99,469	57
Vance - 13	1	1		63.2%	34	\$32,987	39	\$52,321	2
Wake - 100	3	3	X	78.2%	99	\$52,985	98	\$119,336	77
Warren - 18	1	1		53.6%	4	\$29,886	9	\$118,440	76
Washington - 36	1	1		61.0%	22	\$39,068	82	\$69,593	20
Watauga - 89	3	3		74.0%	93	\$34,129	50	\$165,541	91
Wayne - 25	2	1		64.0%	41	\$35,020	63	\$63,691	8
Wilkes - 36	2	1		62.1%	30	\$34,016	47	\$80,786	47
Wilson - 72	2	2		67.6%	63	\$40,510	87	\$78,217	42
Yadkin - 33	1	1		67.8%	65	\$32,020	23	\$73,323	29
Yancey - 40	1	1		63.5%	36	\$29,247	4	\$145,314	89

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 795
PROPOSED COMMITTEE SUBSTITUTE H795-CSTMf-18 [v.4]

06/14/2017 07:40:59 PM

Short Title: Economic Development Incentives Modifications.

(Public)

Sponsors:

Referred to:

April 13, 2017

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

The General Assembly of North Carolina enacts:

PART I. DISCRETIONARY ECONOMIC DEVELOPMENT FUND MODIFICATIONS

SECTION 1.1.(a) G.S. 143B-437.51 reads as rewritten:

"§ 143B-437.51. Definitions.

The following definitions apply in this Part:

...

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

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

...."

SECTION 1.1.(b) G.S. 143B-437.52 reads as rewritten:

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

(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee, in consultation with the Attorney General, shall develop criteria to be used in determining whether the conditions of this section are satisfied and whether the project described in the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State by the business.



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

17 ...
18 (c) Award Limitations. – The following limitations apply to grants awarded under this
19 Part:

- 20 (1) Maximum liability. – The maximum amount of total annual liability for
21 grants awarded in any single calendar year under this Part, including
22 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is
23 twenty million dollars ~~(\$20,000,000) for a year in which no grants are~~
24 ~~awarded for a high yield project and is thirty five million dollars~~
25 ~~(\$35,000,000) for a year in which a grant is awarded for a high yield~~
26 ~~project.(\$20,000,000).~~ No agreement may be entered into that, when
27 considered together with other existing agreements governing grants
28 awarded during a single calendar year, could cause the State's potential total
29 annual liability for grants awarded in a single calendar year to exceed the
30 applicable amount. The Department shall make every effort to ensure that
31 the average percentage of withholdings of eligible positions for grants
32 awarded under this Part does not exceed the average of the range provided in
33 G.S. 143B-437.56(a). The limitation in this subdivision does not apply to
34 high-yield projects or to projects located wholly within a development tier
35 one area.

36"

37 **SECTION 1.1.(c)** The statutory changes to G.S. 143B-437.51 and
38 G.S. 143B-437.52(a) in this section become effective July 1, 2017, and applies to agreements
39 entered into on or after that date. The statutory change to G.S. 143B-437.52(c) in this section
40 becomes effective January 1, 2017, and applies to liability for grants awarded on or after that
41 date.

42 **SECTION 1.2.(a)** G.S. 143B-437.55(b) reads as rewritten:

43 "(b) Application Fee. – When filing an application under this section, the business must
44 pay the Committee a ~~fee of ten thousand dollars (\$10,000)-fee.~~ The amount of the fee for
45 projects that are not high-yield projects is ten thousand dollars (\$10,000) for projects located in
46 a development tier three area, five thousand dollars (\$5,000) for projects located in a
47 development tier two area, and one thousand dollars (\$1,000) for projects located in a
48 development tier one area. The amount of the fee for high-yield projects is ten thousand dollars
49 (\$10,000). If a project will be located in more than one development tier area, the location with
50 the highest development tier area designation determines the fee due under this section. The fee
51 is due at the time the application is filed. The Secretary of Commerce, the Secretary of

1 Revenue, and the Director of the Office of State Budget and Management shall determine the
2 allocation of the fee imposed by this section among their agencies. The proceeds of the fee are
3 receipts of the agency to which they are credited. Within 30 days of receipt of an application
4 under this section but prior to any award being made, the Department of Commerce shall notify
5 each governing body of an area where a submitted application proposes locating a project of
6 the information listed in this subsection, provided that the governing body agrees, in writing, to
7 any confidentiality requirements imposed by the Department under G.S. 132-6(d). The
8 information required by this subsection includes all of the following:

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

15 **SECTION 1.2.(b)** This section becomes effective July 1, 2017, and applies to
16 applications filed on or after that date.

