

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH45134-LCxf-110J (4/8)

Short Title: Repeal Bill Lee Act & Make Incentives Work. (Public)

Sponsors: Representative Luebke.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE BILL LEE ACT AND REPLACE IT WITH MORE EFFECTIVE INCENTIVES TO BRING PROSPERITY TO DISTRESSED AREAS OF THE STATE.

Whereas, the General Assembly finds that incentives should be used only when they meet three standards: (i) they create net new jobs and increase the size of the economic pie on a national basis, (ii) they create opportunity in economically distressed areas, and (iii) they are defensible on an absolute basis without regard to competition with other states; and

Whereas, the General Assembly finds that the Bill Lee Act does not meet these standards and can be defended only on the basis of competition with other states; and

Whereas, reform of the State's incentive programs can target limited State resources to the most efficient economic development in those areas most in need; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.2A(a) reads as rewritten:

"(a) Sunset. – G.S. 105-129.9A is repealed effective for business activities that occur on or after January 1, 2006. Except as provided in subsection (a1) of this section, the remainder of this This Article is repealed effective for business activities that occur on or after January 1, ~~2006~~2004."

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

"Part 2G. William S. Lee Quality Jobs Investment Grants.

"§ 143B-437.70. Definitions.

The definitions in G.S. 105-129.2 and in G.S. 105-437.51 apply in this Part.

"§ 143B-437.71. Quality Jobs Investment Grants Program.

1 There is established in the Department of Commerce the William S. Lee Quality
2 Jobs Investment Grant Program to be administered by the Economic Investment
3 Committee created in Part 2F of this Article. In order to foster job creation and
4 investment in the economy of this State, the Committee may enter into negotiated
5 agreements with businesses to provide grants in accordance with the provisions of this
6 Part. The Committee, in consultation with the Attorney General, must develop criteria
7 to be used in determining whether the conditions of this Part are satisfied and whether
8 the project described in the application is otherwise consistent with the purposes of this
9 Part. The purpose of this Part is to provide a more effective and efficient replacement
10 for the tax credit incentives repealed effective January 1, 2004. The replacement must
11 be targeted to the areas of the State most in need of incentives, as determined by the
12 Committee. Before entering into an agreement, the Committee must find that all the
13 following conditions are met:

- 14 (1) The location or expansion the business will create net new jobs and
15 increase the size of the economic pie on a national basis.
- 16 (2) The proposed project will directly benefit and create opportunities in
17 an area of the State that the Committee identifies as experiencing high
18 unemployment, severe job losses, persistent blight, or other economic
19 problems as compared to other areas of the State.
- 20 (3) The grant under this Part is justifiable on an absolute basis and is not
21 justified solely on the basis of competition with other states for the
22 project.
- 23 (4) The total benefits of the project to the State outweigh its costs and
24 render the grant appropriate for the project."

25 **SECTION 3.(a)** Grants from the One North Carolina - Industrial
26 Recruitment Competitive Fund may be made only after the Department of Commerce
27 has developed and implemented a performance management information system that
28 includes at least the following elements:

- 29 (1) Establishing goals of the program.
- 30 (2) Outlining each stage of the procedure for carrying out the goals of the
31 program.
- 32 (3) Identifying all information necessary for decision making at each stage
33 to achieve the program goals.
- 34 (4) Developing methods to collect and process comprehensive data to
35 provide relevant, accurate information on a timely basis and in a
36 useable form.
- 37 (5) Establishing performance measures for predictive assessment and
38 postdecision review.
- 39 (6) Setting a schedule for periodically measuring, analyzing, and reporting
40 performance of the program.

41 **SECTION 3.(b)** The Department of Commerce must report the following
42 information regarding the One North Carolina - Industrial Recruitment Competitive
43 Fund by the 15th day of each month to the Speaker of the House of Representatives, the

1 President Pro Tempore of the Senate, and the chairs of the House and Senate
2 Committees on Finance and on Appropriations:

- 3 (1) Each project under consideration during the preceding month for a
4 grant, including name and address of the business, type and location of
5 the project, projected new jobs and investment, and other factors
6 qualifying the project for consideration.
7 (2) Each grant made during the preceding month, including name and
8 address of the business, type and location of the project, projected new
9 jobs and investment, other factors qualifying the project for a grant, the
10 amount of the grant, and any conditions or clawbacks attached to the
11 grant.

12 **SECTION 4.** G.S. 143B-437.52 is amended by adding a new subsection to
13 read:

14 "(d) Performance Management Information System. – Before entering into an
15 agreement under this Part, the Committee must develop and implement a performance
16 management information system that includes at least the following elements:

- 17 (1) Establishing goals of the program.
18 (2) Outlining each stage of the procedure for carrying out the goals of the
19 program.
20 (3) Identifying all information necessary for decision making at each stage
21 to achieve the program goals.
22 (4) Developing methods to collect and process comprehensive data to
23 provide relevant, accurate information on a timely basis and in a
24 useable form.
25 (5) Establishing performance measures for predictive assessment and post
26 decision review.
27 (6) Setting a schedule for periodically measuring, analyzing, and reporting
28 performance of the program."

29 **SECTION 5.** G.S. 143B-437.55 is amended by adding a new subsection to
30 read:

31 "(d1) Monthly Reports. – The Committee shall report the following information by
32 the 15th day of each month to the Speaker of the House of Representatives, the
33 President Pro Tempore of the Senate, and the chairs of the House and Senate
34 Committees on Finance and on Appropriations:

- 35 (1) Each project under consideration during the preceding month for a
36 grant, including name and address of the business, type and location of
37 the project, projected new jobs and investment, and other factors
38 qualifying the project for consideration.
39 (2) Each grant offer made during the preceding month, including the
40 information described in subsection (d) of this section.
41 (3) Detailed minutes of all meetings held in executive session during the
42 preceding month."

43 **SECTION 6.** This act becomes effective October 1, 2003.