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SENATE BILL DRS55074-MC-1c\* (11/16)

Short Title: Economic Development Incentives Modifications. (Public)

Sponsors: Senators Brown, Britt, and Lee (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE CERTAIN CHANGES TO ECONOMIC DEVELOPMENT  
3 INCENTIVES OF THE STATE TO CLARIFY THE IMPORTANCE OF USING  
4 DEVELOPMENT FUNDS IN THE MORE DISTRESSED AREAS OF THE STATE AND  
5 MAKE OTHER CHANGES.

6 The General Assembly of North Carolina enacts:

7  
8 **PART I. MODIFY CONTRACTING FOR PERFORMANCE OF DUTIES BY THE**  
9 **DEPARTMENT OF COMMERCE**

10 **SECTION 1.(a)** G.S. 143B-431.01 reads as rewritten:

11 "**§ 143B-431.01. Department of Commerce – contracting of functions.**

12 ...

13 (b) Contract. – The Department of Commerce is authorized to contract with a North  
14 Carolina nonprofit corporation to perform one or more of the Department's functions, powers,  
15 duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The  
16 contract entered into pursuant to this section between the Department and the Economic  
17 Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143  
18 of the General Statutes and G.S. 143C-6-23. If the Department contracts with a North Carolina  
19 nonprofit corporation to promote and grow the travel and tourism industries, then all funds  
20 appropriated to the Department for tourism marketing purposes shall be used for a  
21 research-based, comprehensive marketing program directed toward consumers in key markets  
22 most likely to travel to North Carolina and not for ancillary activities, such as statewide  
23 branding and business development marketing. The Department may not contract with a North  
24 Carolina nonprofit corporation regarding any of the following:

25 ...

26 (5) Site certification functions and activities performed by the Department.

27 (6) The performance of one or more functions, powers, duties, or obligations of  
28 any other State agency.

29 ...

30 (e) Mandatory Contract Terms. – Any contract entered into under this section must  
31 include all of the following:

32 ...

33 (2) A provision requiring the nonprofit corporation to provide by September 1  
34 of each year, and more frequently as requested, a report to the Department  
35 on prior State fiscal year program activities, objectives, and



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accomplishments and prior State fiscal year itemized expenditures and fund sources. The report shall also include all of the following:

- a. Jobs anticipated to result from efforts of the nonprofit corporation. This includes the name and contact person of each company creating new jobs in the State, the location of each project, and project leads that were not submitted to the Department for possible discretionary incentives pursuant to Chapter 143B of the General Statutes.
- b. Developed performance metrics of economic development functions itemized by county, by development tier area designation, as defined by G.S. 143B-437.08, and by Collaboration for Prosperity Zones created pursuant to G.S. 143B-28.1.
- c. Any proposed amendments to the areas of expertise required to be represented on the governing board of the nonprofit corporation.
- d. A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the proportion of State and private funds for each position and shall include the means used by the nonprofit corporation to foster employee efforts for economic development in rural and low-income areas in the State. Any bonuses paid to employees shall be based upon overall job performance and not be based on a specific project lead. Bonuses awarded for job performance may only be measured by reference to work alleviating economic distress in development tier one or two areas, as defined by G.S. 143B-437.08, unless the job performance resulted in an award to a high-yield project, as defined in G.S. 143B-437.51. The bonus award structure shall ensure that job performance for work alleviating economic distress in development tier one areas results in the greatest incentive.

(17) A provision prohibiting the nonprofit corporation from contracting with any State agency other than the Department for the performance of one or more of the agency's functions, powers, duties, or obligations.

...."

SECTION 1.(b) This section is effective when it becomes law.

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

SECTION 2.1.(a) G.S. 143B-437.51 reads as rewritten:

**"§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

- (5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base period. The term does not include a position filled by a worker with an H-1B visa/with H-1B status.

