

HT  
176  
.N8  
D68  
1997

LEGISLATIVE RESEARCH COMMISSION

**Downtown Revitalization**



REPORT TO THE  
1997 GENERAL ASSEMBLY  
OF NORTH CAROLINA

LEGISLATIVE LIBRARY

A LIMITED NUMBER OF COPIES OF THIS REPORT IS AVAILABLE FOR  
DISTRIBUTION THROUGH THE LEGISLATIVE LIBRARY.

ROOMS 2126, 2226  
STATE LEGISLATIVE BUILDING  
RALEIGH, NORTH CAROLINA 27611  
TELEPHONE: (919) 733-7778

OR

ROOM 500  
LEGISLATIVE OFFICE BUILDING  
RALEIGH, NORTH CAROLINA 27603-5925  
TELEPHONE: (919) 733-9390

TABLE OF CONTENTS

LETTER OF TRANSMITTAL ..... i

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP ..... ii

PREFACE ..... 1

COMMITTEE PROCEEDINGS ..... 3

FINDINGS AND RECOMMENDATIONS ..... 9

APPENDICES

A. RELEVANT PORTIONS OF THE 1995 STUDIES BILL, CHAPTER 542  
OF THE 1995 SESSION LAWS (FIRST SESSION, 1995) ..... 13

B. MEMBERSHIP OF THE LRC COMMITTEE ON  
DOWNTOWN REVITALIZATION ..... 15

C. LEGISLATIVE PROPOSAL I - A BILL TO BE ENTITLED  
AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO  
REHABILITATE HISTORIC STRUCTURES AND BUILDINGS THAT WERE BUILT  
BEFORE 1936.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL  
AND A FISCAL ANALYSIS OF THE BILL ..... 17

D. LEGISLATIVE PROPOSAL II - A BILL TO BE ENTITLED  
AN ACT TO CREATE A DOWNTOWN LOAN GUARANTEE FUND THAT WILL  
GUARANTEE TWENTY-FIVE PERCENT OF ELIGIBLE LOANS MADE BY  
PARTICIPATING LENDING INSTITUTIONS FOR DOWNTOWN DEVELOPMENT.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 29

E. LEGISLATIVE PROPOSAL III - A BILL TO BE ENTITLED  
AN ACT TO RECAPITALIZE THE MAIN STREET FINANCIAL INCENTIVE  
FUND.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 33

F. LEGISLATIVE PROPOSAL IV - A BILL TO BE ENTITLED  
AN ACT TO REQUIRE THE DEPARTMENT OF COMMERCE TO MAINTAIN  
A DATABASE OF DOWNTOWN PROPERTIES AVAILABLE FOR INDUSTRIAL  
RECRUITMENT.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 37

G. LEGISLATIVE PROPOSAL V - A BILL TO BE ENTITLED  
AN ACT TO PROVIDE TRAINING FOR BUILDING CODE ENFORCEMENT  
OFFICIALS IN THE INSPECTION AND REVIEW OF EXISTING  
BUILDINGS AND HISTORIC STRUCTURES.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 39

HT 176.NE D68 1997

H. LEGISLATIVE PROPOSAL VI - A BILL TO BE ENTITLED  
AN ACT TO PROVIDE FOR A STUDY BY THE LEGISLATIVE RESEARCH  
COMMISSION OF ISSUES RELATED TO THE ENFORCEMENT OF THE  
BUILDING CODE AND QUALIFICATIONS OF CODE ENFORCEMENT OFFICIALS.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL .....41

I. LEGISLATIVE PROPOSAL VII - A BILL TO BE ENTITLED  
AN ACT TO ADD A DOWNTOWN DEVELOPMENT REPRESENTATIVE TO THE  
MEMBERSHIP OF THE BUILDING CODE COUNCIL.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 43

J. LEGISLATIVE PROPOSAL VIII - A BILL TO BE ENTITLED  
AN ACT TO DIRECT THE HOUSING FINANCE AGENCY TO EXAMINE THE USE  
OF FUNDS FROM THE HOUSING TRUST FUND IN DOWNTOWN AREAS  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL .....47

K. LEGISLATIVE PROPOSAL IX - A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION  
TO STUDY DOWNTOWN REVITALIZATION.  
AND A SECTION-BY-SECTION ANALYSIS OF THE BILL ..... 49

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27601-1096





January 15, 1996

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY (REGULAR SESSION 1997):

The Legislative Research Commission herewith submits to you for your consideration its final report on Downtown Revitalization. The report was prepared by the Legislative Research Commission's Committee on Downtown Revitalization pursuant to G.S. 120-30.17(1).

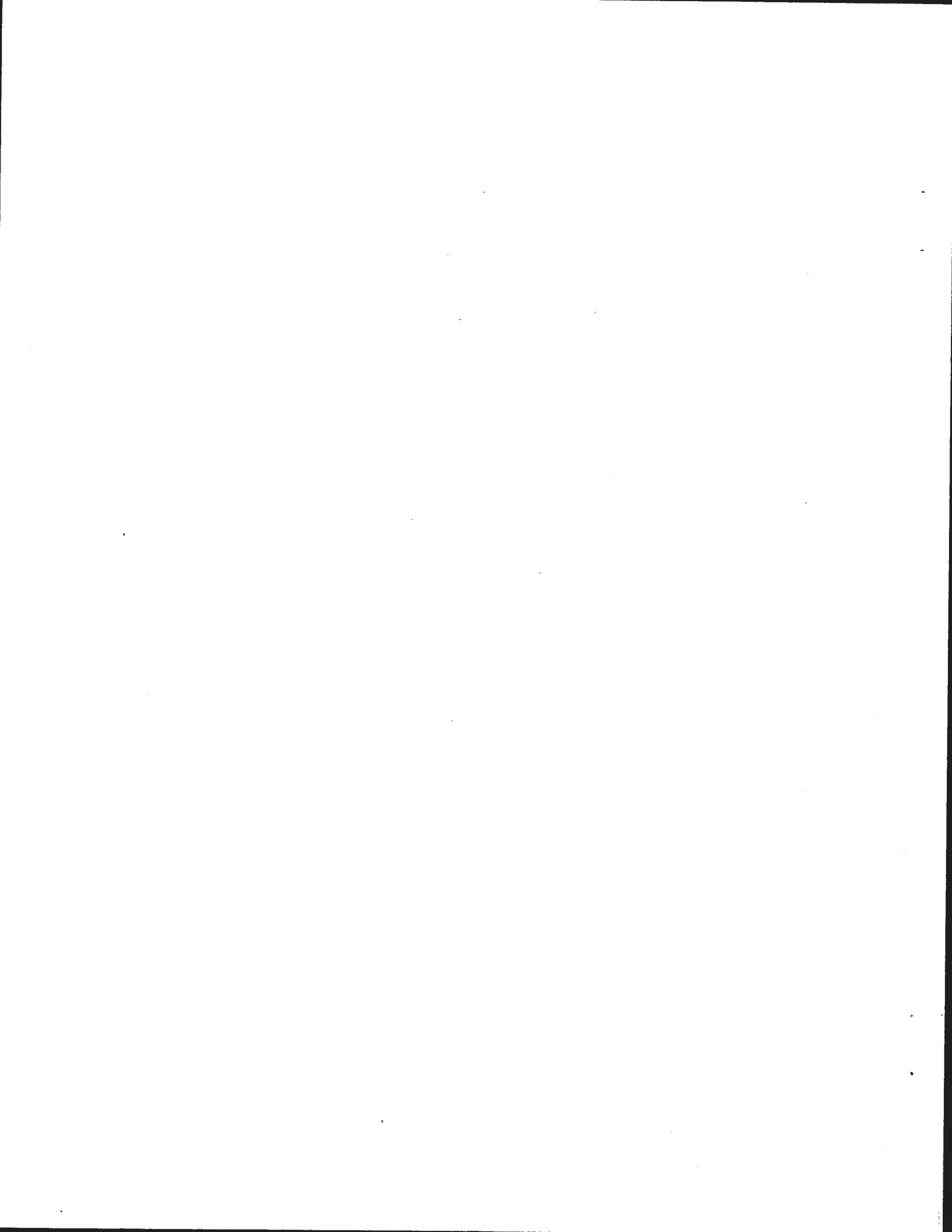
Respectfully submitted,

  
Harold J. Brubaker  
Speaker of the House

  
Marc Basnight  
President Pro Tempore

Cochairs  
Legislative Research Commission





1995-1996

LEGISLATIVE RESEARCH COMMISSION

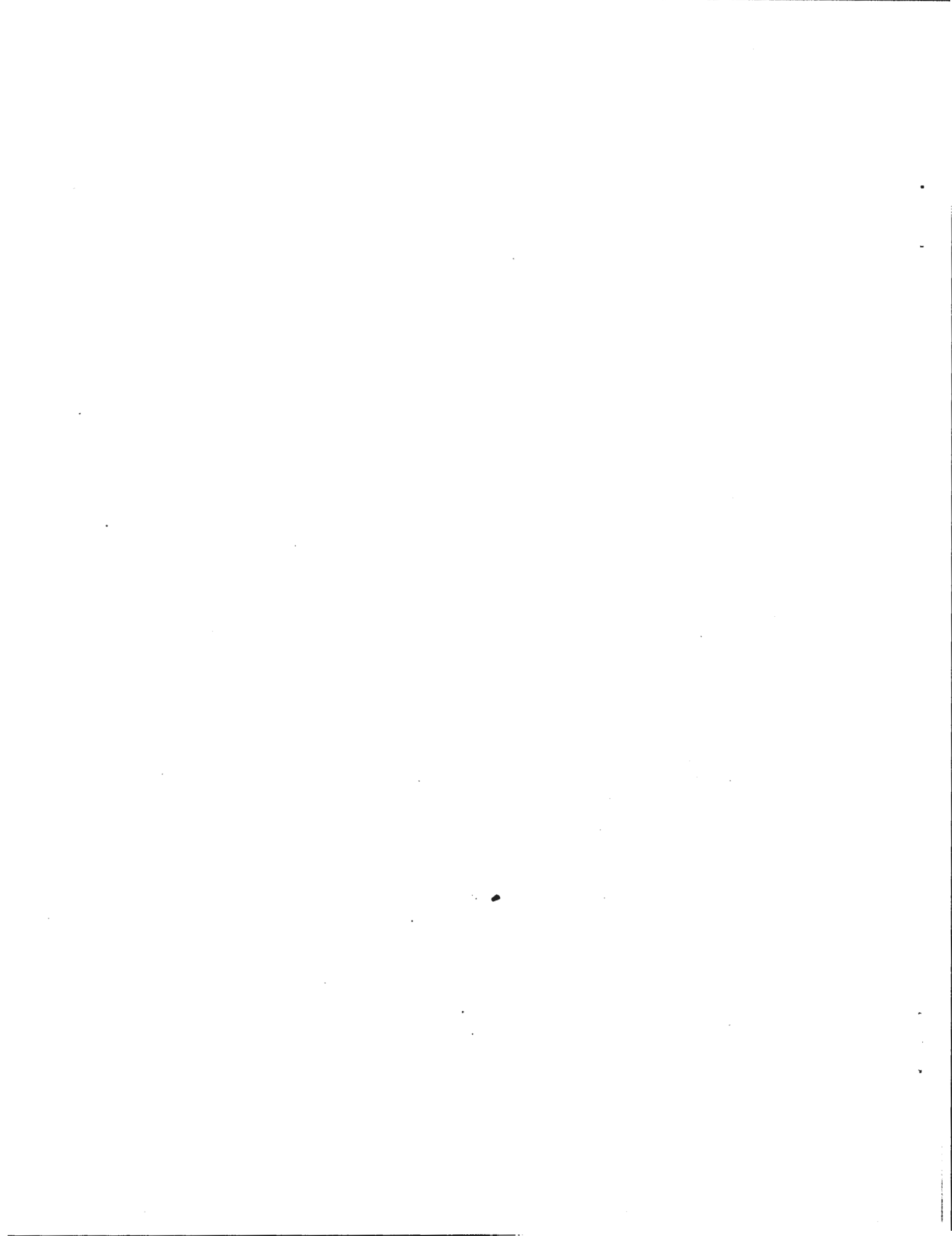
MEMBERSHIP

President Pro Tempore of  
the Senate  
Marc Basnight, Cochair

Senator Frank W. Ballance, Jr.  
Senator R. L. Martin  
Senator Henry McKoy  
Senator J. K. Sherron, Jr.  
Senator Ed N. Warren

Speaker of the House  
of Representatives  
Harold J. Brubaker, Cochair

Rep. Jerry C. Dockham  
Rep. Larry Linney  
Rep. Edd Nye  
Rep. Gregory J. Thompson  
Rep. Constance K. Wilson





## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1995 Session and 1996 Sessions, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of Downtown Revitalization was authorized by Section 2.4 of Chapter 542 of the 1995 Session Laws (First Session, 1995). This section reads in part that "to encourage the development of downtown area structures, the Legislative Research Commission study should evaluate the usefulness and cost-effectiveness of providing the following State and local incentives: (1) income tax credits; (2) reduced property tax liability through the use of exemptions, deferrals, or lower values; (3) zoning law modifications; and (4) building code modifications." The relevant portions of Chapter 542 are included in Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Regulation Grouping area under the direction of Senator J.K. Sherron. The Committee was chaired by Senator Sherron and Representative Donald Davis. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.



## COMMITTEE PROCEEDINGS

February 20, 1996

On February 20, 1996, the Committee on Downtown Revitalization held its first meeting. After opening remarks by the Committee Co-chairmen, Mr. J.R. Steigerwald Economic Development Administrator, Town of Hickory, spoke to the Committee concerning various options for the State to assist in downtown revitalization efforts. These included an expansion of the definition of abandoned buildings to include commercial structures, recapitalization of the Main Street Fund, representation of downtown interests on the Building Code Council.

Following Mr. Steigerwald, the Honorable Mel Cohen, Mayor, Morganton, noted several deterrents to the revitalization of downtowns such as large empty buildings resulting from the departure of large retail stores, the location of large retailers away from downtowns, inflexibility of the Building Code, and zoning laws.

Mr. Rodney Swink, Director, N.C. Main Street Program, addressed the relationship of downtown revitalization to the continued economic competitiveness of the State. Areas considered critical to the State's future such as a prosperous economy, competitive technology and infrastructure, safe and vibrant communities, an active citizenship, and accountable government are all related to downtown development. Local economic development and the creation of small businesses are also linked to vital downtown areas. Historic buildings provide ideal locations for small businesses. Mr. Swink noted that, in a recent study, sprawl-like development cost 40-400% more than downtown development.

Mr. Ray Gibbs, Executive Director, Downtown Smithfield Development Association and former President, N.C. Downtown Development Association, reviewed the concerns of many local governments including accessibility requirements imposed by the Americans with Disabilities Act, Building Code requirements dealing with awnings and funeral tents, and highway loops which pull businesses away from downtowns. Mr. Gibbs also stressed the importance of requiring the Department of Commerce to promote the recruitment of businesses to downtown areas. Mr. Gibbs suggested that continuing education requirements be implemented for Code-enforcement officials and asked the Committee to consider changes in representation on the Building Code Council to include individuals familiar with renovation.