17 **SECTION 1.3.(a)** G.S. 143B-437.56(d) reads as rewritten:

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

33 **SECTION 1.3.(b)** This section becomes effective July 1, 2017, and applies to
34 grants awarded on or after that date.

35 **SECTION 1.4.(a)** G.S. 143B-437.58(a) reads as rewritten:

36 "(a) No later than March 1 of each year, for the preceding grant year, every business that
37 is awarded a grant under this Part shall submit to the Committee an annual payroll report
38 showing withholdings as a condition of its continuation in the grant program and identifying
39 eligible positions that have been created during the base period that remain filled at the end of
40 each year of the grant. Annual reports submitted to the Committee shall include social security
41 numbers of individual employees identified in the reports. Upon request of the Committee, the
42 business shall also submit a copy of its State and federal tax returns. Payroll and tax
43 information, including social security numbers of individual employees and State and federal
44 tax returns, submitted under this subsection is tax information subject to G.S. 105-259.
45 Aggregated payroll or withholding tax information submitted or derived under this subsection
46 is not tax information subject to G.S. 105-259. When making a submission under this section,
47 the business must pay the Committee a fee of ~~the greater of two thousand five hundred dollars~~
48 ~~(\$2,500) or~~ three one-hundredths of one percent (.03%) of an amount equal to the grant less the
49 maximum amount to be transferred pursuant to G.S. 143B-437.61. The fee is due at the time
50 the submission is made. The Secretary of Commerce, the Secretary of Revenue, and the
51 Director of the Office of State Budget and Management shall determine the allocation of the

1 fee imposed by this section among their agencies. The proceeds of the fee are receipts of the
2 agency to which they are credited."

3 **SECTION 1.4.(b)** This section becomes effective July 1, 2017, and applies to
4 annual payroll reports submitted on or after that date.

5 **SECTION 1.5.** G.S. 143B-437.62 reads as rewritten:

6 **"§ 143B-437.62. Expiration.**

7 The authority of the Committee to award new grants expires January 1, ~~2019~~2025."

8 **SECTION 1.6.(a)** G.S. 143B-437.01(a) reads as rewritten:

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

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

28 ...

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

33"

34 **SECTION 1.6.(b)** This section is effective when it becomes law and applies to
35 grants awarded on or after that date.

36 **PART II. DEVELOPMENT TIER MODIFICATIONS**

37 **SECTION 2.(a)** G.S. 143B-437.08 reads as rewritten:

38 **"§ 143B-437.08. Development tier designation.**

39 ...

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

- 43 (1) The county's rank in a ranking of counties by ratio of employment to
44 population for the civilian population aged 25 to 64, from highest to lowest,
45 average rate of unemployment from lowest to highest, for the most recent ~~12~~
46 months 5-year period for which data are available.
47 (2) The county's rank in a ranking of counties by ~~median household income~~
48 average annual wage from highest to lowest, for the most recent 12 months
49 for which data are available.
50

~~(3) The county's rank in a ranking of counties by percentage growth in population from highest to lowest, for the most recent 36 months for which data are available.~~

~~(4) The county's rank in a ranking of counties by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.~~

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

~~(c1) High-Growth Area. – The Secretary of Commerce shall determine the statewide value for the economic indicators listed in subdivisions (1), (2), and (4) of subsection (b) of this section. The Secretary shall separately designate any county with performance greater than all of these statewide indicators as a "high-growth area." A high-growth area designation is effective only for the calendar year following the designation.~~

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

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

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

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

~~(1) It is located in two contiguous counties, one of which has a lower development tier designation than the other.~~

~~(2) At least one-third of the park is located in the county with the lower tier designation.~~

~~(3) It is owned by the two counties or a joint agency of the counties, is under contractual control of designated agencies working on behalf of both counties, or is subject to a development agreement between both counties and third-party owners.~~

~~(4) The county with the lower tier designation contributed at least the lesser of one-half of the cost of developing the park or a proportion of the cost of developing the park equal to the proportion of land in the park located in the county with the lower tier designation.~~

~~(5) Expired, effective July 1, 2012, pursuant to Session Laws 2009-524, s. 2.~~

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

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

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

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

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

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

SECTION 2.(b) G.S. 143B-437.01(a1) reads as rewritten:

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

...

