

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 186

Short Title: GPAC/Review Future Development Nonprofits.

(Public)

Sponsors: Senators Perdue; and Martin of Guilford.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
2 PERFORMANCE AUDIT COMMITTEE THAT FUTURE LEGISLATION
3 FUNDING NONPROFIT CORPORATIONS TO CONDUCT ECONOMIC
4 DEVELOPMENT ACTIVITY SHOULD CLARIFY THEIR PURPOSES AND
5 PROVIDE FOR PERIODIC, COMPREHENSIVE REVIEW.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. The General Assembly finds that:

9 (1) The General Assembly has established, directly or indirectly, the
10 following four special purpose nonprofit agencies to conduct economic
11 development activities:

- 12 a. The North Carolina Biotechnology Center.
- 13 b. The MCNC (Microelectronics Center of North Carolina).
- 14 c. The Rural Economic Development Center, Inc.
- 15 d. The Technological Development Authority, Inc.

16 (2) The mission of each of these nonprofits is as follows:

- 17 a. The mission of the Biotechnology Center is to provide long-
18 term economic benefit to North Carolina through support of
19 biotechnology research, development, and commercialization
20 statewide.
- 21 b. The mission of the MCNC is to accelerate the use of emerging
22 electronics technologies through innovation and market-driven
23 applications that improve quality of life.

- 1 c. The mission of the Rural Economic Development Center is to
2 develop and advocate innovative strategies to help stimulate
3 economic growth and job creation throughout the State's rural
4 areas.
- 5 d. The mission of the Technological Development Authority is to
6 increase the rate at which new jobs are created in all regions of
7 the State, by stimulating the development of existing and new
8 small businesses.
- 9 (3) In the 1991-92 fiscal year, these four nonprofits expended almost thirty
10 million dollars (\$30,000,000) in General Fund revenues justified in the
11 budget process as economic development.
- 12 (4) The use of nonprofits as a mechanism for State-initiated economic
13 development is unusual but not unique among southeastern states.
- 14 (5) Each of these special purpose nonprofits has demonstrated success in
15 its respective area of focus and, as a group, they have contributed
16 significantly to North Carolina's reputation as a State committed to
17 innovative, technology-based research and development.
- 18 (6) The nonprofit status of these entities allows them to use State dollars
19 to leverage private investments, serve as an independent and objective
20 liaison among public and private entities, and conduct objective,
21 nonpartisan research.
- 22 (7) For these reasons, the State should continue to use nonprofits to
23 deliver economic development services.
- 24 (8) However, legislation establishing nonprofits for economic
25 development has not always specified the mission of the nonprofit or
26 the outcomes it is supposed to attain; future legislation funding
27 nonprofits should specify their mission and desired outcomes and
28 should provide for a periodic, comprehensive review of the entity.
- 29 Sec. 2. It is the intent of the General Assembly that any future legislation
30 establishing or funding a new nonprofit agency to conduct economic development
31 activities will stipulate clearly the mission and purposes of the agency and will provide
32 for periodic, comprehensive review of the agency.
- 33 Sec. 3. This act is effective upon ratification.