Mr. Myrick Howard, Executive Director, Preservation N.C., provided the Committee with information concerning tax credits for historic preservation. Mr. Howard asked that these incentives be expanded to include non-income producing structures. Property tax incentives, such as a freeze on property tax increases, were also discussed by Mr. Howard.

The meeting closed with brief comments by Ms. Anne Griffith, North Carolina Citizens for Business and Industry, and Mr. Andy Romanet, League of Municipalities. Each expressed the support of their respective organizations for the Committee's efforts.

### **March 20, 1996**

In its meeting of March 20, 1996, Mr. Robert Murphrey, Executive Director, Downtown Area Revitalization Effort, Wilmington, presented a report from the N.C. Urban Downtown Committee. Issues of importance to that Committee included the following: (1) location of government offices; (2) increased representation of urban interests in the State's economic development policies and programs; (3) local input in ABC licensing decisions; (4) creation of an office of urban development in the Department of Commerce; (5) installation of telecommunication infrastructures downtown; (6) reduction in impact fees for downtown development; (7) tax credits for investment in downtown parking; (8) examination of environmental regulations and their impact on downtown development; (9) easing housing regulations for downtown properties.

Ms. Robin Legg, Executive Director, Olde Fayetteville Association, asked the Committee to consider changes in the ABC laws. Specifically, Ms. Legg spoke of the need for ABC regulations and licensing decisions to have the support and concurrence of local governments.

The Committee invited Mr. Doyle Hyett of HyettPalma in Alexandria, Va., a city planning firm, to speak on the problems and opportunities of downtown development. Mr. Hyett explained that there is often a lack of organization and leadership to support downtown revitalization and instill investor confidence. Often communities fail to promote the original characteristics of a downtown, as compared to urban sprawl. In addition to tax incentives and tax increment financing, he suggested that the State consider joint efforts with private groups and companies, such as the League of Municipalities and utility companies, to test the marketplace prior to any legislative action.

Following a lunch break, the Committee received a presentation from Mr. Tom Stapleton, Manager, Business Assistance and Development, Greensboro Center City Corporation, on downtown housing. Mr. Stapleton also asked that local governments be given more control in ABC licensing decisions.

Mr. Jim Quinn, Director, Rental Programs, Housing Finance Agency, reviewed the functions of that Agency. Mr. Quinn explained that the Agency's programs are highly competitive and ranked based on the following six factors: (1) financial feasibility; (2) development and management team experience; (3) income targeting of tenants; (4) cost per unit; (5) quality of development; and (6) location and market demand. Last year, there were fewer applications for downtown projects. The Committee suggested that the Agency develop a marketing strategy to inform downtown developers of the Agency's programs.

#### **April 17, 1996**

For its final meeting prior to the 1996 Session of the 1995 General Assembly, the Committee traveled to Dunn and Fayetteville to view first-hand each community's efforts toward downtown revitalization. Mayor William Elmore, Dunn, welcomed the Committee to Dunn at the restored Stewart Theatre which was built in 1947. As explained by the Mayor, of the 183 downtown storefronts in the town, only 4 are unoccupied. Cooperation between town leaders and partnerships with area businesses were key to the town's revitalization efforts. Local banks financed the town's revitalization efforts through a loan fund with funds routed through the city's financing department. Community leaders spoke of the need for towns to be more aware of available loans and incentives and asked that tax credits or incentives be passed to compensate for increased property taxes following initial revitalization efforts. The Committee completed its visit with a tour of the local business incubator and the General Bill Lee Museum.

After the tour of Dunn, the Committee traveled to Fayetteville for a luncheon and meeting at the Radisson Prince Charles Hotel in downtown Fayetteville. A welcome was extended to the Committee by Representative Larry Shaw, Senator Tony Rand, Mayor Dawkins, and the Chairman of the County Commissioners, Mr. Tom Bacote. Mr. Robert E. Marvin, Robert E. Marvin and Associates, presented the Fayetteville Center City Master Plan to the Committee. The Plan proposes a total rejuvenation of downtown Fayetteville with a new park, thriving arts district, performing arts center, pavilion, and

series of lakes. Mr. Marvin stressed the need to change the image of downtown to encourage people to live and shop there. Balanced housing for all income levels is crucial to downtown development.

Following Mr. Marvin's presentation, the Committee heard a series of reports from Fayetteville community leaders. Ms. Libby McNeill Seymour, Executive Director, Arts Council of Fayetteville/Cumberland County spoke of the contributions the arts community brings to a downtown. Mr. John Smith, City Manager, Fayetteville, addressed the savings to local taxpayers resulting from the use of existing downtown infrastructures. The Reverend John T. Johnson, Vice-President, Fayetteville Cumberland County Ministerial Council, encouraged the Committee to enact legislation creating enterprise zones and authorizing the State Treasurer to invest in city and county bonds as a means of financing revitalization efforts. The Reverend Johnson also asked that local governments be given low interest loans from the State Escheat Fund for construction projects. Mr. Robert Kucab, North Carolina Housing Finance Agency, made a presentation on the issue of housing. Mr. Danny Fore, Executive Director, Fayetteville Area Economic Development Corporation, spoke of the positive affects of a healthy downtown on industrial recruitment efforts.

#### **October 23, 1996**

The October 23<sup>rd</sup> meeting of the Committee began with a presentation by Mr. Dale Carroll, Manager, Economic Development, Carolina Power & Light. Mr. Carroll reviewed the role CP&L would play in encouraging downtown development including educating employees and management about downtown development issues.

The Committee heard a series of presentations on the State Building Code. Mr. Al Bass, Building Code Committee, Professional Engineers of North Carolina, spoke of the difficulties faced by many engineers in the inflexible and uneven application of the Code. Mr. Bass noted that, while changes such as Volume IX on existing buildings have helped, the Building Code Council has in the past been too slow to respond to problems with the Code, particularly in the area of renovation. Furthermore, Code-enforcement officials are often unaware of changes in the Code which causes application of the Code to vary depending on the inspector.

Mr. Tim Simmons, Cultural Resources Staff Architect, and Mr. Barry Gupton, N.C. Department of Insurance, presented an overview of the Code for the Committee. Mr. Simmons gave particular attention to the recently adopted

Volume IX of the Code dealing with Existing Buildings. This Volume is an attempt by the Building Code Council to address the concerns of those involved in the renovation and rehabilitation of existing buildings.

Following discussion of the Building Code changes, Mr. Ray Gibbs, Vice-President, Government Affairs Committee, N.C. Downtown Development Association, presented eight proposals adopted by the Government Affairs Committee to assist in downtown revitalization. These proposals included: (1) reinvestment tax credits for existing buildings; (2) a downtown loan guarantee fund; (3) condemnation of vacant/dilapidated buildings; (4) creation of an urban economic development office; (5) location of State offices in downtowns; (6) recapitalization of the Main Street Fund; (7) allocation of federal ISTEA funds in downtown areas; and (8) training for Code-enforcement officials. The Committee asked that staff examine the feasibility of including these proposals as recommendations in the Committee's final report.

#### **November 14, 1996**

The Committee began its meeting of November 14, 1996 with a presentation from Ms. Sherry Page, Education and Training Technician, N.C. Code Officials Qualifications Board, Department of Insurance. Ms. Page reviewed the proposals and accompanying legislation for continuing education of Code-enforcement officials which the Department plans to submit to the General Assembly in 1997. Ms. Page explained that, currently, there is no continuing education program for Code officials in this State. The continuing education requirements proposed by the Department would mandate that all officials receive annual continuing education before recertification.

Following Ms. Page's presentation and discussion by the Committee, the Committee agreed to include the following recommendations in its report to the Legislative Research Commission: (1) create a study commission dealing with Building Code issues; (2) provide annual training of Code-enforcement officials, particularly in Volume IX of the Code dealing with existing buildings; (3) appoint a representative of a downtown development organization to the Building Code Council; (4) create in the Department of Commerce an Office of Urban Economic Development; and (5) continue the LRC's Committee on Downtown Revitalization.

Ms. Cindy Avrette, Staff Counsel reviewed proposals for reinvestment tax credits for existing buildings. Mr. Myrick Howard, Director, Preservation N.C. noted that the State has no financial incentive for the rehabilitation of historic homes for owner-occupancy. Creation of a credit for owner-occupied non-income producing rehabilitation, Mr. Howard argued,

would produce an infusion of private capital for non-income producing rehabilitation much like the current 5% income tax credit has for income-producing historic properties. The Committee agreed to include in its final report a proposal to extend the current income tax credit for historic rehabilitation to non-income producing property and expand the credit from 5% of the rehabilitation expenses taken over 1 year to 30% of rehabilitation expenditures taken over 5 years. The Committee also voted to create an income tax credit of 25% of rehabilitation expenses taken over 5 years for rehabilitating a building built before 1936.

The Committee also voted to include in its report recommendations to: (1) create a Downtown Loan Guarantee Fund; and (2) recapitalize the Main Street Incentive Fund.

#### **December 21, 1996**

The final meeting of the Committee was held on December 21, 1997. After discussion, the Committee voted to recommend its final report, as amended, to the Legislative Research Commission for consideration by the 1997 General Assembly.



## FINDINGS AND RECOMMENDATIONS

The Legislative Research Commission's Committee on Downtown Revitalization began its study by asking a fundamental question, "Why are downtowns important?" As the Committee learned in its discussions, the answers to this question involve a variety of both economic and quality of life issues. Downtowns are central to the creation of small, locally-owned businesses. As noted by Mr. Rodney Swink, Director, North Carolina Main Street Program, over the last decade, small businesses account for more than 85% of all new jobs in this country and, unlike larger corporations, profits from small businesses stay in the community. But vital downtowns also play a role in the recruitment of larger corporations. The quality of our downtowns is often viewed by these companies as an indicator of an area's quality of life and may determine whether a corporation chooses to locate in a particular community. For the individual taxpayer, strong downtowns reduce urban sprawl and the costly government expenditures on transportation, water, sewer, and electric infrastructures which must accompany such sprawl. Moreover, the State's citizens receive an added dividend from past investments in these infrastructures. Finally, and perhaps most importantly, downtowns represent the heart of the community- its government, churches, history, and cultural identity. They are the historic gathering place for our communities, bringing together different ethnic and cultural segments of our society. For these and other reasons, our downtowns are, without question, worthy of investment by the State.

However, as stressed to the Committee by Mr. Doyle Hyett of HyettPalma, a city planning firm in Alexandria, Virginia, funding is not always the main barrier to downtown development. Local communities must first provide the organization, leadership and initiative to encourage investment. The Committee saw these qualities first-hand in its visits to Dunn and Fayetteville, each examples of a community committed to the revitalization of their downtowns. The Committee hopes that its recommendations and accompanying legislation will provide some useful tools to assist local leaders in their revitalization efforts.

The Committee makes the following recommendations to the 1997 General Assembly:

- **Providing income tax credits for rehabilitating pre-existing buildings.** The number one proposal sought from groups interested in downtown revitalization was a financial incentive to rehabilitate existing buildings in the

downtown business districts and neighborhoods. Currently, North Carolina's only reinvestment tax credit is a 5% credit for substantial rehabilitation of historic, income producing buildings. The income tax credits recommended in Legislative Proposal I will encourage the reinvestment and rehabilitation of historic homes for owner-occupancy and of commercial buildings throughout the State. These credits will encourage *private* investment in existing properties, thereby increasing the local property tax base without increasing the demand on the local infrastructure. The proposal will also stimulate job creation. Studies have shown that dollar for dollar, historic preservation is one of the highest job-generating economic development options available, creating more jobs than the same amount of new construction. Studies have also shown that 12% more rehabilitation dollars stay in a local community than the same amount of new construction dollars. The Committee believes that these income tax credits will help revitalize historic non-income producing neighborhoods, many of which are adjacent to our downtown areas, and that they will help buildings that are currently deteriorating become economically viable once again. (See Legislative Proposal I, Appendix C.)

- **Downtown Loan Guarantee Fund.** One of the major problems the Committee discussed was the lack of financing for downtown development. The Committee recognized the various funding programs already in place: Industrial Development Fund, Industrial Revenue Bond Program, and the Main Street Financial Incentive Fund. The Committee felt that a void still existed for small and medium size loans to businesses seeking to locate or expand on downtown property. The Committee recommends creating a Downtown Loan Guarantee Fund that can be used to guarantee 25% of an eligible loan made for downtown development. The Committee proposes appropriating \$5 million to the Fund. (See Legislative Proposal II, Appendix D.)
- **Recapitalize the Main Street Financial Incentive Fund.** The General Assembly created the Main Street Financial Incentive Fund in 1989 with an appropriation of \$1 million. As of June 30, 1996, the total amount of unallocated funds in the MSFIF account was \$7,433.19. By statute, the minimum grant amount is \$20,000. The Committee learned that the initial \$1 million investment was able to leverage \$21,080,030 in private investments and another \$1,198.102 in local public dollars. The investments supported the creation of 79 new businesses and 432.5 new jobs, plus the retention of 12 businesses and 423.5 jobs. The money in the Fund is available to North Carolina cities affiliated with the North Carolina Main Street Center Program. With over 40

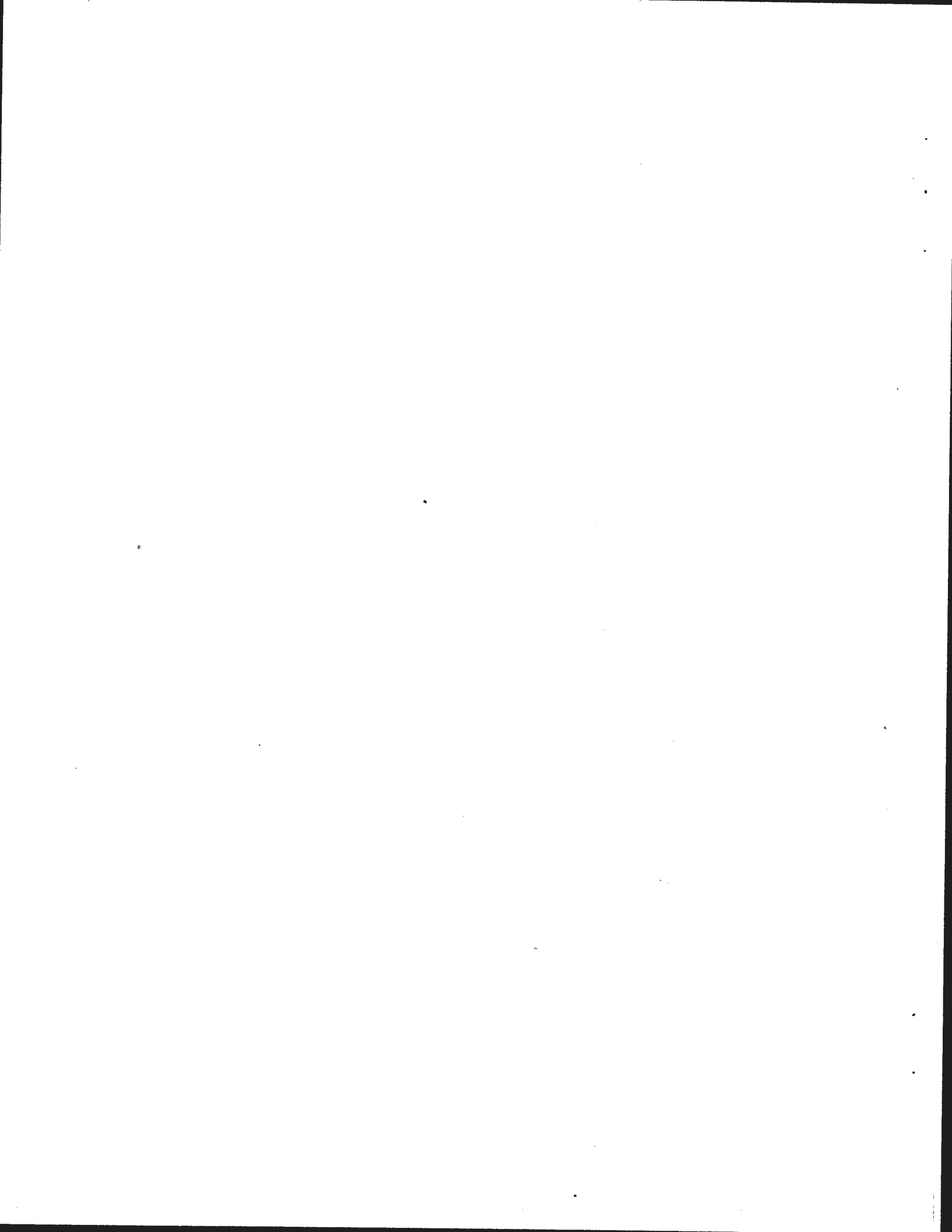
communities now having been designated Main Street Communities, the Committee believes a recapitalization of this Fund could provide the necessary seed money to help revitalize downtowns, thereby increasing the tax base for counties as well as cities. (See Legislative Proposal III, Appendix E.)

