

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 489
Finance Committee Substitute Adopted 5/12/11

Short Title: Effectiveness of Job Creation Programs.

(Public)

Sponsors:

Referred to:

April 4, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO BETTER ENABLE LEGISLATIVE EVALUATION AND ONGOING
3 ASSESSMENT OF THE STATE'S ECONOMIC DEVELOPMENT PROGRAMS AND
4 THEIR IMPACT ON JOB CREATION.

5 The General Assembly of North Carolina enacts:

6 SECTION 1.(a) G.S. 143B-437.07 reads as rewritten:

7 "§ 143B-437.07. Economic development grant reporting.

8 (a) Report. – The Department of Commerce must publish on or before March 1 of each
9 year the ~~following information, information required by this subsection, itemized by business~~
10 ~~entity, for all grant programs administered by the Department that disbursed or awarded grant~~
11 ~~monies to businesses during the previous calendar year; for each business or joint private~~
12 ~~venture to which the State has, in whole or in part, granted one or more economic development~~
13 ~~incentives during the previous five calendar years. The Department must provide the General~~
14 ~~Assembly with updated supplemental information consistent with this subsection on a quarterly~~
15 ~~basis in the form and manner requested by the General Assembly. The information in the report~~
16 ~~must include all of the following:~~

- 17 (1) ~~The amount of grant monies awarded during the previous year.~~
18 (2) ~~The amount of grant monies disbursed during the previous year.~~
19 (3) ~~The amount of grant monies that were disbursed in earlier years to business~~
20 ~~entities that received grant monies during the previous year.~~
21 (4) ~~The amount of potential future liability under the grant program.~~
22 (5) ~~The number, type, and wage level of jobs created or retained during the~~
23 ~~previous year as a result of a grant.~~
24 (6) ~~A description of any other financial assistance received during the previous~~
25 ~~year from all economic development incentive programs administered by the~~
26 ~~Department.~~
27 (7) ~~Any amount recaptured from the business entity during the previous year for~~
28 ~~failure to comply with the grant agreement or applicable law.~~
29 (1) A unique project identification number and a unique descriptor or title.
30 (2) The date of the award agreement.
31 (3) The name, mailing address, telephone number, and Web site of the business
32 recipient, or recipients if a joint venture, and the physical location of the site
33 receiving the incentive. If the physical location of the site is undecided, then
34 the name of the county in which the site will be located.
35 (4) The development tier designation of the county in which the site is located
36 on the date the incentive is awarded.



- 1 (5) The NAICS six-digit code and NAICS category of business receiving the
2 incentive. The term 'NAICS' has the same meaning as defined in
3 G.S. 105-164.3.
4 (6) The sources and dollar value of eligible State incentives by program name.
5 (7) The sources and dollar value of local government funds provided by any
6 locality and the nature of the local funding. Examples of the nature of local
7 funding include cash, fee-waivers, in-kind services, and donation of land,
8 buildings, or other assets.
9 (8) The intended use of the incentive by any category or categories to which
10 State law restricts or limits uses of incentive funds. If the use of the incentive
11 funds is not restricted, then the intended purpose of the funds.
12 (9) The amount of incentive monies disbursed taken during the period.
13 (10) The amount of potential future liability under the applicable incentive
14 program.
15 (11) The number, type, and wage level of jobs required to be created or retained
16 to receive a disbursement of incentive monies.
17 (12) The actual full-time equivalent jobs employed by the recipient during the
18 period.
19 (13) The projected cost per job created or retained, including State and local
20 funds.
21 (14) Any amount recaptured from the business entity during the period for failure
22 to satisfy the terms of the grant agreement.

23 (b) Online Posting. – The Department of Commerce must post on its Internet Web site a
24 summary of the report compiled in subsection (a) of this section. The summary report must
25 include the information required by subdivisions (2), (9), (11), and (12) of subsection (a) of this
26 section.

27 (c) Economic Development Incentive. – An economic development incentive includes
28 any grant program administered by the Department of Commerce that disburses or awards
29 monies to businesses. Examples of these grant programs include the Job Development
30 Investment Grant Program, the Job Maintenance and Capital Development Fund, One North
31 Carolina Fund, and the Industrial Development Fund, including the Utility Account. The State
32 also incents economic development through the use of tax expenditures in the form of tax
33 credits and refunds. The Department of Revenue must report annually on these statutory
34 economic development incentives, as required under G.S. 105-256."

35 **SECTION 1.(b)** Notwithstanding G.S. 143B-437.07, as amended by this act, the
36 Department of Commerce is not required to include information in its annual report relating to
37 economic development incentives provided by local governments prior to July 1, 2011.

38 **SECTION 2.(a)** The title of Article 12L of Chapter 120 of the General Statutes
39 reads as rewritten:

40 "Article 12L.