SECTION 2.1.(b1) G.S. 143B-437.52(a) reads as rewritten:

"(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee, in

1 consultation with the Attorney General, shall develop criteria to be used in determining whether  
2 the conditions of this section are satisfied and whether the project described in the application  
3 is otherwise consistent with the purposes of this Part. Before entering into an agreement, the  
4 Committee must find that all the following conditions are met:

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

23 **SECTION 2.1.(b2)** Effective January 1, 2018, G.S. 143B-437.52(c) reads as  
24 rewritten:

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

- 27 (1) Maximum liability. – The maximum amount of total annual liability for  
28 grants awarded in any single calendar year under this Part, including  
29 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is  
30 twenty million dollars (\$20,000,000) for a year in which no grants are  
31 awarded for a high-yield project and is thirty-five million dollars  
32 (\$35,000,000) for a year in which a grant is awarded for a high-yield project.  
33 No agreement may be entered into that, when considered together with other  
34 existing agreements governing grants awarded during a single calendar year,  
35 could cause the State's potential total annual liability for grants awarded in a  
36 single calendar year to exceed the applicable amount. The Department shall  
37 make every effort to ensure that the average percentage of withholdings of  
38 eligible positions for grants awarded under this Part does not exceed the  
39 average of the range provided in G.S. 143B-437.56(a).
- 40 (2) Semiannual commitment limitations. – Of the amount authorized in  
41 subdivision (1) of this subsection, no more than fifty percent (50%),  
42 excluding roll-over amounts, may be awarded in any single calendar  
43 semiannual period. A roll-over amount is any amount from a previous  
44 semiannual period in the same calendar year that was not awarded as a grant.  
45 The limitation of this subdivision does not apply to a grant awarded to a  
46 high-yield project.
- 47 (3) Geographic limitations. – Of the amount authorized in subdivision (1) of this  
48 subsection, no more than fifty percent (50%) may be awarded for projects  
49 located in whole or in part in development tier three areas. Of the amount  
50 that may be awarded for projects located in whole or in part in development  
51 tier three areas pursuant to this subdivision, no more than fifty percent (50%)

1 may be awarded for projects located in whole or in part in attainment areas.  
 2 The limitations of this subdivision do not apply to a grant awarded to a  
 3 high-yield project."

4 **SECTION 2.1.(c)** G.S. 143B-437.56 reads as rewritten:

5 **"§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

6 (a) Subject to the provisions of subsections (a1) and (d) of this section, the amount of  
 7 the grant awarded in each case shall be a percentage of the withholdings of eligible positions  
 8 for a period of years. The percentage shall be no more than (i) eighty percent (80%) for a  
 9 development tier one ~~area-area,~~ (ii) no more than seventy percent (70%) for a development tier  
 10 two area, (iii) no more than sixty percent (60%) for a development tier three area that is not  
 11 designated as an attainment area pursuant to G.S. 143B-437.08, and (iv) no more than fifty  
 12 percent (50%) for a county designated as an attainment area pursuant to G.S. 143B-437.08, ~~and~~  
 13 ~~no more than seventy-five percent (75%) for any other area.~~ If the project will be located in  
 14 more than one area designation, the location with the highest area designation determines the  
 15 maximum percentage to be used. The percentage used to determine the amount of the grant  
 16 shall be based on criteria developed by the Committee, in consultation with the Attorney  
 17 General, after considering at least the following:

- 18 (1) The number of eligible positions to be created.
- 19 (2) The expected duration of those positions.
- 20 (3) The type of contribution the business can make to the long-term growth of  
 21 the State's economy.
- 22 (4) The amount of other financial assistance the project will receive from the  
 23 State or local governments.
- 24 (5) The total dollar investment the business is making in the project.
- 25 (6) Whether the project utilizes existing infrastructure and resources in the  
 26 community.
- 27 (7) Whether the project is located in a development zone.
- 28 (8) The number of eligible positions that would be filled by residents of a  
 29 development zone.
- 30 (9) The extent to which the project will mitigate unemployment in the State and  
 31 locality.