- **Creation of an database in the Department of Commerce of downtown properties available for industrial use.** Mr. Ray Gibbs, N.C. Downtown Development Association, stressed to the Committee the importance of providing support at the State level for industrial recruitment to downtown areas. A database in the Department of Commerce of downtown properties available for industrial use would provide valuable assistance to industries interested in locating in downtown areas and to local governments in recruiting such businesses. Currently, there is no central location where such information can be obtained on a Statewide basis. Since downtown areas already possess the water, sewer, electric, telecommunications and road infrastructures necessary for business and industry, the State's past investments in these infrastructures areas are well served by the recruitment of business to downtowns. (See Legislative Proposal IV, Appendix F.)
- **Training of Code--enforcement officials in the inspection and review of historic structures and existing buildings.** The North Carolina Building Code Council recently approved a new Code section dealing specifically with existing buildings, Volume 9. However, many Code-enforcement officials are either unaware or lack a basic understanding of this section. Also, Code-enforcement officials across the State are often unaware of federal standards imposed for the rehabilitation of structures designated as "historic." This lack of understanding among Code-enforcement officials of both Volume 9 of the North Carolina Building Code and the federal requirements creates confusion and needless delay and discourages the renovation and rehabilitation of many downtown structures. Training of Code-enforcement officials in these specific areas is necessary to encourage downtown revitalization. (See Legislative Proposal V, Appendix G.)
- **Authorization to the LRC to study issues related to the enforcement of the Building Code and the qualifications of Code -enforcement officials.** During the course of the Committee's deliberations, numerous issues were raised concerning the qualifications and requirements for certification of Code-enforcement officials, including the imposition of requirements for annual recertification and the use of penalties for officials who fail to correctly apply the Code. Other issues discussed by the Committee included increased penalties for builders

who violate the Building Code and better coordination between the Code Officials Qualifications Board and the Building Code Council concerning changes to the Code and the enforcement of these changes. To conduct a complete examination of these issues requires the creation of a separate study related solely to the Building Code. (See Legislative Proposal VI, Appendix H.)

- **Addition of downtown development representative on the Building Code Council.** The renovation and rehabilitation of existing buildings requires an understanding of federal law, historic integrity, cost-effectiveness, and other issues which are unique to these structures. The prevalence of older and historic buildings in the State's downtown areas gives representatives of downtown groups and associations a distinct interest in these issues. Mr. J.R. Steigerwald, Economic Development Administrator, Town of Hickory, noted in his presentation to the Committee that, while recent changes to the Code such as Volume IX on existing buildings have been good, they have taken a great deal of effort and time. To ensure that the Building Code reflects the interests of downtown areas, the membership of the Building Code Council should include among its members a representative of a downtown development group or association. (See Legislative Proposal VII, Appendix I.)
- **Require Housing Finance Agency to examine and report on the use of funds appropriated to Housing Trust Fund in downtown areas.** The Housing Trust Fund, which is administered by the Housing Finance Agency, assists persons and families of low, very low and moderate incomes to obtain decent, affordable and energy efficient housing. As indicated by numerous speakers before the Committee, downtowns will not be revitalized until they are viewed as legitimate housing areas. The Housing Trust Fund can play a role in stimulating housing growth in the State's downtown areas and requires close examination by the Housing Finance Agency. (See Legislative Proposal VIII, Appendix J.)
- **Continuation of the LRC Committee on Downtown Revitalization.** This report addresses many issues related to the rebirth of downtown areas across the State. However, other issues such as increased local input in ABC licensing decisions, property tax abatements, tax increment financing, environmental regulations, enterprise zones, regulation of abandoned buildings, and the role of municipalities in the future of the State remain to be examined. This Committee should continue its work and make further recommendations to the 1997 and 1999 General Assembly. (See Legislative Proposal IX, Appendix K.)

**APPENDIX A**  
**AUTHORIZING LEGISLATION**



APPENDIX A

CHAPTER 542

1995 Session Laws (1995 Session)

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, TO MAKE VARIOUS STATUTORY CHANGES, AND TO MAKE TECHNICAL CORRECTIONS TO CHAPTER 507 OF THE 1995 SESSION LAWS.

The General Assembly of North Carolina enacts:

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1995".

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.4. Downtown Revitalization (Brawley and Sherron). The Legislative Research Commission may study ways to encourage the development and use of downtown area structures. The use of these structures may include both commercial and non-income producing uses in the same structure. To encourage the development of downtown area structures, the Legislative Research Commission study should evaluate the usefulness and cost-effectiveness of providing the following State and local incentives:

- (1) Income tax credits.
- (2) Reduced property tax liability through the use of exemptions, deferrals, or lower values.
- (3) Zoning law modifications.
- (4) Building code modifications.

PART XXVI.-----EFFECTIVE DATE

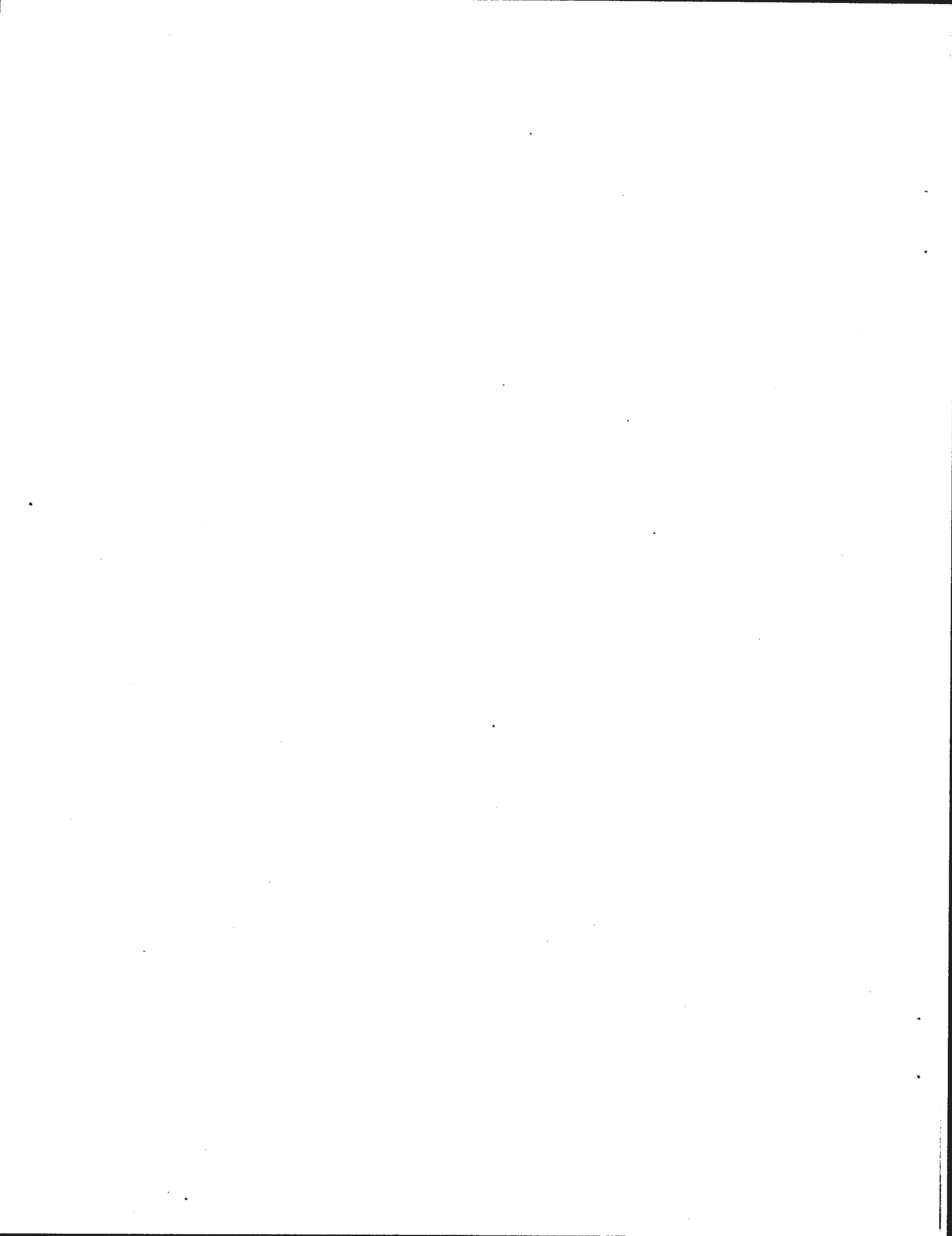
Sec. 26.1. This act is effective upon ratification.





**APPENDIX B**

**MEMBERSHIP OF THE LRC COMMITTEE  
ON DOWNTOWN REVITALIZATION**



APPENDIX B

**DOWNTOWN REVITALIZATION COMMITTEE  
MEMBERSHIP  
1995 - 1996**

**LRC Member:** Sen. J.K. Sherron, Jr.  
4021 Barrett Drive  
Raleigh, NC 27609  
(919) 781-8721

**President Pro Tempore Appointments**

Sen. J.K. Sherron, Jr., Cochair  
4021 Barrett Drive  
Raleigh, NC 27609  
(919) 781-8721

Mr. Milton Fields  
2101 Edinborough Road  
Rocky Mount, NC 27803

Sen. Wib Gulley  
4803 Montvale Drive  
Durham, NC 27705  
(919) 419-4447

Mr. Mike Schneiderman  
112 South Tryon, Suite 1255  
Charlotte, NC 28284

Sen. Robert G. Shaw  
PO Box 8101  
Greensboro, NC 27419  
(910) 855-7533

Mr. Brad Thompson  
300 Merrywood Drive  
Raleigh, NC 27610

**Staff:**

Mr. Tim Hovis  
Mr. Giles Perry  
Research Division  
(919) 733-2578

**Speaker's Appointments**

Rep. Donald Spencer Davis, Cochair  
PO Box 363  
Erwin, NC 28339  
(910) 897-7282

Rep. C. Robert Brawley  
PO Box 1322  
Mooreville, NC 28115  
(704) 664-1502

Rep. Stanley H. Fox  
107 Bank Street  
Oxford, NC 27565  
(919) 693-6449

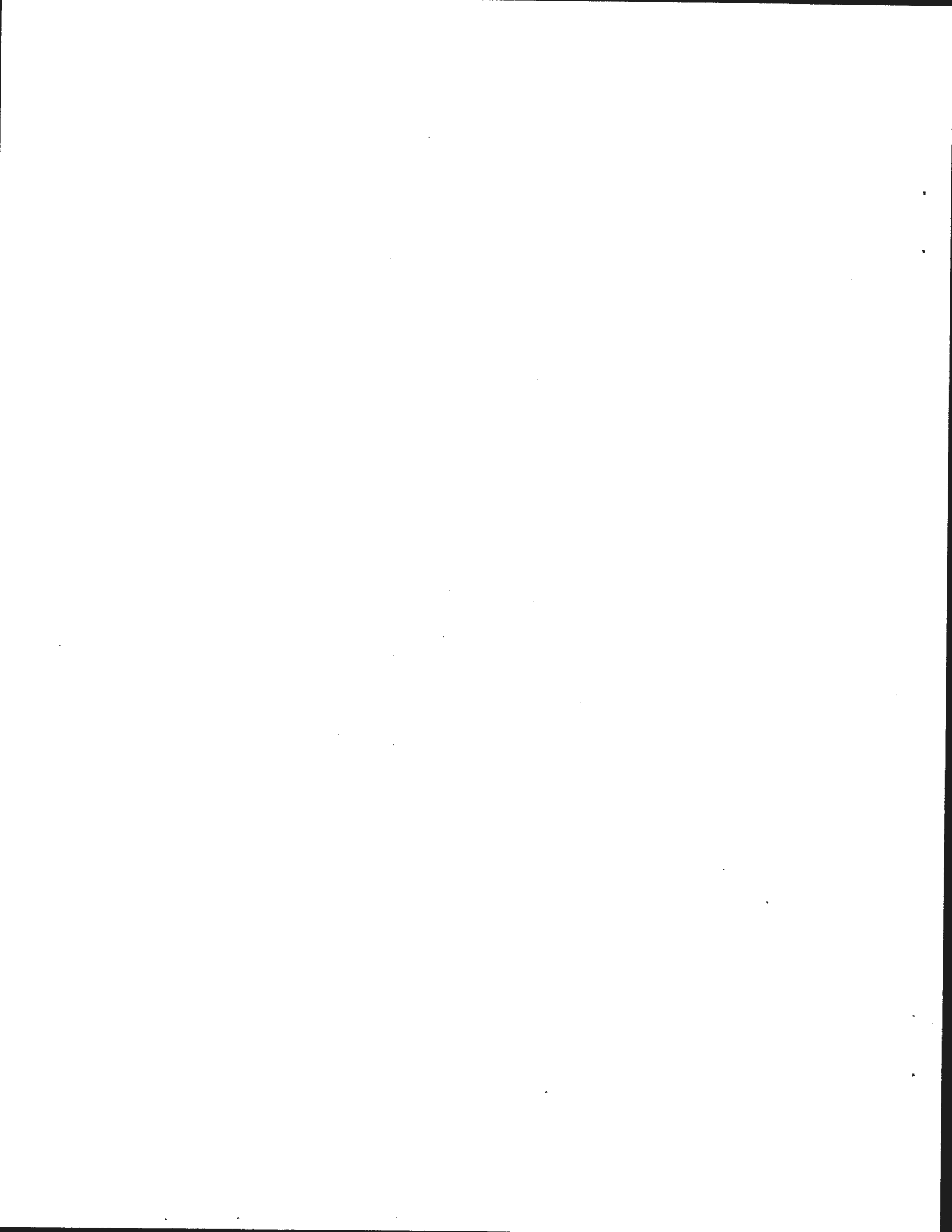
Rep. Dewey L. Hill  
PO Box 723  
Whiteville, NC 28472  
(910) 642-6044