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

...."

SECTION 2.(c) G.S. 143B-472.127 reads as rewritten:

"§ 143B-472.127. Programs administered.

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

- (1) To construct critical water and wastewater facilities or to provide other infrastructure needs, including, but not limited to, natural gas, broadband, and rail to sites where these facilities will generate private job-creating investment. The grants under this subdivision shall not be subject to the provisions of G.S. 143-355.4.
- (2) ~~To provide matching grants or loans to local government units located in either (i) a development tier one or tier two area or (ii) a rural census tract in a development tier three area that will productively reuse or demolish buildings and properties or construct or expand rural health care facilities, with priority given to towns or communities with populations of less than 5,000. The development tier designation of a county shall be determined as provided in G.S. 143B-437.08. For purposes of this section, the term "rural census tract" means a census tract having a population density of less than 500 people per square mile according to the most recent decennial federal census.~~
- (3) Recipients of grant funds under this Part shall contribute a cash match for the grant that is equivalent to at least five percent (5%) of the grant amount. The cash match shall come from local resources and may not be derived from other State or federal grant funds.
- (4) In awarding grants under this Part, preference shall be given to a project involving a resident company. For purposes of this Part, the term "resident company" means a company that has paid unemployment taxes or income taxes in this State and whose principal place of business is located in this State. An application for a project that serves an economically distressed area shall have priority over a project that does not. A grant to assist with water infrastructure needs is not subject to the provisions of G.S. 143-355.4.
- (5) Under no circumstances shall a grant for a project be awarded in excess of twelve thousand five hundred dollars (\$12,500) per projected job created or saved.
- (6) Local government units that receive grants or loans under this section shall be located in either (i) a development tier one or tier two area or (ii) a rural census tract in a development tier three area that is not a high-growth area. For purposes of this section, the term "rural census tract" means a census tract having a population density of less than 500 people per square mile according to the most recent decennial federal census.

...."

SECTION 2.(d) G.S. 143B-472.128 reads as rewritten:

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

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

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

...."

SECTION 2.(e) This section becomes effective January 1, 2018, and applies to economic development awards made and related determinations occurring on or after that date.

PART III. IMPROVE PROJECT IMPACT

SECTION 3.(a) G.S. 143B-437.07 reads as rewritten:

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

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

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

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

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

(d) County Performance Reports and Assistance. – The Department of Commerce, using the economic indicators required by G.S. 143B-437.08, shall create an annual report on the performance of each county underperforming the Statewide value in one or more economic indicators, shall provide the applicable portion of the report to each county, and shall offer

1 assistance to each county, upon request, regarding improving performance relative to the
2 Statewide values identified. The Department shall publish and submit an annual progress report
3 to the Joint Legislative Oversight Committee on Economic Development and Global
4 Engagement providing, at a minimum, a (i) comparison of the performance of each county to
5 the Statewide performance in each economic indicator where the county underperformed the
6 Statewide value for the year and (ii) comparison of that performance to the county's
7 performance in the previous year. The Department shall submit a copy of the progress report on
8 or before April 1 of each year."
9

10 **PART IV. RURAL ASSISTANCE**

11 **SECTION 4.** The Department of Commerce shall study methods to support
12 data-driven analysis and assistance for each Collaboration for Prosperity Zone and each labor
13 market area within a Prosperity Zone including publication of available facilities for
14 commercial development and potential uses of the facilities. The Department of Commerce
15 shall report to the Joint Legislative Economic Development and Global Engagement Oversight
16 Committee by January 1, 2018.
17