32 ...  
 33 (d) For any eligible position that is located in a county designated as an attainment area  
 34 pursuant to G.S. 143B-437.08, fifty percent (50%) of the annual grant approved for  
 35 disbursement shall be payable to the business, and fifty percent (50%) shall be payable to the  
 36 Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a  
 37 development tier three ~~area,~~ ~~seventy-five percent (75%)~~ area that is not designated as an  
 38 attainment area pursuant to G.S. 143B-437.08, seventy percent (70%) of the annual grant  
 39 approved for disbursement shall be payable to the business, and ~~twenty-five percent~~  
 40 ~~(25%)~~ thirty percent (30%) shall be payable to the Utility Account pursuant to  
 41 G.S. 143B-437.61. For any eligible position that is located in a development tier two area,  
 42 ninety percent (90%) of the annual grant approved for disbursement shall be payable to the  
 43 business, and ten percent (10%) shall be payable to the Utility Account pursuant to  
 44 G.S. 143B-437.61. A position is located in the development tier area that has been assigned to  
 45 the county in which the project is located at the time the application is filed with the  
 46 Committee. This subsection does not apply to a high-yield project in years in which the  
 47 business receives the enhanced percentage pursuant to subsection (a1) of this section.

48 ...."

49 **SECTION 2.2.** G.S. 143B-437.72 reads as rewritten:

50 **"§ 143B-437.72. Agreements required; disbursement of funds.**

51 ...

- 1 (b) Company Performance Agreements. – An agreement between a local government  
2 and a grantee business must contain the following provisions:
- 3 (1) A commitment to create or retain a specified number of jobs within a  
4 specified salary range at a specific location and commitments regarding the  
5 time period in which the jobs will be created or retained and the minimum  
6 time period for which the jobs must be maintained. Provisions regarding the  
7 commitment required pursuant to this subdivision may not include the  
8 number of jobs filled by workers with H-1B visas/with H-1B status.
- 9 (2) A commitment to provide proof satisfactory to the local government and the  
10 State of new jobs created or existing jobs retained and the salary level of  
11 those jobs.
- 12 (3) A provision that funds received under the agreement may be used only for a  
13 purpose specified in G.S. 143B-437.71(b).
- 14 (4) A provision allowing the State or the local government to inspect all records  
15 of the business that may be used to confirm compliance with the agreement  
16 or with the requirements of this Part.
- 17 (5) A provision establishing the method for determining compliance with the  
18 agreement.
- 19 (6) A provision establishing a schedule for disbursement of funds under the  
20 agreement that allows disbursement of funds only in proportion to the  
21 amount of performance completed under the agreement.
- 22 (6a) A provision establishing that a business that has completed performance and  
23 become entitled to a final disbursement of funds under the agreement must  
24 timely request, in writing to the Secretary of Commerce, a disbursement of  
25 funds within not more than one year from the date of completed performance  
26 or forfeit the disbursement.
- 27 (6b) A provision establishing that a business that anticipates becoming entitled to  
28 a disbursement of funds under the agreement shall notify the Secretary of  
29 Commerce of the potential payment no later than March 1 of the fiscal year  
30 preceding the fiscal year in which the performance is anticipated to be  
31 completed.
- 32 (7) A provision requiring recapture of grant funds if a business subsequently  
33 fails to comply with the terms of the agreement.
- 34 (8) Any other provision the State or the local government finds necessary to  
35 ensure the proper use of State or local funds.
- 36 (c) Local Government Grant Agreement. – An agreement between the State and one or  
37 more local governments shall contain the following provisions:
- 38 (1) A commitment on the part of the local government to match the funds  
39 allocated by the State, as provided in this subdivision. A local match may  
40 include cash, fee waivers, in-kind services, the donation of assets, the  
41 provision of infrastructure, or a combination of these.
- 42 a. For a local government in a development tier one area, as defined in  
43 G.S. 143B-437.08, the State shall provide no more than three dollars  
44 (\$3.00) for every one dollar (\$1.00) provided by the local  
45 government.
- 46 b. For a local government in a development tier two area, as defined in  
47 G.S. 143B-437.08, the State shall provide no more than two dollars  
48 (\$2.00) for every one dollar (\$1.00) provided by the local  
49 government.
- 50 c. For a local government in a development tier three area that is not  
51 designated as an attainment area, as defined in G.S. 143B-437.08, the

1 State shall provide no more than one dollar (\$1.00) for every one  
2 dollar (\$1.00) provided by the local government.