Rep. Larry Shaw  
PO Box 1195  
Fayetteville, NC 28302  
(910) 323-5303

The Honorable Mollie Stephenson  
646 Aiken Parkway  
Fuquay-Varina, NC 27526

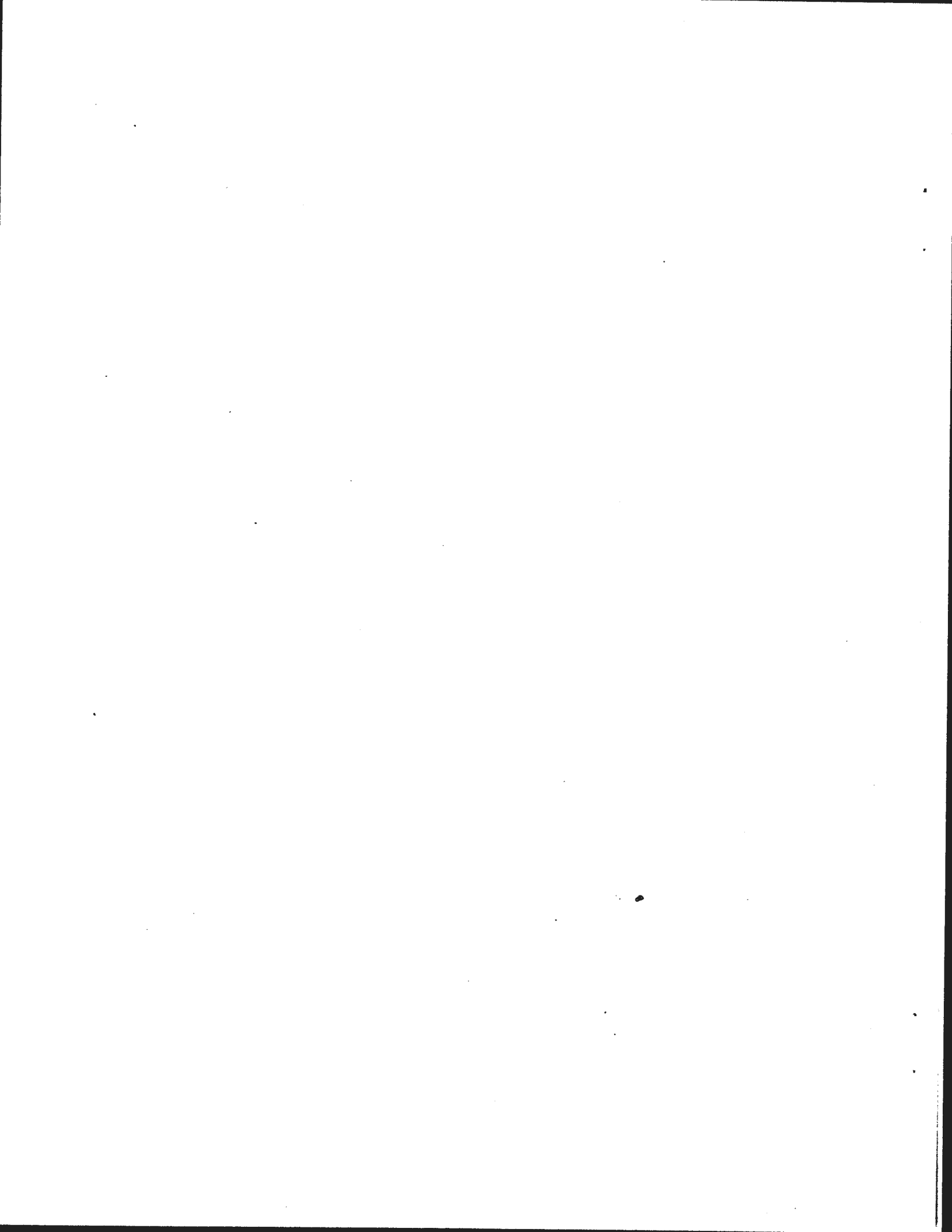
**Clerk:**

Ms. Judy Britt  
(919) 715-3030



**APPENDIX C**

**LEGISLATIVE PROPOSAL I:  
REINVESTMENT TAX CREDITS**



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S/H

D

97-RBZ-1A

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Reinvestment Tax Credits.

(Public)

---

Sponsors: Representative Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1 A BILL TO BE ENTITLED

2 AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES  
3 TO REHABILITATE HISTORIC STRUCTURES AND BUILDINGS THAT  
4 WERE BUILT BEFORE 1936.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-130.42 reads as rewritten:

7 "§ 105-130.42. Credit for rehabilitating an historic structure.

8 ~~(a) Income-producing historic structure. -- A taxpayer who makes qualifying~~  
9 ~~rehabilitation expenditures as defined in section 47 of the Code with respect to~~  
10 ~~a certified historic structure located in this State is allowed as a credit against~~  
11 ~~the tax imposed by this Division an amount equal to one-fourth of the federal~~  
12 ~~income tax credit under the Code for which the taxpayer is eligible for those~~  
13 ~~rehabilitation expenditures. A taxpayer who is allowed a credit against federal~~  
14 ~~income tax under section 47(a)(2) of the Code with respect to a certified~~  
15 ~~historic structure located in this State is allowed a credit against the tax~~  
16 ~~imposed by this Division. For the purposes of this subsection, the term~~  
17 ~~'qualifying rehabilitation expenditure' has the same meaning as defined in~~  
18 ~~section 47 of the Code.~~

19 (b) Non-income producing historic structure. -- A taxpayer who makes  
20 qualifying rehabilitation expenditures with respect to a certified historic  
21 structure located in this State is allowed a credit against the tax imposed by  
22 this Division. To claim the credit allowed by this subsection, the taxpayer  
23 must attach to the return a copy of the certification obtained from the State  
24 Historic Preservation Officer verifying that the historic structure has been

1 rehabilitated in accordance with this subsection. The following definitions  
2 apply in this subsection:

3 (1) Certified historic structure. -- A structure that is individually  
4 listed in the National Register of Historic Places or is certified  
5 by the State Historic Preservation Officer as contributing to  
6 the historic significance of a National Register Historic  
7 District or a locally designated historic district certified by the  
8 United States Department of the Interior.

9 (2) Certified rehabilitation. -- Repairs or alterations consistent  
10 with the Secretary of the Interior's Standards for  
11 Rehabilitation and certified as such by the State Historic  
12 Preservation Officer prior to the commencement of the work.  
13 The expenditures must, within a 24 month period, exceed ten  
14 thousand dollars (\$10,000). The North Carolina Historical  
15 Commission, in consultation with the State Historic  
16 Preservation Officer, may adopt rules needed to administer  
17 the certification process.

18 (3) Qualifying rehabilitation expenditures. -- Expenses incurred in  
19 the certified rehabilitation of a certified historic structure and  
20 added to the property's basis. The term does not include the  
21 cost of acquiring the property, the cost attributable to the  
22 enlargement of an existing building, the cost of sitework  
23 expenditures, or the cost of personal property.

24 (4) State Historic Preservation Officer. -- The Director of the  
25 Division of Archives and History or the Director's designee  
26 who acts to administer the historic preservation programs  
27 within the State.

28 (c) Credit. -- The amount of the credit allowed is equal to thirty percent  
29 (30%) of the qualifying rehabilitation expenditures. The entire credit may not  
30 be taken for the taxable year in which the property is placed in service but  
31 must be taken in five equal installments beginning with the taxable year in  
32 which the property is placed in service. Any unused portion of the credit may  
33 be carried forward for the succeeding five years. The credit allowed under this  
34 section may not exceed the amount of tax imposed by this Division for the  
35 taxable year reduced by the sum of all credits allowed under this Division,  
36 except payments of tax made by or on behalf of the taxpayer."

37 Section 2. Division I of Article 4 of Chapter 105 of the General  
38 Statutes is amended by adding a new section to read:

39 "§ 105-130.43. Credit for rehabilitating a pre-existing non-historic income-  
40 producing building.

41 A taxpayer who is allowed a credit against federal income tax under section  
42 47(a)(1) of the Code with respect to a building located in this State is allowed  
43 a credit against the tax imposed by this Division. The amount of credit  
44 allowed is equal to twenty-five percent (25%) of the qualified rehabilitation



1 expenditures. The term 'qualified rehabilitation expenditures' has the same  
2 meaning as defined in section 47 of the Code.

3 The entire credit may not be taken for the taxable year in which the property  
4 is placed in service but must be taken in five equal installments beginning with  
5 the taxable year in which the property is placed in service. Any unused  
6 portion of the credit may be carried forward for the succeeding five years. The  
7 credit allowed under this section may not exceed the amount of tax imposed by  
8 this Division for the taxable year reduced by the sum of all credits allowed  
9 under this Division, except payments of tax made by or on behalf of the  
10 taxpayer."

11 Section 3. G.S. 105-151.23 reads as rewritten:

12 **"§ 105-151.23. Credit for rehabilitating an historic structure.**

13 (a) Income-producing historic structure. -- A taxpayer who makes qualifying  
14 rehabilitation expenditures as defined in section 47 of the Code with respect to  
15 a certified historic structure located in this State is allowed as a credit against  
16 the tax imposed by this Division an amount equal to one-fourth of the federal  
17 income tax credit under the Code for which the taxpayer is eligible for those  
18 rehabilitation expenditures. A taxpayer who is allowed a credit against federal  
19 income tax under section 47(a)(2) of the Code with respect to a certified  
20 historic structure located in this State is allowed a credit against the tax  
21 imposed by this Division. For the purposes of this subsection, the term  
22 'qualifying rehabilitation expenditure' has the same meaning as defined in  
23 section 47 of the Code.

24 (b) Non-income producing historic structure. -- A taxpayer who makes  
25 qualifying rehabilitation expenditures with respect to a certified historic  
26 structure located in this State is allowed a credit against the tax imposed by  
27 this Division. To claim the credit allowed by this subsection, the taxpayer  
28 must attach to the return a copy of the certification obtained from the State  
29 Historic Preservation Officer verifying that the historic structure has been  
30 rehabilitated in accordance with this subsection. The following definitions  
31 apply in this subsection:

- 32 (1) Certified historic structure. -- A structure that is individually  
33 listed in the National Register of Historic Places or is certified  
34 by the State Historic Preservation Officer as contributing to  
35 the historic significance of a National Register Historic  
36 District or a locally designated historic district certified by the  
37 United States Department of the Interior.
- 38 (2) Certified rehabilitation. -- Repairs or alterations consistent  
39 with the Secretary of the Interior's Standards for  
40 Rehabilitation and certified as such by the State Historic  
41 Preservation Officer prior to the commencement of the work.  
42 The expenditures must, within a 24 month period, exceed ten  
43 thousand dollars (\$10,000). The North Carolina Historical  
44 Commission, in consultation with the State Historic

1           Preservation Officer, may adopt rules needed to administer  
2           the certification process.

3           (3) Qualifying rehabilitation expenditures. -- Expenses incurred in  
4           the certified rehabilitation of a certified historic structure and  
5           added to the property's basis. The term does not include the  
6           cost of acquiring the property, the cost attributable to the  
7           enlargement of an existing building, the cost of sitework  
8           expenditures, or the cost of personal property.

9           (4) State Historic Preservation Officer. -- The Director of the  
10           Division of Archives and History or the Director's designee  
11           who acts to administer the historic preservation programs  
12           within the State.

13           (c) Credit. -- The amount of the credit allowed is equal to thirty percent  
14           (30%) of the qualifying rehabilitation expenditures. The entire credit may not  
15           be taken for the taxable year in which the property is placed in service but  
16           must be taken in five equal installments beginning with the taxable year in  
17           which the property is placed in service. Any unused portion of the credit may  
18           be carried forward for the succeeding five years. The credit allowed under this  
19           section may not exceed the amount of tax imposed by this Division for the  
20           taxable year reduced by the sum of all credits allowed under this Division,  
21           except payments of tax made by or on behalf of the taxpayer."

22           Section 4. Division II of Article 4 of Chapter 105 of the General  
23 Statutes is amended by adding a new section to read:

24           "§ 105-151.23A. Credit for rehabilitating a pre-existing non-historic  
25           income-producing building.

26           A taxpayer who is allowed a credit against federal income tax under section  
27           47(a)(1) of the Code with respect to a building located in this State is allowed  
28           a credit against the tax imposed by this Division. The amount of credit  
29           allowed is equal to twenty-five percent (25%) of the qualified rehabilitation  
30           expenditures. The term 'qualified rehabilitation expenditures' has the same  
31           meaning as defined in section 47 of the Code.

32           The entire credit may not be taken for the taxable year in which the property  
33           is placed in service but must be taken in five equal installments beginning with  
34           the taxable year, in which the property is placed in service. Any unused  
35           portion of the credit may be carried forward for the succeeding five years. The  
36           credit allowed under this section may not exceed the amount of tax imposed by  
37           this Division for the taxable year reduced by the sum of all credits allowed  
38           under this Division, except payments of tax made by or on behalf of the  
39           taxpayer."

40           Section 5. This act is effective for taxable years beginning on or  
41 after January 1, 1998.

## LEGISLATIVE PROPOSAL I

### SECTION-BY-SECTION ANALYSIS

Legislative Proposal I does three things:

1. It extends the current income tax credit for rehabilitating an historic structure to include non-income producing property as well as income producing property.
2. It increases the amount of the credit for rehabilitating an historic structure from 5% of the rehabilitation expenditures taken in one year to 30% of the rehabilitation expenditures taken over five years. Any unused portion of the credit may be taken in the succeeding five years.
3. It creates an income tax credit for rehabilitating a building that was built before 1936. The amount of the credit is equal to 25% of the rehabilitating expenditures, taken over a five year period. Any unused portion of the credit may be taken in the succeeding five years.

Federal law provides a federal income tax credit for income producing, rehabilitated buildings. It provides a credit equal to 20% of qualified rehabilitation expenditures for *certified historic structures*. This credit is available for both residential, rental buildings and nonresidential buildings that are listed in the National Register or that are located in a registered historic district and certified as being of historic significance. It provides a credit equal to 10% of qualified rehabilitation expenditures for *qualified rehabilitated buildings first placed in service before 1936*. This credit is generally available only for nonresidential property.

This proposal continues to piggy-back the federal income tax credit for rehabilitating income producing certified historic structures. It creates a new State income tax credit for non-income producing certified historic structures. Lastly, it creates a new State tax credit for rehabilitating income producing buildings first placed in service before 1936 by piggy-backing the federal tax credit. By piggy-backing the federal tax credits that already exists, it alleviates the burden on taxpayers of having to comply with two different, but similar, credits. It also reduces the administrative time and expense involved in certifying compliance with the credits.