18 **PART V. USE OF ECONOMIC DEVELOPMENT TIERS AND RANKINGS**

19 **SECTION 5.(a)** All entities, including, but not limited to, the entities listed in this
20 section, shall, no later than January 1, 2018, elect whether to continue or discontinue the use of
21 the development tier designations determined pursuant to G.S. 143B-437.08 for all purposes
22 and programs, including taxes, the North Carolina Development Farmland Preservation Trust
23 Fund, the Spay and Neuter Program, the Abandoned Manufactured Home Cleanup Grants
24 Program, the State Wastewater Reserve, the State Drinking Water Reserve, the Public Safety
25 Assistance Points Grant Program, Oral Health Preventive Services, Medication Assistance,
26 Qualified Allocation Plan for Low-Income Housing Tax Credits, and the Strategic
27 Prioritization Funding Plan for Regional Impact Transportation Investment Projects. This
28 section applies to the following:

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

36 **SECTION 5.(b)** Each entity electing to discontinue the use of the development tier
37 designations pursuant to subsection (a) of this section shall independently develop criteria
38 designed to achieve each program's objectives to be used in place of development tier
39 designations and shall report by October 1, 2017, on the developed criteria to the Fiscal
40 Research Division, the Joint Legislative Economic Development and Global Engagement
41 Oversight Committee, and to their respective joint oversight committees, including, but not
42 limited to, the following:

- 43 (1) The Departments of Agriculture and Consumer Services and Environmental
44 Quality to the Joint Legislative Oversight Committee on Agriculture and
45 Natural and Economic Resources.
- 46 (2) The Department of Information Technology to the Joint Legislative
47 Oversight Committee on Information Technology.
- 48 (3) The Department of Health and Human Services to the Joint Legislative
49 Oversight Committee on Health and Human Services.
- 50 (4) The North Carolina Housing Finance Agency to the Joint Legislative
51 Oversight Committee on General Government.

(5) The Department of Transportation to the Joint Legislative Transportation Oversight Committee.

(6) The Department of Revenue to the Revenue Laws Study Committee.

SECTION 5.(c) An entity electing to discontinue use of the development tier designations pursuant to subsection (a) of this section shall continue to update, as of January 1 of each calendar year, usage of the development tier designations to those published latest by the Department of Commerce until the developed replacement criteria are enacted into law.

SECTION 5.(d) Each entity electing to continue the use of the development tier designations pursuant to subsection (a) of this section shall report by October 1, 2017, on the analysis that supports the continued use of the development tier designations, including an analysis of how targeted programs match the use of the tier designations, to the Fiscal Research Division, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to their respective joint oversight committees.

SECTION 5.(e) The Joint Legislative Economic Development and Global Engagement Oversight Committee shall study and make legislative recommendations in the following matters to the 2018 Regular Session of the 2017 General Assembly:

- (1) Study the purpose of the economic development tier system including the appropriate factors to designate the level of economic development in counties and multicounty areas.
- (2) Study the use of the tier system for noneconomic development purposes including the appropriate factors to identify counties for targeted programs.
- (3) Propose legislation that renames and redefines the "Commerce Tiers" to more accurately identify counties based on economic indicators and that defines an alternative tier system for noneconomic development for targeted programs.
- (4) Propose legislation that renames the economically distressed counties to more appropriately describe the classification.
- (5) Study methods to promote regional economic development activities.
- (6) Solicit and study any recommendations from the EDPNC Economic Development Advisory Council.
- (7) Study the NCWorks Apprenticeship program.

PART VI. EFFECTIVE DATE

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

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

COMMERCE AND JOB DEVELOPMENT COMMITTEE REPORT

Representative Debra Conrad, Co-Chair
Representative Susan Martin, Co-Chair
Representative Stephen M. Ross, Co-Chair

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 795

Economic Development Incentives Modifications.

Draft Number: H795-PCS10376-TMf-18

Serial Referral: FINANCE

Recommended Referral: None

Long Title Amended: No

Floor Manager: S. Martin

TOTAL REPORTED: 1



* C M R 5 2 7 - V - 1 *



VISITOR REGISTRATION SHEET

H C on Commerce and Job Development

6/15/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Isabel Vilas-Garcia	NCR
Julio White	NIMC
Chm. Dilar	AKF
Amanda Fink	WCBC
Carlin Little	UNC SOG
John Coggins	NC P. ol Center
J. Turrell	DuCh
David M'Gowan	NICL
Tom BEAN	ATSEA