3 d. For a local government in an attainment area, as defined in  
4 G.S. 143B-437.08, the State shall provide no more than one dollar  
5 (\$1.00) for every four dollars (\$4.00) provided by the local  
6 government.

7 ...."

8 **SECTION 2.3.(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, 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 2.3.(b)** This section is effective when it becomes law and applies to  
35 grants awarded on or after that date.

36 **SECTION 2.4.** Subsections (a), (b1), and (c) of Section 2.1 of this Part and Section  
37 2.2 of this Part become effective January 1, 2017, and apply to awards made on or after that  
38 date. Except as otherwise provided, the remainder of this Part is effective when it becomes law.

### 39 **PART III. DEVELOPMENT TIER MODIFICATIONS**

40 **SECTION 3.(a)** G.S. 143B-437.08 reads as rewritten:

41 **"§ 143B-437.08. Development tier designation.**

42 ...

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

46 (1) The county's rank in a ranking of counties by average rate of unemployment  
47 from lowest to highest, for the most recent 12 months for which data are  
48 available.  
49

1           (2)     The county's rank in a ranking of counties by median household income  
2                     from highest to lowest, for the most recent 12 months for which data are  
3                     available.

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

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

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

16       (c1)    Index. – The Secretary of Commerce shall cost adjust the national value for per  
17 capita income to determine the State value for that factor and shall determine the State value for  
18 the factors listed in subdivisions (1), (3), and (4) of subsection (b) of this section. Using these  
19 metrics, the Secretary shall create an index, as follows: (i) the State average rate of  
20 unemployment divided by the county's average rate, (ii) the county's per capita income divided  
21 by the per capita income value for the State determined pursuant to this subsection, (iii) the  
22 county's percentage growth in population divided by the State's percentage growth, and (iv) the  
23 county's adjusted assessed property value per capita divided by the State adjusted assessed  
24 property value per capita. After computing the indices as provided in this subsection, the  
25 Secretary shall rank and publish all the counties within the State according to their index  
26 scores, along with the value against which the factor is compared, from lowest to highest. The  
27 Secretary shall separately designate any county with performance greater than that of the  
28 benchmarks for all indexed development factors as an "attainment area." An index score  
29 average and achievement area designation is effective only for the calendar year following the  
30 designation.

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

37       (e)     ~~Adjustment for Certain Small Counties. – Regardless of the actual development~~  
38 ~~factor, any county that has a population of less than 12,000 shall automatically be ranked one of~~  
39 ~~the 40 highest counties, any county that has a population of less than 50,000 shall automatically~~  
40 ~~be ranked one of the 80 highest counties, and any county that has a population of less than~~  
41 ~~50,000 and more than nineteen percent (19%) of its population below the federal poverty level~~  
42 ~~according to the most recent federal decennial census shall automatically be ranked one of the~~  
43 ~~40 highest counties.~~