Sections 1 and 3 of the proposed bill allow an individual and corporate income tax credit for rehabilitating a certified historic structure. The proposal retains the current income tax credit for rehabilitating an income-producing historic structure. It expands the credit to include non-income producing property. To be eligible for the credit for rehabilitating a non-income producing historic structure, a taxpayer must attach a copy of the certification received from

the State Historic Preservation Office verifying that the improvements made are consistent with the Secretary of the Interior's Standards for Rehabilitation. The costs of the improvements must exceed \$10,000 over a 24 month period.

Unlike the current credit for rehabilitating a certified historic structure, which is 25% of the federal credit amount, the amount of the credit recommended by this proposal is equal to 30% of the qualified rehabilitating expenditures. The term "qualified rehabilitating expenditures" differs slightly depending upon whether the property is income producing or non-income producing.

Sections 2 and 4 create a State income tax credit for rehabilitating a building that existed prior to 1936. The credit piggy-backs the federal credit. The credit amount is equal to 25% of the rehabilitation expenditures, taken over a five year period. The credit under the Code is an amount equal to 10% of the rehabilitation expenditures, taken in one year. In both cases, the expenditures must be chargeable to a capital account and must be subject to straight line depreciation.

The proposal becomes effective for tax years beginning on or after January 1, 1998.

**Proposal : Reinvestment Tax Credits**

**Summary:** The bill allows individual and corporate income tax credits for expenditures to rehabilitate certified historic structures and structures built before 1936.

**Effective Date:** Effective for taxable years beginning on or after January 1, 1998.

**Fiscal Effect:**

	General Fund (\$millions)				
	FY97-98	FY98-99	FY99-00	FY00-01	FY01-02
<b>EXPENDITURES</b>					
RECURRING	(.049)	(.194)	(.201)	(.208)	(.216)
NON-RECURRING	(.004)	(.018)			
<b>REVENUES</b>					
Historic credit		(.445)	(1.825)	(3.625)	(5.755)
Pre 1936 credit					
Range		(.233)	(.465)	(.698)	(.931)
		to(.817)	to(1.633)	to(2.45)	to(3.267)

**State Historic Tax Credit**

The 1993 General Assembly provided investors with a 5% corporate and individual income tax credit for rehabilitating historic structures (GS 105-130.42 & GS 105-151.23). The state credit piggybacks on the 20% Federal Rehabilitation Investment Tax Credit. To be eligible for the credit, the building must be income-producing, the rehabilitation must be substantial, and the rehab costs must be incurred within 24 months. North Carolina has 2,000 listings of historic buildings, structures, sites, objects, and districts on the National Register of Historic Places. However, of the approximately 35,000 structures represented by the listings, only 6% are income producing and eligible for the credit. Since the credit became available in tax year 1994, the North Carolina State Historic Preservation Office reported the following building activity to the National Park Service:

Year	Projects	Rehab Costs	5% Credit
1994	26	\$9,608,766	\$480,438
1995	34	13,769,094	688,455
1996	32	22,102,493	1,105,125

The first credit in the draft bill will expand the state historic rehab tax credit by

- (1) Increasing the credit value to 30%,
- (2) Including owner-occupied residences, and
- (3) Lengthening the time to take the credit from 1 year to 5 years.

In the last seven years, the average number of income producing projects earning the federal credit each year was 29. The average project cost for the state 5% credit in the last three years was \$500,000 per project. The NC State Historic Preservation Office (SHPO) anticipates the new tax credit will be attractive to taxpayers and thus the number of renovation projects will grow. SHPO estimates the number of projects and the total project amounts (using \$500,000 per project) will be as follows:

1998	35	\$17,500,000
1999	40	20,000,000
2000	50	25,000,000
2001	55	27,500,000
2002	60	30,000,000

Although new to North Carolina, a rehabilitation tax credit for homeowners has been available to citizens of Colorado, Maryland, New Mexico, Rhode Island, Utah, and Wisconsin. The State Historical Society of Wisconsin reports a 50 to 75% growth rate over the last four years of its program. SHPO believes this tax credit will also prove to be popular in North Carolina as reflected in their numbers below. The numbers show completed projects and total project cost each year (based on \$40,000 per project).

1998	50	\$2,000,000
1999	75	3,000,000
2000	125	5,000,000
2001	200	8,000,000
2002	275	11,000,000

Using the SHPO estimates, a chart was produced to cost out the rehabilitation tax credit (see attached). The total project amount for each year is multiplied by 30% then allocated over a five year period. It is assumed that the credits will be taken on the annual tax return and not be subtracted from the estimated payments to the State Department of Revenue. In the first year of the credit, it is assumed that taxpayers will submit their paperwork to the SHPO in 1997 in order to get their projects underway and completed in tax year 1998. The chart also shows the current 5% tax credit kept at a flat rate based on 29 projects and \$500,000 per project. The current tax credit must be subtracted from the proposed credit to get the net impact to the General Fund.

## **Historic Credit Administrative Expense**

The State Historic Preservation Office (SHPO) has stated to the Fiscal Research Division that it will need additional personnel to handle the proposed historic rehabilitation tax credit program. Their request is presented in this note, but it has not been reviewed by the fiscal staff that work on the Appropriations Committee.

In FY 97-98, the Department requests a Facility Architect I to handle the increase in application reviews and technical consultations. Salary and fringes for this position are \$36,744 with an additional \$4,500 for furniture and equipment (one time expense) and \$2,000 for travel. The request also includes \$11,100 each year for printing tax credit guidelines (\$1,500), for travel and telephone expenses in providing technical services to applicants (\$3,500), for postage and supplies (\$2,100), and for the appeals process for denied projects (\$4,000).

In FY 98-99, the Department requests a Historic Preservation / Survey Specialist I to function as a National Register Reviewer for the increase in Register nominations. Salary, fringes and expenses for this position total \$40,426 minus \$4500 in one time cost of furniture and equipment. Also in FY 98-99, three Historic Preservation/ Restoration Specialist I's will be needed in the regional offices in Asheville, Greenville, and Raleigh. These specialists will provide rehabilitation technical services and do preliminary reviews of applications. The salary, fringes and expenses for these positions also equals \$40,426 each.

For estimating purposes, the salaries and fringes are increased 4% each year to project future year cost. All administrative expenses are kept constant.

## **Pre 1936 Tax Credit**

The second credit proposed by the bill is a 25% tax credit for rehabilitating income producing structures built before 1936. This credit piggybacks on the 10% federal credit for "substantial rehabilitation for nonresidential but depreciable purposes of buildings built before 1936" (NPS guidelines). According to unpublished IRS data, 1,750 individuals nationwide claimed the 10% federal credit in 1994 for a total cost to the US Treasury of \$17.7 million. The average credit amount received was \$10,127 and the average project size was \$101,270. In 1993, 6,103 individuals received an average credit of \$9,673 and the total cost of the program was \$59 million. The average rehab project in 1993 was \$96,730.

Given that only two years of data are available, the number of credits in 1993 and 1994 will serve as the high and low points for a range of estimates. The average rehab project cost for the two years was \$99,000. Since the data was derived from a sample of Form 3468's filed in 1993 and 1994, there is no data for individual states. This note will assume North Carolina's percentage of the credits will be equal to its proportion of the national population or 2.7%.

In the low estimate, North Carolina's share of the credits is 47 projects. With each project valued at \$99,000 each, the total rehab cost will be \$4,653,000. The new 25% credit will cost the state \$1,163,250, but will be spread over 5 years (see attached chart). This rate will be used in each year of the chart. It is assumed that the credits will be taken on the annual tax return and not be subtracted from the estimated payments to the State Department of Revenue. The first cost to the state will come in fiscal year 1998-99 when returns are filed in 1999. For the low estimate, the cost for this credit goes from \$232,650 in FY 1998-99 to \$1.16 million in FY 2002-03.

In the high estimate, North Carolina's share of the credits is 165 projects and the total rehab cost is \$16,335,000 (still using \$99,000 per project). The new 25% credit will cost the state \$4,083,750, but will be spread over 5 years. The same assumptions mentioned above will apply. For the high estimate, the cost for this credit goes from \$816,750 in FY 1998-99 to \$4.084 million in FY 2002-03.



# STATE HISTORIC REHABILITATION TAX CREDIT

## I. Income Producing Projects

	<u>FY 97-98</u>	<u>FY 98-99</u>	<u>FY 99-00</u>	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>	<u>FY 03-04</u>	<u>FY 04-05</u>
<b>Tax Year</b>								
1998		(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)		
1999			(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	
2000				(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
2001					(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)
2002						(1,800,000)	(1,800,000)	(1,800,000)
<b>Total</b>	-	<b>(1,050,000)</b>	<b>(2,250,000)</b>	<b>(3,750,000)</b>	<b>(5,400,000)</b>	<b>(7,200,000)</b>	<b>(6,150,000)</b>	<b>(4,950,000)</b>
<b>Current 5% Credit</b>		725,000	725,000	725,000	725,000	725,000	725,000	725,000

## II. Non-Income Producing Projects

	<u>FY 97-98</u>	<u>FY 98-99</u>	<u>FY 99-00</u>	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>	<u>FY 03-04</u>	<u>FY 04-05</u>
<b>Tax Year</b>								
1998		(120,000)	(120,000)	(120,000)	(120,000)	(120,000)		
1999			(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	
2000				(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
2001					(480,000)	(480,000)	(480,000)	(480,000)
2002						(660,000)	(660,000)	(660,000)
<b>Total</b>	-	<b>(120,000)</b>	<b>(300,000)</b>	<b>(600,000)</b>	<b>(1,080,000)</b>	<b>(1,740,000)</b>	<b>(1,620,000)</b>	<b>(1,440,000)</b>

## III. Proposed Credits - Current Credit

-	<b>(445,000)</b>	<b>(1,825,000)</b>	<b>(3,625,000)</b>	<b>(5,755,000)</b>	<b>(8,215,000)</b>	<b>(7,045,000)</b>	<b>(5,665,000)</b>
---	------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Notes: The projected number of projects and project amounts provided by NC State Historic Preservation Office.  
It is assumed a taxpayer will apply for the tax credit on the annual tax return and will not adjust his estimated payments.

# STATE PRE 1936 BUILDING REHAB CREDIT

## I. Low Estimate

	<b>FY 97-98</b>	<b>FY 98-99</b>	<b>FY 99-00</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Tax Year								
1998		(232,650)	(232,650)	(232,650)	(232,650)	(232,650)		
1999			(232,650)	(232,650)	(232,650)	(232,650)	(232,650)	
2000				(232,650)	(232,650)	(232,650)	(232,650)	(232,650)
2001					(232,650)	(232,650)	(232,650)	(232,650)
2002						(232,650)	(232,650)	(232,650)
<b>Total</b>	<b>-</b>	<b>(232,650)</b>	<b>(465,300)</b>	<b>(697,950)</b>	<b>(930,600)</b>	<b>(1,163,250)</b>	<b>(930,600)</b>	<b>(697,950)</b>

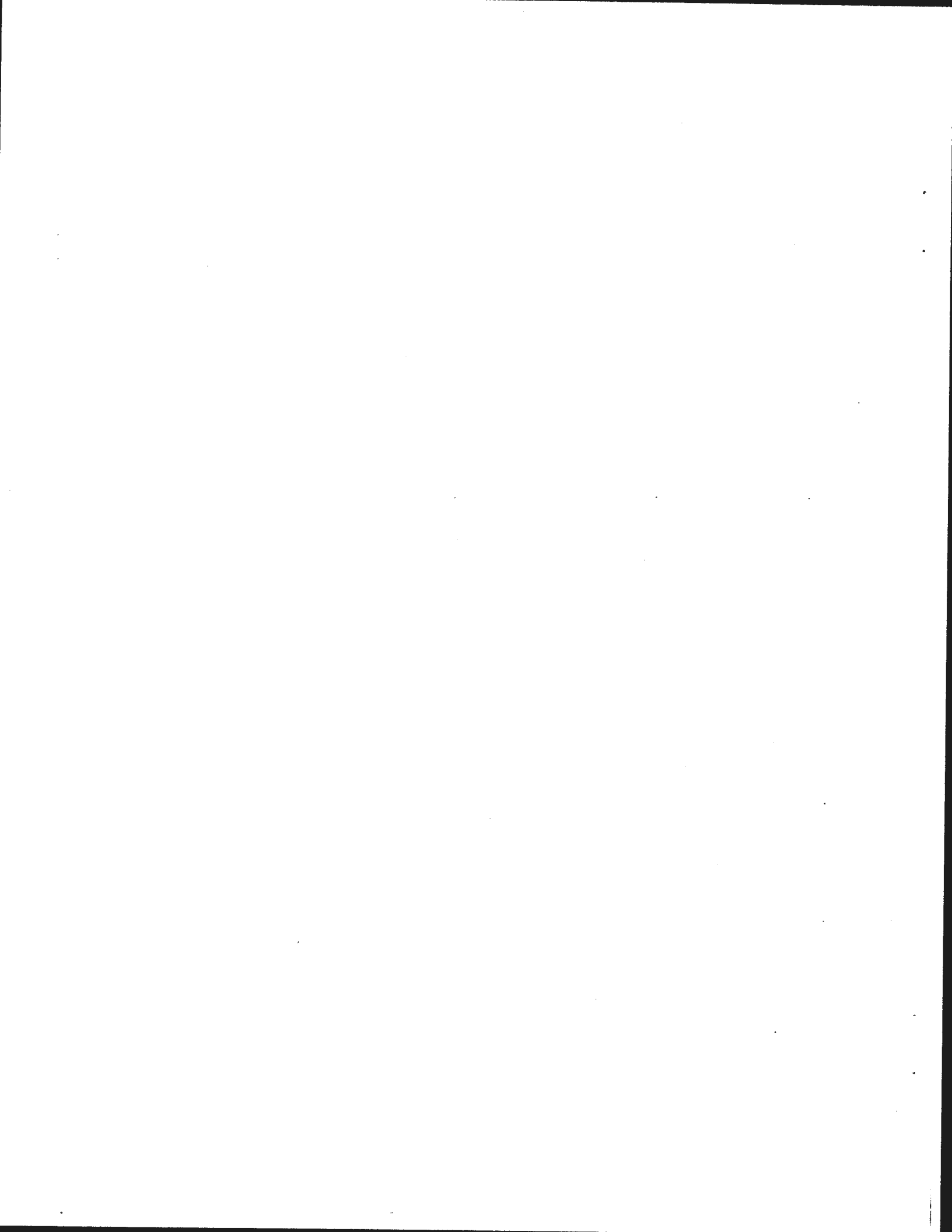
## II. High Estimate

	<b>FY 97-98</b>	<b>FY 98-99</b>	<b>FY 99-00</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Tax Year								
1998		(816,750)	(816,750)	(816,750)	(816,750)	(816,750)		
1999			(816,750)	(816,750)	(816,750)	(816,750)	(816,750)	
2000				(816,750)	(816,750)	(816,750)	(816,750)	(816,750)
2001					(816,750)	(816,750)	(816,750)	(816,750)
2002						(816,750)	(816,750)	(816,750)
<b>Total</b>	<b>-</b>	<b>(816,750)</b>	<b>(1,633,500)</b>	<b>(2,450,250)</b>	<b>(3,267,000)</b>	<b>(4,083,750)</b>	<b>(3,267,000)</b>	<b>(2,450,250)</b>

28

**APPENDIX D**

**LEGISLATIVE PROPOSAL II:  
DOWNTOWN LOAN GUARANTEE FUND**



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S/H

D

97-RBZ-2B

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Downtown Loan Guarantee Fund.