VISITOR REGISTRATION SHEET

H C on Commerce and Job Development

6/15/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Elizabeth Robinson	NCMAH
Lori Arthur	NCMAH
Mayhan Lewis	NC chamber
W. J. Pearson	RMC
David Crawford	AIA NC
D. C. Calton	Lowell RMC
James S. Jones	JSC
Peter Daniel	Connect C
Scott Peter	NEK
Will Barry - HLM	NCHFA
Andy Chase	RMA
Richard A. Bostic	NC SBA



VISITOR REGISTRATION SHEET

H C on Commerce and Job Development

6/15/2017

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Wm H Potter, Jr

NCOR

Cady Thomas

Focus Carolina



VISITOR REGISTRATION SHEET

H C on Commerce and Job Development

6/15/2017

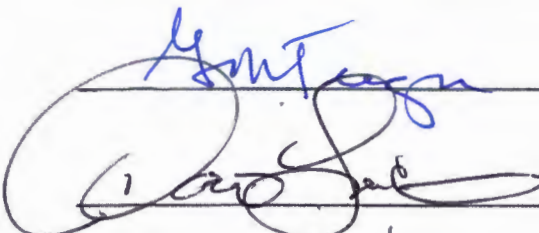

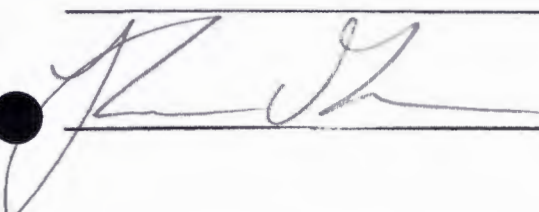
Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

	NMRS
Wayne Vest	Town of Rebbins
	MOORE COUNTY
PAUL CORSO	MOORE COUNTY PARTNERS IN PROGRESS
Josh Lavis	SML
Nate Thayer	Rip Boles
Joe Bost	Charlotte Chamber
	MWC
LAURA PURYEAR	MWC
CHRIS BRUGHTON	MWC
	Cap Ad



VISITOR REGISTRATION SHEET

H C on Commerce and Job Development

6/15/2017

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Hampton Billips	KTS
Courtney Johnson	NP
Crystal Feldman	GA
Rachel Nixon	GA
Susan Fleetwood	NC Dep. of Commerce
John Johnson	WDC
Jake Cash	NCC
Gary Salomido	NC Chamber
Lisa Martin	Cap. Hill
Erin Wynia	NCLM
Colin Gough	Nto



Public Comment Speakers –

House Committee on Commerce and Job Development – June 15th, 2017

David Lambert – Robbins
Pat Corso – Moore County
Jake Cashion – NC Chamber
George Teague - NCEDA
John Coggin – NC Rural Center



Sergeant at Arms – House Committee on Commerce and Job Development –
June 15th, 2017

Joseph Crook
David Leighton
James Moran
Russell Salisbury



**House Pages
Assignments
Thursday, June 15, 2017
Session: 11:00 AM**

Committee	Room	Time	Staff	Comments	Member
Finance	544	9:00 AM	James Rodriguez		Rep. Pat McElraft
			Julia Schwanz		Rep. John Bradford
			Jarrold Turner		Rep. Speaker Tim Moore
			Daniel Vexler		Rep. Holly Grange
Pensions & Retirement and Aging	415	9:00 AM	Ryan Awtrey		Rep. Speaker Tim Moore
			Janae Bell		Rep. Duane Hall
			Ashton Murphy		Rep. Terry Garrison
			Grace Raphun		Rep. Grier Martin
Commerce and Job Development	1228/1327	10:00 AM	Cullen Allen		Rep. Speaker Tim Moore
			Chandler Dozier		Rep. Allen McNeill
			Margaret Johnston		Rep. Allen McNeill
			Martha Johnston		Rep. Allen McNeill
<i>Megan Chickowski</i> Education - Universities	<i>Rep. Bradford's</i> 423	<i>honorary page</i> 10:00 AM	Alex Bradley		Rep. John Torbett
			Ezekiel Goldstein		Rep. Susan Fisher
			Joshua Millspaw		Rep. Dana Bumgardner
			Maya Nair		Rep. Gale Adcock

