May 10, 2001

H 1440. REFORM BILL LEE ACT-1. *AN ACT TO AMEND THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT TO FOCUS INCENTIVES UNDER THAT ACT IN THE MOST ECONOMICALLY DISTRESSED AREAS OF THE STATE BY ELIMINATING INCENTIVES IN ENTERPRISE TIER FOUR AND FIVE AREAS; TO REQUIRE A STUDY OF THE BILL LEE ACT; TO REQUIRE THE DEPARTMENT OF COMMERCE TO CONDUCT A PUBLIC HEARING ON ECONOMIC DEVELOPMENT PROJECTS AT THE REQUEST OF LOCAL GOVERNMENT; TO TAX SALES OF MOST ELECTRICITY AT THREE PERCENT; TO REQUIRE THE DEPARTMENT OF COMMERCE TO PUBLISH INFORMATION ABOUT INCENTIVES UNDER THE BILL LEE ACT AND RELATED BENEFITS; AND TO ENCOURAGE ECONOMIC DEVELOPMENT BY PROVIDING FUNDS FOR CLEAN WATER*. As title indicates.

Elimination of Tier Four and Five Incentives. Amends GS 105-129.3A, development zone designation, to specify that for certain tax credit purposes, a development zone has the lower of an enterprise tier three designation or the same tier designation as the county in which it is located (was, the designation of the county in which located). Amends GS 105-129.4 to specify that a taxpayer is eligible for a credit allowed under GS 105, Art. 3A, Tax Incentives for Business, only if the location with respect to which the credit is claimed is in an enterprise area one, two, or three area in the first year for which it is claimed. If the tier changes later, the credit does not expire. Makes conforming amendments to GS 105-129.6(a1) (application fee for certification); to GS 105-129.8(a) (credit amounts); and to GS 105-129.9(c) (dollar thresholds for taking tax credit for placing eligible machinery and equipment in service).

Study and Other Matters. Requires General Assembly to study the effect of GS Ch. 105A, Art. 3A, tax incentives on economic development and tax equity, and specifies what study may include. Requires Dep't of Commerce, at the request of a county board of commissioners or a city council, to hold public hearings as part of the evaluation required by GS 143B-437 (evaluation by Commerce and DEHNR of the effects on NC's natural and economic environment of any new or expanding industry or manufacturing plant locating in NC). Repeals GS 105-164.4(a)(1f) (special sales tax rate of 2.83% for electricity sales for specified farming and manufacturing purposes and for specified commercial laundering and dry cleaning machinery).

Adds new GS 143B-435(b) requiring Dep't of Commerce to publish information relating to certified applications for credits under GS Ch. 105, Art. 3A. Electronic publication is to occur within 24 hours of certifying application. The information to be published includes the amount of credit applied for, the enterprise tier designation of the location for which the credit is applied, and the amount of any ancillary benefits offered by the State associated with project, such as road construction offered by DOT.

Provides that General Assembly's intent is that any savings to the General Fund as a result of act are to be applied to the Clean Water Management Trust Fund.

Provisions covered under "Elimination of Tier Four and Five Incentives" become effective for taxable years beginning on or after Jan. 1, 2002. Remaining provisions become effective July 1, 2001, and repeal of GS 105-164.4(a)(1f) (dealing with electricity sales tax) applies to sales made on or after that date.

Intro. by Luebke.

Ref. to Finance	GS 105, 143B