(Public)

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A DOWNTOWN LOAN GUARANTEE FUND THAT  
3 WILL GUARANTEE TWENTY-FIVE PERCENT OF ELIGIBLE LOANS  
4 MADE BY PARTICIPATING LENDING INSTITUTIONS FOR  
5 DOWNTOWN DEVELOPMENT.  
6 The General Assembly of North Carolina enacts:  
7 Section 1. Article 10 of Chapter 143B of the General Statutes is  
8 amended by adding a new Part to read:  
9 "Part 16. Downtown Loan Guarantee Program.  
10 "§ 143B-472.40. Purpose and intent.  
11 (a) Downtown Loan Guarantee Fund. -- The Downtown Loan Guarantee  
12 Fund is created as a special revenue fund. Revenue in the Fund does not  
13 revert at the end of a fiscal year, and interest and other investment income  
14 earned by the Fund accrues to the Fund. The Department of Commerce shall  
15 administer the Fund or may contract for the administration of the Fund.  
16 (b) Downtown Loan Guarantee Program. -- The Fund shall be used to  
17 guarantee a private loan made by a federally insured lending institution for  
18 downtown economic development. The guarantee may not exceed twenty-five  
19 percent (25%) of the amount of the unpaid balance of the loan or one  
20 hundred twenty-five thousand dollars (\$125,000), whichever is less. The loan  
21 proceeds must be used for building purchase or rehabilitation. The term of the  
22 loan may not exceed 20 years and must be callable at up to seven years. The  
23 loan applicant must invest equity of at least ten percent (10%) of the project

1 amount. The Fund shall charge a fee of one percent (1%) of the guaranteed  
2 amount of a loan.

3 (c) Defined Downtown Area. -- Local municipalities shall define, for  
4 purposes of this Fund, the boundaries of the 'downtown area' qualified for  
5 loan guarantees. The local government body must adopt a map showing the  
6 downtown boundaries and the map must be certified by the municipal clerk.

7 (d) Application for Loan Guarantee. -- A participating lender may apply to  
8 the Department of Commerce for a loan guarantee on behalf of a loan  
9 applicant. The application must include the following:

10 (1) Borrower's name.

11 (2) Borrower's address and business address, if it is different.

12 (3) Loan amount.

13 (4) Terms of the loan.

14 (5) Purpose of the loan.

15 (6) A copy of a certified map showing the downtown boundaries  
16 of the city in which the Borrower's business is located and the  
17 location of the business on the map.

18 (e) Loan Guarantee Approvals. -- All guarantees must be approved by the  
19 Department of Commerce. The approval must be based on the location of the  
20 business in a designated downtown area. The total amount of guarantees  
21 issued may not exceed three times the amount of money in the Fund. The  
22 Department may not pledge any money other than money in the Fund for  
23 payment of a loss. No action by the Department constitutes the creation of a  
24 debt secured by a pledge of the taxing power or of the faith and credit of the  
25 State or any of its political subdivisions. The face of each guarantee issued  
26 must contain a statement that the Department is obligated to pay the guarantee  
27 only from the revenue in the Fund and that neither the taxing power nor the  
28 faith and credit of the State or any of its political subdivisions is pledged in  
29 payment of the guarantee.

30 (f) Disbursements. -- The Department of Commerce shall pay a participating  
31 lender the amount owed under a guarantee on a defaulted loan upon  
32 certification of the lender that all collateral for that loan that can be reasonably  
33 liquidated has been liquidated."

34 Section 2. There is appropriated from the General Fund to the  
35 Downtown Loan Guarantee Fund, created by this act, the sum of five million  
36 dollars (\$5,000,0000) for the 1997-98 fiscal year.

37 Section 3. This act becomes effective July 1, 1997.

38

## LEGISLATIVE PROPOSAL II

### SECTION-BY-SECTION ANALYSIS

Legislative Proposal II establishes a fund to provide a 25% guarantee for loans made by federally insured lending institutions to a person investing in a downtown property or business. The proposal does not target any specific industry or group. The proposal establishes few criteria for eligibility. As the proposal now reads, the lending institutions will not use relaxed approval guidelines. The purpose of the proposal is to encourage lending institutions to make marginal loans in downtown areas that, using their standard equity guidelines, could not be made without this guarantee.

The proposal provides that the guarantee may not exceed 25% of the amount of the unpaid balance of the loan or \$125,000, whichever is less. The loan must be used for building purchase or renovation in a downtown area and the loan applicant must invest equity of at least 10% of the project amount. The term of the loan cannot exceed 20 years and it must be callable at up to seven years. The seven year call allows the State's guarantee on the loan to be extinguished at the end of seven years. The interest rate would be determined between the lending institution and the loan applicant. The proposal provides that a fee of 1% of the guaranteed amount of the loan would be charged. The fee prevents frivolous use of the Fund.

There would be little State involvement with the loan process. The local lending institutions would look for good loans that they could not approve based upon their standard underwriting criteria. In situations where the 25% guarantee could make a difference, the lending institution could apply for a guarantee on behalf of the loan applicant. A certified map showing the downtown boundaries of the city or town, as determined by the local governing body, and the business's location in the city or town, would need to be attached to the application.

The application would need to be approved by the Department of Commerce. The only basis upon which the guarantee can be approved is that it is located in a downtown area. Money from the Fund would be dispersed only in the event of a loan default. In practice, it is hoped that very little, if any, of the State's principal will be used. Based on this assumption, the proposal provides that the total amount of guarantees issued may not exceed three times the amount of money in the Fund. The proposal specifies that the Department may not pledge any money other than money in the Fund for payment of a loss. To

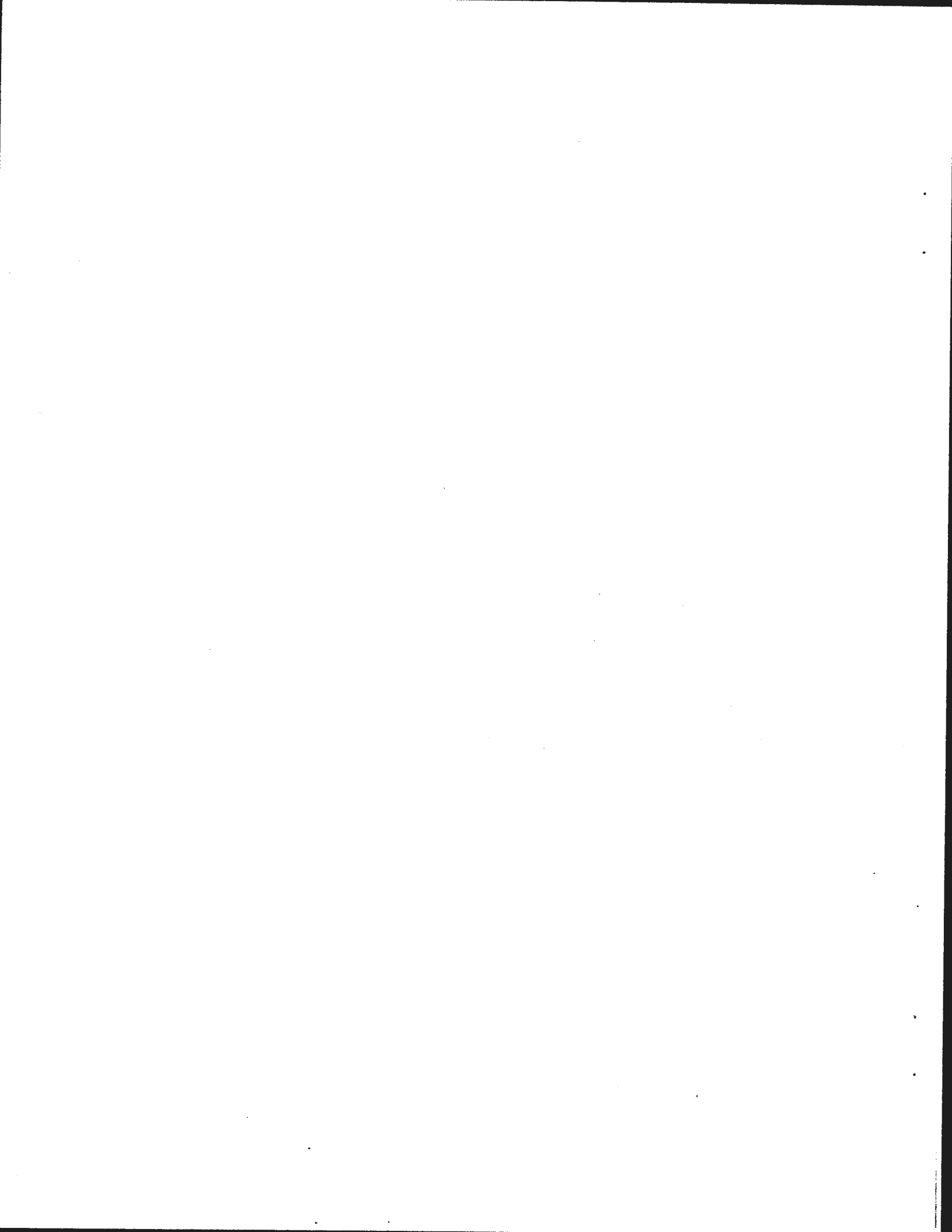
collect money from the Fund, a participating lender would need to certify that all collateral for the loan that could be reasonably liquidated has been liquidated.

The proposal seeks a five million dollar (\$5,000,000) appropriation for the Fund during the fiscal year 1997-98. This appropriation would permit the Department to issue \$15,000,000 worth of downtown loan guarantees and could result in the leveraging of more than \$60,000,000. The proposal would become effective July 1, 1997.



**APPENDIX E**

**LEGISLATIVE PROPOSAL III:  
MAIN STREET INCENTIVE FUND**



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

SH

D

97-RBZ-3

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Main Street Incentive Fund.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO RECAPITALIZE THE MAIN STREET FINANCIAL  
3 INCENTIVE FUND.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. There is appropriated from the General Fund to the  
6 Department of Commerce the sum of five million dollars (\$5,000,000) for the  
7 fiscal year 1997-98 for the Main Street Financial Incentive Fund.  
8           Sec. 2. This act becomes effective July 1, 1997.

## LEGISLATIVE PROPOSAL III

### SECTION-BY-SECTION ANALYSIS

Legislative Proposal III appropriates \$5 million from the General Fund to the Main Street Financial Incentive Fund for the 1997-98 fiscal year.

The General Assembly created the Main Street Financial Incentive Fund in 1989. The Legislature appropriated \$1 million to the Fund. As of July 31, 1996, the Fund had disbursed \$1,043,705. This amount was able to leverage \$21,080,030 in private investments and another \$1,198,102 in local public dollars. The investments supported the creation of 79 new businesses and 432.5 new jobs, plus the retention of 12 businesses and 423.5 jobs. *Main Street Financial Incentive Fund Annual Report to the Joint Legislative Commission on Governmental Operations.*

As of June 30, 1996, the total amount of funds in the MSFIF account was \$102,033.19. The total unallocated amount was \$7,433.19. By statute, the minimum grant amount is \$20,000.

The money in the Fund is available to North Carolina cities affiliated with the North Carolina Main Street Center. Since 1980, the NCMSC has traditionally selected five communities every two years to participate in the program. There are currently 41 communities designated as Main Street Communities. A list of the 41 communities designated as Main Street Communities is attached to this explanation.

The money in the Fund must be used for the following eligible activities:

1. The acquisition or rehabilitation of properties in connection with private investment in a designated downtown area.
2. The establishment of a revolving loan programs for private investment in a designated downtown area.
3. The subsidization of interest rates for these revolving loan programs.
4. The establishment of facade incentive grants in connection with private investment in a designated downtown area.
5. Market studies, design studies, design assistance, or strategic planning efforts, provided the activity can be shown to lead directly to private investment in a designated downtown area.
6. Any approved project that provides construction or rehabilitation in a designated downtown area and can be shown to lead directly to private investment in the designated downtown area.

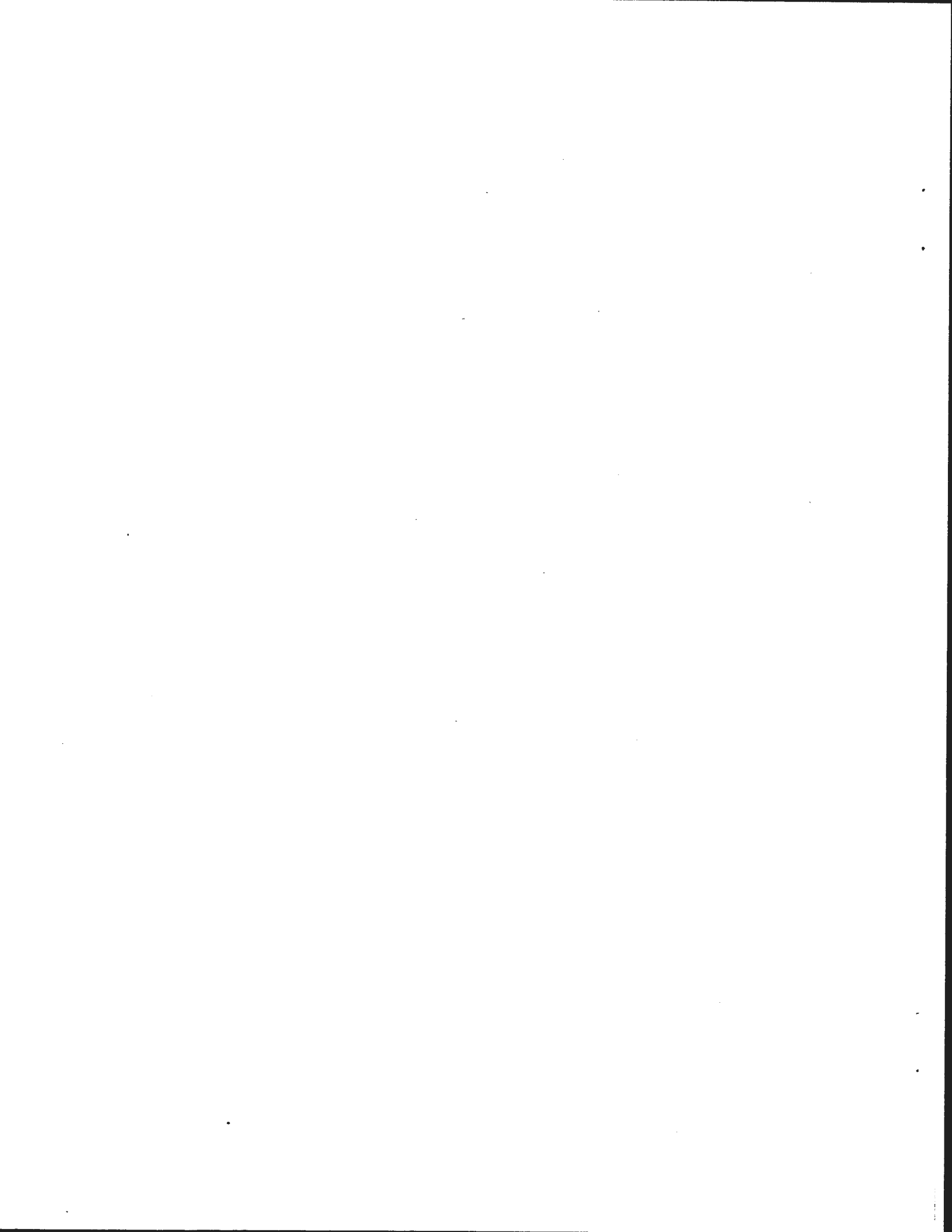
7. Public improvements and public infrastructure within a designated downtown area, provided these improvements are necessary to create or stimulate private investment in the designated downtown area.