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

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

- 1           (1)    It is located in two contiguous counties, one of which has a lower  
2           development tier designation than the other.
- 3           (2)    At least one third of the park is located in the county with the lower tier  
4           designation.
- 5           (3)    It is owned by the two counties or a joint agency of the counties, is under  
6           contractual control of designated agencies working on behalf of both  
7           counties, or is subject to a development agreement between both counties  
8           and third party owners.
- 9           (4)    The county with the lower tier designation contributed at least the lesser of  
10          one half of the cost of developing the park or a proportion of the cost of  
11          developing the park equal to the proportion of land in the park located in the  
12          county with the lower tier designation.
- 13          (5)    Expired, effective July 1, 2012, pursuant to Session Laws 2009-524, s. 2.
- 14          (h)    Exception for Certain Multijurisdictional Industrial Parks. — An eligible industrial  
15          park created by interlocal agreement under G.S. 158-7.4, and parcels of land located within the  
16          industrial park that are subsequently transferred and used for industrial or commercial purposes  
17          authorized for cities and counties under G.S. 158-7.1, have the lowest development tier  
18          designation of the designations of the counties in which they are located if all of the following  
19          conditions are satisfied:
- 20               (1)    The industrial park is located, at one or more sites, in three or more  
21               contiguous counties.
- 22               (2)    At least one of the counties in which the industrial park is located is a  
23               development tier one area.
- 24               (3)    The industrial park is owned by three or more units of local government or a  
25               nonprofit corporation owned or controlled by three or more units of local  
26               government.
- 27               (4)    In each county in which the industrial park is located, the park has at least  
28               250 developable acres. A transfer of acreage that reduces the number of  
29               developable acres below 250 developable acres in a county does not affect  
30               an industrial park's eligibility under this subsection if the transfer is to an  
31               owner who uses or develops the acreage for industrial or commercial  
32               purposes authorized for cities and counties under G.S. 158-7.1. For the  
33               purposes of this subdivision, "developable acres" includes acreage that is  
34               owned directly by the industrial park or its owners or that is the subject of a  
35               development agreement between the industrial park or its owners and a  
36               third party owner.
- 37               (5)    The total population of all of the counties in which the industrial park is  
38               located is less than 200,000.
- 39               (6)    In each county in which the industrial park is located, at least sixteen and  
40               eight tenths percent (16.8%) of the population was Medicaid eligible for the  
41               2003-2004 fiscal year based on 2003 population estimates.
- 42          (i)    Expired, effective July 1, 2013, pursuant to Session Laws 2009-505, s. 2, as  
43          amended by Session Laws 2012-36, s. 1.
- 44          (j)    Exception for Eco-Industrial Park. — An Eco-Industrial Park has a development tier  
45          one designation. An Eco-Industrial Park is an industrial park that the Secretary of Commerce  
46          has certified meets the following requirements:
- 47               (1)    It has at least 100 developable acres.
- 48               (2)    It is located in a county that is not required under G.S. 143-215.107A to  
49               perform motor vehicle emissions inspections.



1           (3) ~~Each building located in the industrial park is constructed in accordance with~~  
2           ~~energy efficiency and water use standards established in G.S. 143-135.37~~  
3           ~~for construction of a major facility.~~

4           (4) ~~Each business located in the park is in a clean industry sector according to~~  
5           ~~the Toxic Release Inventory by the United States Environmental Protection~~  
6           ~~Agency.~~

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

13          **SECTION 3.(b)** G.S. 143B-437.01(a1) reads as rewritten:

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

15          ...

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

19          ...."

20          **SECTION 3.(c)** G.S. 143B-472.127 reads as rewritten:

21          "**§ 143B-472.127. Programs administered.**

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

30          ...."

31          **SECTION 3.(d)** G.S. 143B-472.128 reads as rewritten:

32          "**§ 143B-472.128. Rural Infrastructure Authority created; powers.**

33          ...

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

35          ...

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

41          ...."

42          **SECTION 3.(e)** This Part becomes effective January 1, 2018, and applies to  
43          economic development awards made and related determinations occurring on or after that date.

44

#### 45 **PART IV. RURAL ASSISTANCE**

46          **SECTION 4.(a)** For each Collaboration for Prosperity Zone established in  
47          G.S. 143B-28.1, the employees of the Department of Commerce in the zone shall examine each  
48          annual update of the plan required by G.S. 143B-434.01, collate all information relevant to the  
49          zone, county, region, and other unit of local government in the zone, and provide a copy of the  
50          collated information to each unit of local government within the zone. The collated information  
51          shall also identify any additional regional assets not otherwise contained in the annual update.

1 For any asset identified in the annual update or identified by the employees, an analysis shall be  
2 performed to identify appropriate potential industries best suited to maximize the beneficial  
3 economic impact of each asset. The employees shall identify for each asset any potential  
4 additional infrastructure needs anticipated for identified appropriate potential industries. The  
5 Department shall provide to the Economic Development and Global Engagement Joint  
6 Oversight Committee a list of any assets remaining in the collated information for more than  
7 two years by January 1 of each year.