41 ~~Revenue Laws~~Finance and Economic Development Study Committee."

42 **SECTION 2.(b)** G.S. 120-70.105 reads as rewritten:

43 "**§ 120-70.105. Creation and membership of the ~~Revenue Laws~~ Finance and Economic**
44 **Development Study Committee.**

45 (a) Membership. – The ~~Revenue Laws~~ Finance and Economic Development Study
46 Committee is established. The Committee consists of ~~16~~20 members as follows:

- 47 (1) ~~Eight~~Ten members appointed by the President Pro Tempore of the Senate;
48 the persons appointed may be members of the Senate or public members.
49 (2) ~~Eight~~Ten members appointed by the Speaker of the House of
50 Representatives; the persons appointed may be members of the House of
51 Representatives or public members.

1 (b) Terms. – Terms on the Committee are for two years and begin on January 15 of
2 each odd-numbered year, except the terms of the initial members, which begin on appointment.
3 Legislative members may complete a term of service on the Committee even if they do not seek
4 reelection or are not reelected to the General Assembly, but resignation or removal from
5 service in the General Assembly constitutes resignation or removal from service on the
6 Committee.

7 A member continues to serve until a successor is appointed. A vacancy shall be filled
8 within 30 days by the officer who made the original appointment."

9 SECTION 2.(c) G.S. 120-70.106 reads as rewritten:

10 "§ 120-70.106. Purpose and powers of Committee.

11 (a) ~~The Revenue Laws~~Finance and Economic Development Study Committee may:

- 12 (1) Study the revenue laws of North Carolina and the administration of those
13 laws.
14 (2) Review the State's revenue laws to determine which laws need clarification,
15 technical amendment, repeal, or other change to make the laws concise,
16 intelligible, easy to administer, and equitable.
17 (3) Call upon the Department of Revenue to cooperate with it in the study of the
18 revenue laws.
19 (4) Analyze the economic development programs supported by the State and the
20 effectiveness of those programs.
21 (5) Assess the performance of economic development programs, according to
22 criteria established by the Committee, and the entities that implement those
23 programs.
24 (6) Report to the General Assembly at the beginning of each regular session
25 concerning its determinations of needed changes in the State's revenue
26 ~~laws.~~laws and economic development programs.

27 These powers, which are enumerated by way of illustration, shall be liberally construed to
28 provide for the maximum review by the Committee of all revenue law and economic
29 development matters in this State.

30 (b) The Committee may make interim reports to the General Assembly on matters for
31 which it may report to a regular session of the General Assembly. A report to the General
32 Assembly may contain any legislation needed to implement a recommendation of the
33 Committee. When a recommendation of the Committee, if enacted, would result in an increase
34 or decrease in State revenues, the report of the Committee must include an estimate of the
35 amount of the increase or decrease.

36 ~~(c) The Revenue Laws Study Committee must review the effect Article 42 of Chapter~~
37 ~~66 of the General Statutes, as enacted by S.L. 2006-151, has on the issues listed in this section~~
38 ~~to determine if any changes to the law are needed:~~

- 39 ~~(1) Competition in video programming services.~~
40 ~~(2) The number of cable service subscribers, the price of cable service by~~
41 ~~service tier, and the technology used to deliver the service.~~
42 ~~(3) The deployment of broadband in the State.~~

43 ~~The Committee must review the impact of this Article on these issues every two years and~~
44 ~~report its findings to the North Carolina General Assembly. The Committee must make its first~~
45 ~~report to the 2008 Session of the North Carolina General Assembly."~~

46 SECTION 2.(d) G.S. 120-70.107 reads as rewritten:

47 "§ 120-70.107. Organization of Committee.

48 (a) The President Pro Tempore of the Senate and the Speaker of the House of
49 Representatives shall each designate a cochair of the ~~Revenue Laws~~Finance and Economic
50 Development Study Committee. The Committee shall meet upon the joint call of the cochairs.

1 (b) A quorum of the Committee is ~~nine~~11 members. No action may be taken except by
2 a majority vote at a meeting at which a quorum is present. While in the discharge of its official
3 duties, the Committee has the powers of a joint committee under G.S. 120-19 and
4 G.S. 120-19.1 through G.S. 120-19.4.

5 (c) The Committee shall be funded by the Legislative Services Commission from
6 appropriations made to the General Assembly for that purpose. Members of the Committee
7 receive subsistence and travel expenses as provided in G.S. 120-3.1 and G.S. 138-5. The
8 Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02.
9 Upon approval of the Legislative Services Commission, the Legislative Services Officer shall
10 assign professional staff to assist the Committee in its work. Upon the direction of the
11 Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of
12 Representatives shall assign clerical staff to the Committee. The expenses for clerical
13 employees shall be borne by the Committee."

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