## MAIN STREET COMMUNITIES

- |      |  |      |  |
|------|--|------|--|
| 1980 | New Bern<br>Salisbury<br>Shelby<br>Tarboro<br>Washington                           | 1982 | Clinton<br>Morganton<br>Statesville<br>Rocky Mount (not active)<br>Wilson            |
| 1984 | Goldsboro<br>Lenoir<br>Reidsville<br>Sanford<br>Wadesboro                          | 1986 | Henderson<br>Hendersonville<br>Kinston<br>Smithfield<br>Waynesville                  |
| 1988 | Burlington<br>Elizabeth City<br>Lumberton<br>Mooreville<br>Mount Airy (not active) | 1990 | Aberdeen (not active)<br>Concord<br>Franklin (not active)<br>Newton<br>Rutherfordton |
| 1991 | Mocksville<br>Southport<br>Spruce Pine (not active)                                | 1993 | Albemarle<br>Boone<br>Brevard<br>Lexington   |
| 1995 | Farmville<br>Lincolnton<br>Roxboro<br>Sylva  |      |  |

**APPENDIX F**

**LEGISLATIVE PROPOSAL IV:  
DOWNTOWN DATABASE**





GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1995

D

97-RGZ-001  
THIS IS A DRAFT 2-JAN-97 13:29:51

Short Title: Downtown Database.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE THE DEPARTMENT OF COMMERCE TO  
3 MAINTAIN A DATABASE OF DOWNTOWN PROPERTIES AVAILABLE  
4 FOR INDUSTRIAL RECRUITMENT.  
5 The General Assembly of North Carolina enacts:  
6           Section 1. G.S. 143B-431 is amended by adding a new subsection  
7 (c1) to read:  
8       "(c1) The Department of Commerce shall maintain a computerized database  
9 of downtown properties available for industrial recruitment and shall make  
10 information contained in the database available to the public including  
11 industry, municipalities, and counties."  
12           Sec. 2. This act becomes effective July 1, 1997.

## LEGISLATIVE PROPOSAL IV

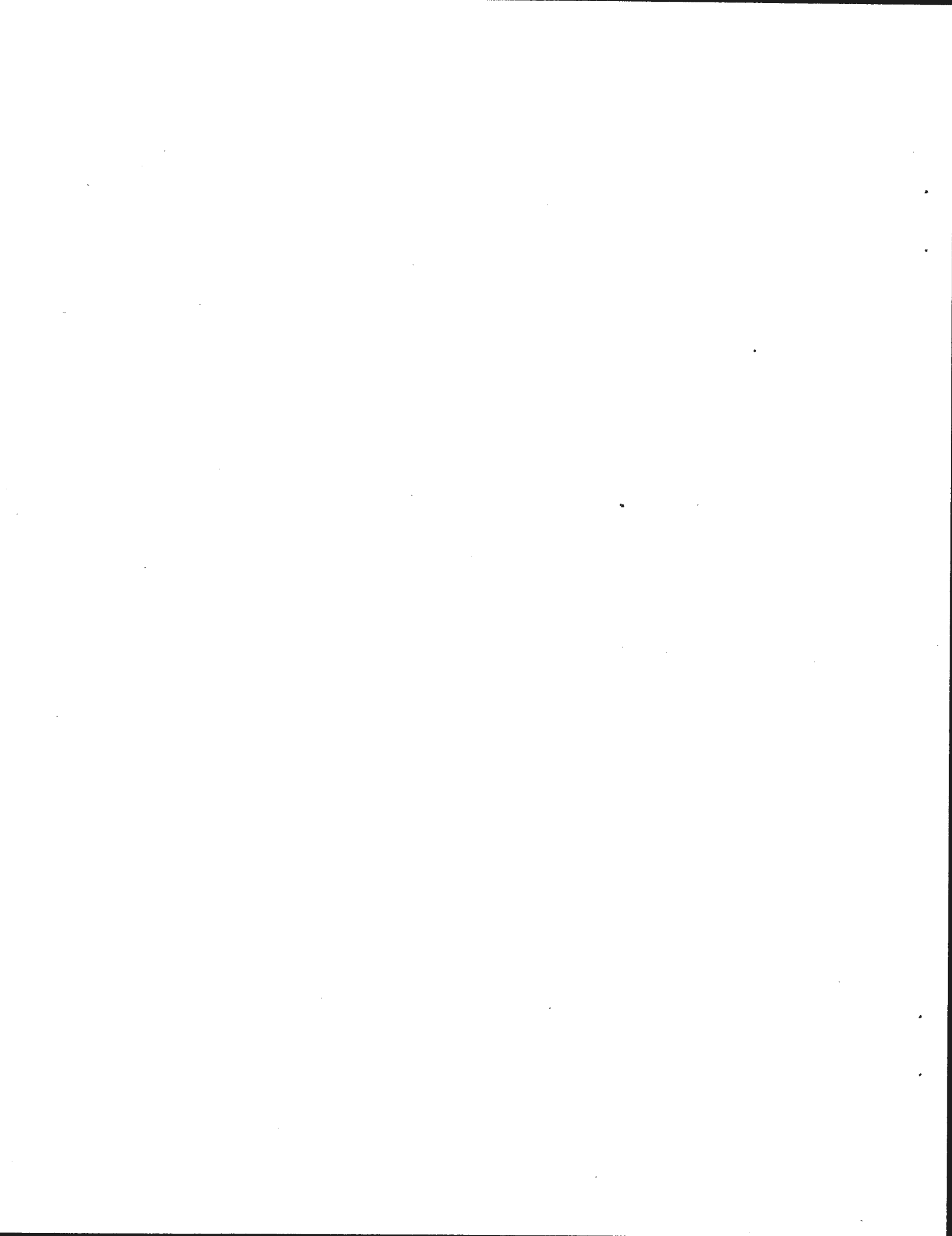
### SECTION-BY-SECTION ANALYSIS

The proposed legislation requires the Department of Commerce to maintain a computerized database of properties in downtown areas which are available for industrial recruitment. The information is to be available to the public, particularly to industry and local governments.

The bill would become effective July 1, 1997.

**APPENDIX G**

**LEGISLATIVE PROPOSAL V:  
BUILDING CODE OFFICIALS/TRAINING**



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1995

D

97-RGZ-003  
THIS IS A DRAFT 2-JAN-97 13:30:47

Short Title: Building Code Officials/Training.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE TRAINING FOR BUILDING CODE  
3 ENFORCEMENT OFFICIALS IN THE INSPECTION AND REVIEW OF  
4 EXISTING BUILDINGS AND HISTORIC STRUCTURES.

5 The General Assembly of North Carolina enacts:

6 Section 1. The Department of Insurance, Engineering Division  
7 shall conduct training of Code-enforcement officials in the renovation of old  
8 and historic structures, federal standards imposed for rehabilitation of historic  
9 buildings, and the use of Volume IX of the North Carolina Building Code  
10 dealing with existing buildings.

11 Sec. 2. There is appropriated from the General Fund to the  
12 Department of Insurance, Engineering Division the sum of twenty five  
13 thousand dollars (\$25,000) for the 1997-98 fiscal year and the sum of twenty  
14 five thousand dollars (\$25,000) for the 1998-99 fiscal year to implement the  
15 provisions of this act.

16 Sec. 3. This act becomes effective July 1, 1997.

## LEGISLATIVE PROPOSAL V

### SECTION BY SECTION ANALYSIS

Section 1 of the proposed legislation directs the Department of Insurance, Engineering Division to conduct training of Code-enforcement officials in the renovation of old and historic structures, federal requirements for rehabilitation of historic structures, and the use of Volume IX of the North Carolina Building Code dealing with existing buildings.

Section 2 of the bill appropriates to the Department twenty-five thousand dollars for each fiscal year to conduct the training. This figure provides for the training of all 800 building inspectors across the State including class costs, salaries, and travel costs.

The bill would become effective July 1, 1997.

**APPENDIX H**

**LEGISLATIVE PROPOSAL VI:  
BUILDING CODE STUDY**





**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1995**

**D**

97-RGZ-004

**THIS IS A DRAFT 2-JAN-97 13:33:30**

Short Title: Building Code Study.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

**A BILL TO BE ENTITLED**

1  
2 **AN ACT TO PROVIDE FOR A STUDY BY THE LEGISLATIVE RESEARCH**  
3 **COMMISSION OF ISSUES RELATED TO THE ENFORCEMENT OF**  
4 **THE BUILDING CODE AND QUALIFICATIONS OF CODE**  
5 **ENFORCEMENT OFFICIALS.**

6 The General Assembly of North Carolina enacts:

7       Section 1. The Legislative Research Commission is authorized to  
8 study issues related to the North Carolina State Building Code including the  
9 requirements for initial certification of Code-enforcement officials, the  
10 imposition of requirements for annual recertification of Code-enforcement  
11 officials, possible suspension and other penalties for Code-enforcement officials  
12 who fail to correctly apply the Code, increased penalties for builders and  
13 others who violate the Code, and coordination between the Building Code  
14 Council and the Code Officials Qualification Board on changes to the Code and  
15 the enforcement of those changes.

16       Sec. 2. This act is effective when it becomes a law.  
17

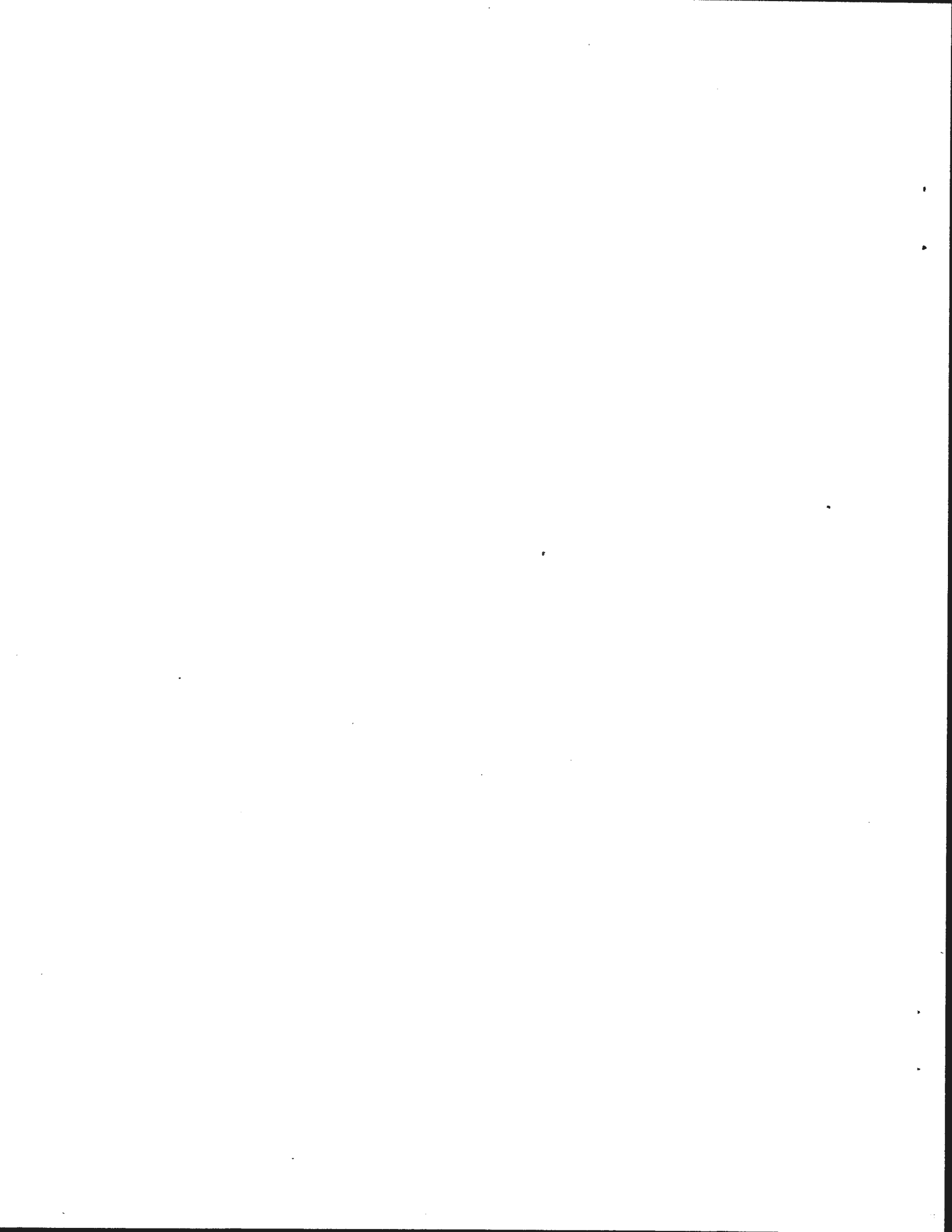
## LEGISLATIVE PROPOSAL VI

### SECTION-BY-SECTION ANALYSIS

Legislative Proposal VI authorizes the Legislative Research Commission to conduct a study of issues related to the North Carolina State Building Code including certification and recertification requirements for Code-enforcement officials, penalties for officials who fail to correctly apply the Code, and increased penalties for builders and others who violate Code provisions.

**APPENDIX I**

**LEGISLATIVE PROPOSAL VII:  
MEMBERSHIP/BUILDING CODE COUNCIL**



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

97-RGZ-002  
THIS IS A DRAFT 2-JAN-97 13:54:16

Short Title: Membership/Building Code Council.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO ADD A DOWNTOWN DEVELOPMENT REPRESENTATIVE  
3 TO THE MEMBERSHIP OF THE BUILDING CODE COUNCIL.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. G.S. 143-136(a) reads as rewritten:  
6       "(a) Creation; Membership; Terms. -- There is hereby created a Building  
7 Code Council, which shall be composed of ~~15~~ 16 members appointed by the  
8 Governor, consisting of one registered architect, one licensed general  
9 contractor, one registered architect or licensed general contractor specializing  
10 in residential design or construction, one registered engineer practicing  
11 structural engineering, one registered engineer practicing mechanical  
12 engineering, one registered engineer practicing electrical engineering, one  
13 licensed plumbing and heating contractor, one municipal or county building  
14 inspector, one licensed liquid petroleum gas dealer/contractor involved in the  
15 design of natural and liquid petroleum gas systems who has expertise and  
16 experience in natural and liquid petroleum gas piping, venting and appliances,  
17 a representative of the public who is not a member of the building construction  
18 industry, a licensed electrical contractor, a registered engineer on the  
19 engineering staff of a State agency charged with approval of plans of State-  
20 owned buildings, a municipal elected official or city manager, a county

1 commissioner or county manager, a representative of a downtown development  
2 group or association, and an active member of the North Carolina fire service  
3 with expertise in fire safety. In selecting the municipal and county members,  
4 preference should be given to members who qualify as either a registered  
5 architect, registered engineer, or licensed general contractor. Of the members  
6 initially appointed by the Governor, three shall serve for terms of two years  
7 each, three shall serve for terms of four years each, and three shall serve for  
8 terms of six years each. Thereafter, all appointments shall be for terms of six  
9 years. The Governor may remove appointive members at any time. Neither the  
10 architect nor any of the above named engineers shall be engaged in the  
11 manufacture, promotion or sale of any building material, and any member who  
12 shall, during his term, cease to meet the qualifications for original appointment  
13 (through ceasing to be a practicing member of the profession indicated or  
14 otherwise) shall thereby forfeit his membership on the Council. In making new  
15 appointments or filling vacancies, the Governor shall ensure that minorities and  
16 women are represented on the Council.

