

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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HOUSE BILL 1751\*

Short Title: NC Tourism Development Act. (Public)

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Sponsors: Representatives Earle, McMahan, McComas, Barefoot (Primary Sponsors); Alexander, Allen, Church, Clary, Culpepper, Cunningham, Dedmon, Hall, Hunter, Insko, Jarrell, Jeffus, Justus, Nye, Preston, Saunders, Sherrill, Smith, Tolson, Wainwright, Warner, and Warwick.

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Referred to: Finance.

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June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO CREATE A TRAVEL AND TOURISM CAPITAL INCENTIVE GRANT PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-434.4. Travel and Tourism Capital Incentive Grant Program.**

(a) Program Established. – There is established in the Department of Commerce the Travel and Tourism Capital Incentive Grant Program. Under the program, the Department may award grants to the owners of qualified projects for the purpose of inducing the creation of new or the expansion or renovation of existing travel and tourism projects. The Department of Commerce shall adopt rules for the administration of the program.

(b) Owner Defined. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, the owner of a qualified project is the unit of local government that will own the qualified project in whole or in part.

(c) Application. – The owner of a qualified project may apply for a grant no later than one year after the qualified project is opened to the public. When filing an application under this section, the taxpayer must pay the Department of Commerce a fee of two thousand five hundred dollars (\$2,500). The application must contain all information required by the Department, including necessary information regarding the nature and cost of the tourism project, the estimated revenues to be generated by the project, the estimated economic benefit to the community, and the purposes for which the applicant will use the grant funds. If the tourism project is the result of a public-private partnership, the grant application must set forth in detail the respective rights and obligations of the parties and the specific terms of the agreement. The

1 application must be signed by the finance officer and the chair of the governing body of  
 2 the owner.

3 (d) Qualification. – A qualified project is a travel and tourism project that the  
 4 Department of Commerce determines, pursuant to a feasibility study under this section,  
 5 meets all of the following conditions:

6 (1) The project will be financed and owned in whole or in part by a unit of  
 7 local government in which it is located.

8 (2) The project will attract at least thirty-five percent (35%) of its visitors  
 9 from among persons who reside more than 100 miles from the project.

10 (3) The project has a business plan that demonstrates that it will be  
 11 profitable within three years after it opens.

12 (4) The applicant has provided impact projections regarding estimated  
 13 State and local tax revenues with respect to the project.

14 (5) The project will have a significant and positive impact on the  
 15 community, considering among other factors, the extent to which the  
 16 tourism project will compete directly with existing tourism attractions  
 17 in the area and the amount by which tax revenues from the tourism  
 18 project will exceed the amount of the grant provided.

19 (6) The project will produce sufficient revenues and public demand to be  
 20 operating and open to the public for a minimum of 100 days per year.

21 (7) The project will generate at least 10 new jobs in the local area.

22 (8) The project will have the following minimum cost based on the  
 23 enterprise tier in which it is located:

<u>Enterprise Tier</u>	<u>Minimum Cost</u>
<u>1 and 2</u>	<u>\$ 1,000,000</u>
<u>3 and 4</u>	<u>\$10,000,000</u>
<u>5</u>	<u>\$20,000,000</u>

24 (e) Feasibility Study. – The applicant must fund a feasibility study coordinated  
 25 and directed solely by the Department of Commerce. The Department of Commerce has  
 26 the sole discretion to select a qualified, independent consultant to conduct the study.  
 27 The Department of Commerce shall prescribe the scope of the study to cover all of the  
 28 qualifications established in this section.

29 (f) Amount. – Subject to the maximums provided in this section, the amount of a  
 30 grant with respect to a qualified project is calculated as a percentage of the total amount  
 31 of the following taxes collected by the State each year:

32 (1) The net State sales tax collected on sales by or within the qualified  
 33 project, as identified to the Department of Revenue.

34 (2) The net privilege tax paid by the qualified project under G.S. 105-37.1,  
 35 as identified to the Department of Revenue.

36 (g) Maximums. – The Department of Commerce shall set the grant percentage at  
 37 the time it awards the grant. The percentage used to calculate a grant may not exceed  
 38 the applicable percentage provided in the table below based on the enterprise tier, as  
 39 defined in G.S. 105-129.3, in which the qualified project is located. In addition, the  
 40 cumulative maximum amount of a grant may not exceed the applicable percentage of  
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1 the total project cost provided in the table below based on the enterprise tier in which  
 2 the qualified project is located.

<u>Enterprise Tier</u>	<u>Percentage</u>
<u>1 and 2</u>	<u>35</u>
<u>3 and 4</u>	<u>30</u>
<u>5</u>	<u>25</u>

7 (h) Use. – The proceeds of a grant may be used only for capital costs, including  
 8 debt service, with respect to the qualified project for which the grant was awarded.

9 (i) Disbursement. – In order to receive grant disbursements under this section,  
 10 the owner of the qualified project must provide the Department of Revenue with  
 11 periodic, verified accountings of the tax collections provided in subsection (f) of this  
 12 section. These reports must be made at the times and in the form prescribed by the  
 13 Department of Revenue. Each report must include the name, address, and tax  
 14 identification number of every taxpayer whose collections are included in the report and  
 15 any other information required by the Department of Revenue.

16 The Department of Revenue must disburse grants awarded under this section in  
 17 accordance with G.S. 105-269.16. Upon awarding a grant under this section, the  
 18 Department of Commerce must provide the following information to the Department of  
 19 Revenue:

- 20 (1) The name, address, and other identifying information of the owner to  
 21 whom the grant was awarded.
- 22 (2) The address and other identifying information of each facility that is  
 23 part of the qualified project for which the grant was awarded.
- 24 (3) The applicable percentage and the maximum cumulative amount of the  
 25 grant as determined in accordance with this section.
- 26 (4) Any other information included in the application, if required by the  
 27 Department of Revenue.

28 (j) Reports. – The Department of Commerce must report annually to the General  
 29 Assembly concerning the applications made for grants and the grants awarded under  
 30 this section."

31 **SECTION 2.** Article 9 of Chapter 105 of the General Statutes is amended by  
 32 adding a new section to read:

33 "**§ 105-269.16. Travel and tourism grants.**

34 The Department must annually disburse the travel and tourism grants awarded under  
 35 G.S. 143B-434.4. Each annual disbursement must be made by October 1 for the  
 36 preceding fiscal year. The amount of each grant must be calculated in accordance with  
 37 G.S. 143B-434.4 based on information provided to the Department by the owner of the  
 38 qualified project. If information necessary to calculate a portion of a grant is not  
 39 available, the Department must disburse only that portion for which information is  
 40 available. To pay for this program, the Department must draw from State sales and use  
 41 tax collections under Article 5 of this Chapter an amount equal to the grant funds  
 42 disbursed and the Department's costs of administering the grants. The Department must  
 43 provide the Department of Commerce an annual accounting of grant funds disbursed  
 44 under this section."

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**SECTION 3.** This act becomes effective January 1, 2003.