8 **SECTION 4.(b)** For each Collaboration for Prosperity Zone established in  
9 G.S. 143B-28.1, the employees of the Department of Commerce in the zone shall submit a  
10 report to the Joint Legislative Economic Development and Global Engagement Oversight  
11 Committee and the Fiscal Research Division on the following: (i) jobs anticipated to result  
12 from efforts of the employees, including the name and contact person of each company creating  
13 new jobs in the zone, (ii) the location of each project, including the development tier  
14 designation of the location, and (iii) project leads that were not submitted to the Department for  
15 possible discretionary incentives pursuant to Chapter 143B of the General Statutes.

16 **SECTION 4.(c)** This Part is effective when it becomes law.  
17

## 18 **PART V. IMPROVE PROJECT IMPACT**

19 **SECTION 5.(a)** G.S. 143B-428 reads as rewritten:

20 "**§ 143B-428. Department of Commerce – declaration of policy.**

21 It is hereby declared to be the policy of the State of North Carolina to actively encourage  
22 the expansion of existing environmentally sound North Carolina industry; to actively encourage  
23 the recruitment of environmentally sound national and international industry into North  
24 Carolina through industrial recruitment efforts and through effective advertising, with an  
25 emphasis on high-wage-paying industry; to promote the development of North Carolina's labor  
26 force to meet the State's growing industrial needs; to promote the growth and development of  
27 our travel and tourist industries; to promote the development of our State ports; and to assure  
28 throughout State government, the coordination of North Carolina's economic development  
29 efforts-efforts, with an emphasis on maximizing the return on investment of economic  
30 development dollars by selecting projects and project locations on the basis of providing the  
31 greatest relief to communities experiencing chronic economic distress."

32 **SECTION 5.(b)** The Department of Commerce shall study means of effectuating  
33 the clarification in policy set forth in subsection (a) of this section. As part of the study, the  
34 Department shall examine ways to reformulate evaluation models and economic development  
35 tools of the State so as (i) to reduce emphasis on awarding incentives to projects based  
36 primarily on whether there is a net increase in State revenues and (ii) to increase emphasis on  
37 awarding incentives to projects that locate in and improve counties performing below the  
38 established performance goals. The Department shall report the results of the study, along with  
39 any proposed legislative recommendations, to the Joint Legislative Oversight Committee on  
40 Economic Development and Global Engagement no later than October 1, 2017.

41 **SECTION 5.(c)** G.S. 143B-437.07 reads as rewritten:

42 "**§ 143B-437.07. Economic development grant reporting.**

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

51 ...

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

7 ...

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

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

23 (d) County Improvement Plan and Reports. – The Department of Commerce, using the  
24 index required by G.S. 143B-437.08(c1), shall create a plan for improving the performance of  
25 each county underperforming the benchmark in one or more indexed development factors to  
26 the benchmark performance level at the time the plan was created. The plan shall cover a period  
27 of five years, and the Department shall create a new plan complying with this subsection at the  
28 expiration of the plan. The Department shall publish and submit an annual progress report to  
29 the Joint Legislative Oversight Committee on Economic Development and Global Engagement  
30 providing, at a minimum, a (i) comparison of the performance of each county to the  
31 benchmarked performance in each indexed development factor where the county  
32 underperformed the benchmark for the year and (ii) comparison of that performance to the  
33 county's performance in the previous year. The Department shall submit a copy of a plan for  
34 the first year after it is created and each progress report on or before April 1 of each year."

35 **SECTION 5.(d)** For purposes of the initial plan required by G.S. 143B-437.07(d),  
36 as enacted by this act, the Department shall consult with and use data compiled by the Center  
37 for Competitive Economies at the Kenan-Flagler Business School at the University of North  
38 Carolina in Chapel Hill for the study performed for the Joint Legislative Oversight Committee  
39 on Economic Development and Global Engagement.

40 **SECTION 5.(e)** This Part is effective when it becomes law.

## 41 **PART VI. EFFECTIVE DATE**

42 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes  
43 law.  
44