17 The Governor may make appointments to fill the unexpired portions of any  
18 terms vacated by reason of death, resignation, or removal from office. In  
19 making such appointment, he shall preserve the composition of the Council  
20 required above."

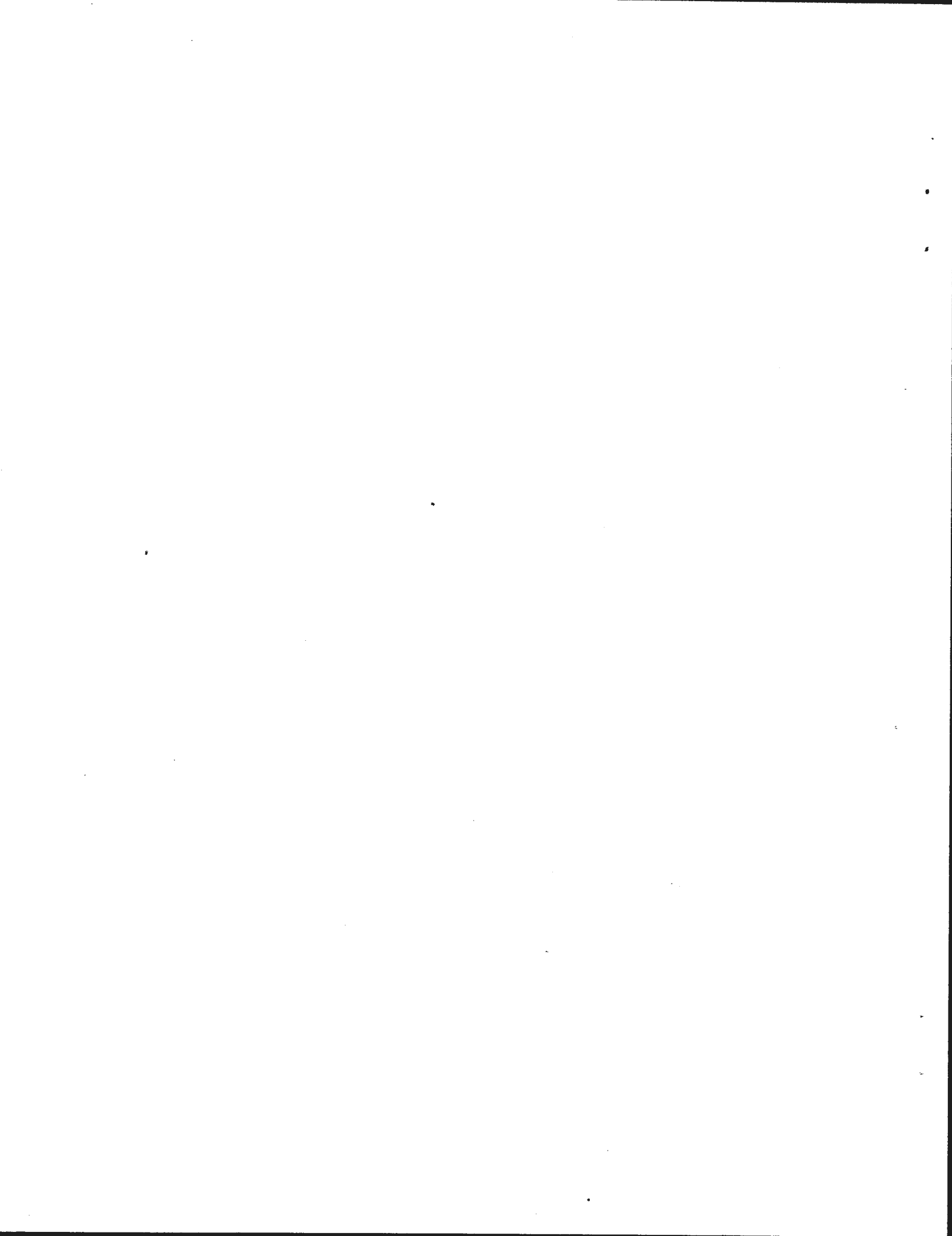
21 Sec. 2. This act becomes effective October 1, 1997.

## LEGISLATIVE PROPOSAL VII

### SECTION-BY-SECTION ANALYSIS

Legislative Proposal VII adds to the membership of the of the North Carolina Building Code Council a representative of a downtown development group or association. This additional member increases the membership of the Council from 15 to 16 members. All members are appointed by the Governor.

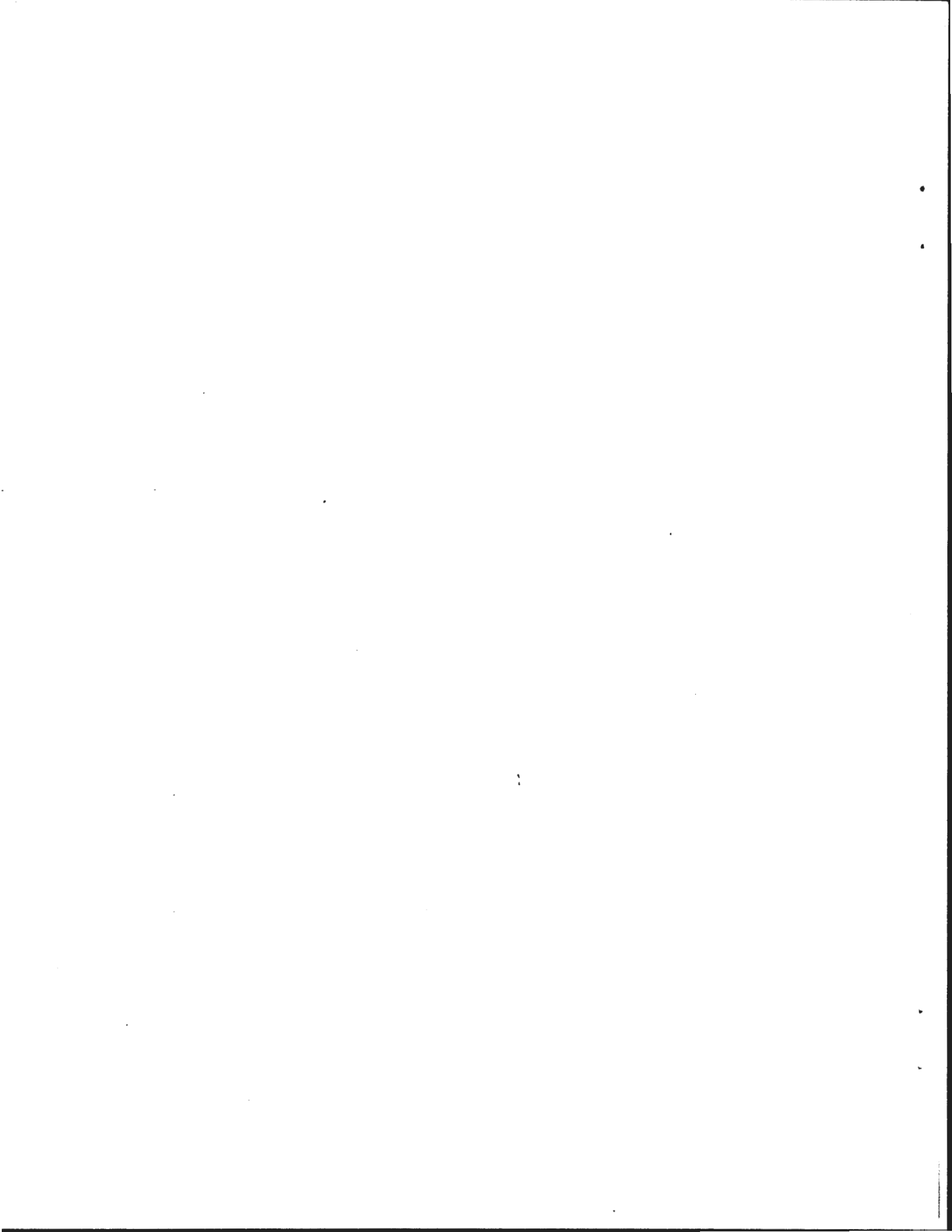
This act becomes effective October 1, 1996.





**APPENDIX J**

**LEGISLATIVE PROPOSAL VIII:  
HOUSING TRUST FUND/DOWNTOWNS**



**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1995**

**D**

**97-RGZ-005  
THIS IS A DRAFT 2-JAN-97 13:57:47**

Short Title: Housing Trust Fund/Downtowns.

(Public)

---

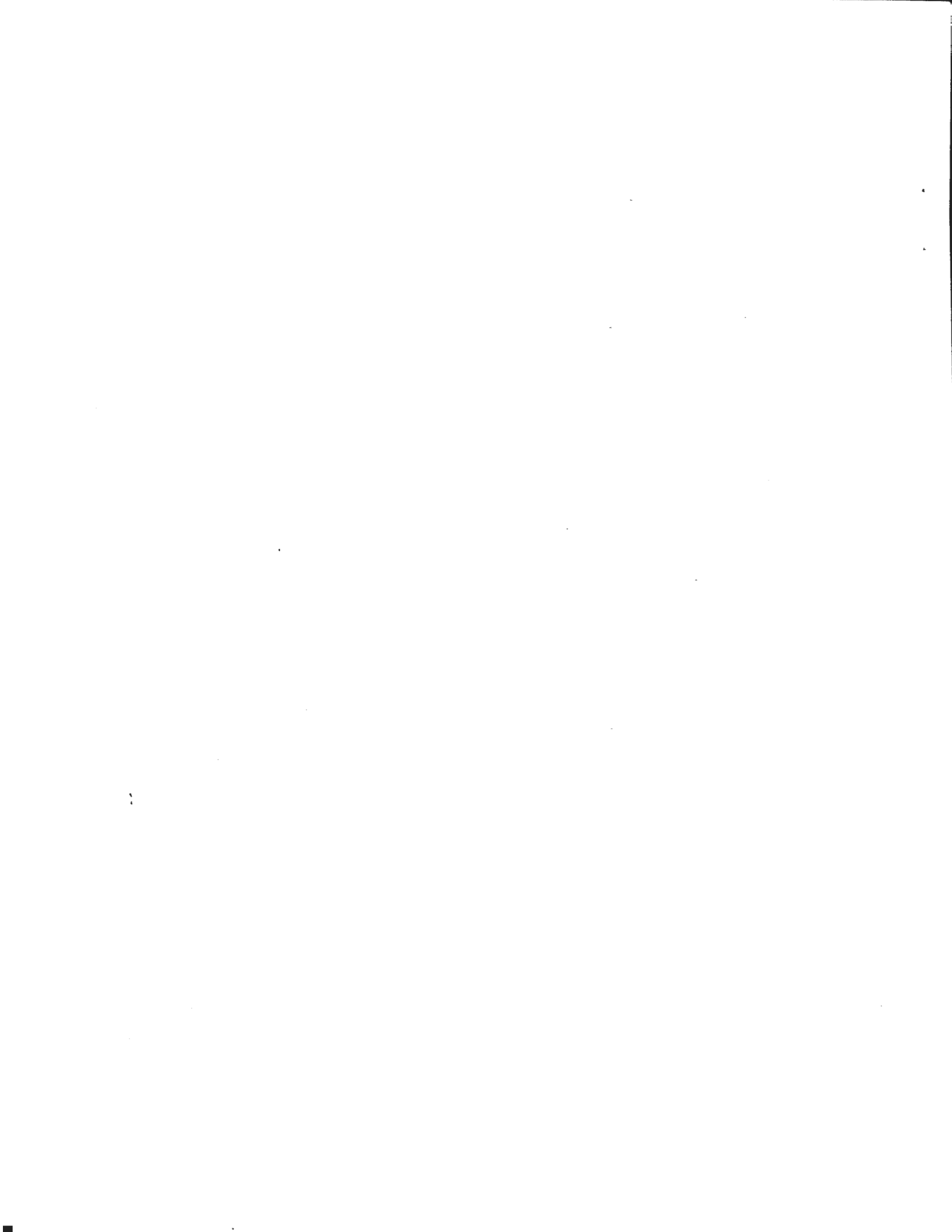
Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO DIRECT THE HOUSING FINANCE AGENCY TO EXAMINE  
3 THE USE OF FUNDS FROM THE HOUSING TRUST FUND IN  
4 DOWNTOWN AREAS.  
5 The General Assembly of North Carolina enacts:  
6           Section 1. The Housing Finance Agency shall examine the use of  
7 funds from the Housing Trust Fund in downtown areas. The Housing Finance  
8 Agency shall report to the Joint Legislative Commission on Governmental  
9 Operations on or before July 1, 1998 on the allocation of funds to downtown  
10 areas including the number and location of projects financed from the Fund in  
11 downtowns.  
12           Sec. 2. This act becomes effective July 1, 1997.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

97-RGZ-006  
THIS IS A DRAFT 2-JAN-97 13:59:56

Short Title: Downtown Revitalization Study.

(Public)

---

Sponsors: Representatives Davis, Brawley, Fox, and Hill.

---

Referred to:

---

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION  
3 TO STUDY DOWNTOWN REVITALIZATION.

4 The General Assembly of North Carolina enacts:

5 Section 1. The Legislative Research Commission is authorized to  
6 continue its study of ways to encourage the revitalization of downtown areas.

7 This study may include the following:

- 8 (1) Tax credits and incentives to encourage commercial and  
9 residential investments in downtown areas, including the use  
10 of enterprise zones.  
11 (2) A constitutional amendment to allow counties and cities to  
12 provide reduced property tax values and lower property tax  
13 rates for property located in a downtown area.  
14 (3) Tax increment financing.  
15 (4) Increased local input in ABC licensing decisions.  
16 (5) Regulation of abandoned building.  
17 (6) The role of municipalities in the future needs of the State.

18 Sec. 2. This act is effective when it becomes a law.  
19

## LEGISLATIVE PROPOSAL IX

### SECTION-BY-SECTION ANALYSIS

This proposal would authorize the Legislative Research Commission to continue its study of downtown revitalization, including further study of tax credits and incentives, reduced property tax rates for downtowns, tax increment financing, ABC licensing decisions, regulation of abandoned buildings, and the role of municipalities in the State's future.

