

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**HOUSE BILL 740
Committee Substitute Favorable 4/14/03**

Short Title: Job Growth Accountability Act.

(Public)

Sponsors:

Referred to:

March 27, 2003

A BILL TO BE ENTITLED

1
2 AN ACT TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE
3 ECONOMIC DEVELOPMENT BOARD IN THE FORMULATION OF THE
4 STATE'S ECONOMIC DEVELOPMENT POLICIES, TO PROVIDE FOR
5 GREATER TRANSPARENCY AND ACCOUNTABILITY IN THE STATE'S
6 EFFORTS TO CREATE JOBS FOR NORTH CAROLINA CITIZENS, TO
7 CREATE THE JOINT LEGISLATIVE COMMITTEE ON ECONOMIC
8 DEVELOPMENT OVERSIGHT, AND TO REQUIRE REPORTING BY THE
9 REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS.

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.(a)** The General Assembly finds that the State has long
12 recognized the need for a coordinated economic development program that
13 encompasses all areas of the State and all activities and includes long-range planning.
14 Over the last 15 years, its efforts to provide for such a program have included creating
15 the Economic Development Board, mandating a government performance audit study,
16 and expanding the responsibilities of the Board in light of the study and in light of
17 continuous changes in the State's economic situation.

18 **SECTION 1.(b)** The General Assembly recognizes that economic
19 development efforts on behalf of the State encompass a broad range of activities by
20 various parties for the purpose of increasing and maintaining the State's economic
21 vitality. It is especially important that a single entity oversee economic development
22 efforts in the State to prevent duplication and to promote efficiency and effectiveness.

23 **SECTION 1.(c)** The General Assembly has identified the Economic
24 Development Board in the Department of Commerce as the economic development
25 policy development and planning source to advise the legislature and the executive
26 branch, to coordinate economic development efforts by various State agencies and by
27 local governments and local development organizations, and to develop and evaluate
28 annual long-range economic development plans.

1 (3) Two members of the public appointed by the Speaker of the House of
2 Representatives and two members of the public appointed by the
3 President Pro Tempore of the Senate, each of whom shall be actively
4 involved in the business of economic development. The public
5 members shall reflect the geographic diversity of the State.

6 (b) Members of the Committee shall serve terms of two years beginning on
7 August 15 of each odd-numbered year. Initial terms shall commence on August 15,
8 2003.

9 (c) Members who are elected officials may complete a term of service on the
10 Committee even if they do not seek reelection or are not reelected, but resignation or
11 removal from service constitutes resignation or removal from service on the Committee.

12 (d) The President Pro Tempore of the Senate and the Speaker of the House of
13 Representatives shall each select a legislative member from their appointees to serve as
14 cochair of the Committee.

15 (e) The Committee shall meet at least once a quarter and may meet at other times
16 upon the call of the cochairs. A majority of the members of the Committee shall
17 constitute a quorum for the transaction of business. The affirmative vote of a majority of
18 the members present at meetings of the Committee shall be necessary for action to be
19 taken by the Committee.

20 (f) All members shall serve at the will of their appointing officer. A member
21 continues to serve until the member's successor is appointed. A vacancy shall be filled
22 within 30 days by the officer who made the original appointment.

23 **"§ 120-238. Assistance; per diem; subsistence; and travel allowances.**

24 (a) The Committee may contract for consulting services as provided by G.S.
25 120-32.02. Upon approval of the Legislative Services Commission, the Legislative
26 Services Officer shall assign professional and clerical staff to assist in the work of the
27 Committee. The professional staff shall include the appropriate staff from the Fiscal
28 Research, Research, Legislative Drafting, and Information Systems Divisions of the
29 Legislative Services Office of the General Assembly. Clerical staff shall be furnished to
30 the Committee through the offices of the Senate and the House of Representatives
31 Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne
32 by the Committee. The Committee may meet in the Legislative Building or the
33 Legislative Office Building upon the approval of the Legislative Services Commission.

34 (b) Members of the Committee shall receive per diem, subsistence, and travel
35 allowances as follows:

36 (1) Committee members who are members of the General Assembly, at
37 the rate established in G.S. 120-3.1.

38 (2) Committee members who are officials or employees of the State or of
39 local government agencies, at the rate established in G.S. 138-6.

40 (3) All other Committee members, at the rate established in G.S. 138-5.

41 **"§ 120-239. Committee authority.**

42 The Committee may obtain information and data from all State officers, agents,
43 agencies, and departments, while in discharge of its duties, under G.S. 120-19, as if it
44 were a committee of the General Assembly. The provisions of G.S. 120-19.1 through

1 G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a committee
2 of the General Assembly. Any cost of providing information to the Committee not
3 covered by G.S. 120-19.3 may be reimbursed by the Committee from funds
4 appropriated to it for its continuing study."

5 **SECTION 4.** G.S. 143B-434.01 reads as rewritten:

6 ...

7 "(h) Goals and Objectives. – The Board using data from the public input and the
8 environmental scan, shall formulate a list of goals and objectives. Goals shall be
9 long-range, four years or more, and shall address both needs of economically distressed
10 Regions and counties as well as opportunities for Regions and counties not distressed.
11 The goals shall be developed with realism but should also be selected so as to encourage
12 every Region and county within the State to develop to its maximum potential.
13 Objectives shall be one year or less in scope and shall, if achieved, lead to the
14 realization of the goals formulated by the Board as provided in this section.

15 Both goals and objectives should be stated largely in economic terms, that is, they
16 should be related to specific population, employment, demographic targets, or economic
17 sector targets. Both efficiency and equity considerations are to be addressed and
18 balanced with special emphasis placed on the needs of disadvantaged or economically
19 distressed populations and communities. The goals and objectives should not state how
20 the economic targets are to be reached, but rather what the economic conditions will be
21 if they are obtained. So that the progress of North Carolina's economic development
22 efforts can be monitored, the Board shall set objectives for each goal that allow
23 measurement of progress toward the goal. Objectives should be quantifiable and
24 time-specific in order to serve as performance indicators. The goals and objectives
25 formulated by the Board shall include the following:

- 26 (1) A specific target number of new jobs to be created in the State. The
27 target number shall be broken down by county and Region and by new
28 and existing businesses.
29 (2) A specific target rate of unemployment for the State and for each
30 county and Region.
31 (3) An estimate of the number of jobs that will be lost in the State and in
32 each county and Region.
33 (4) A specific target dollar amount of new capital investment in the State
34 and in each Region.

35 (i) Formulation of Economic Development Strategy. – The Plan shall have as its
36 action component a strategy set forth in a blueprint for directing resources of time and
37 dollars toward the satisfaction of the goals and objectives stated in subsection (h) of this
38 section. As a practical consequence of the economic environment, a focus on the
39 competitiveness of indigenous industries and entrepreneurial development is required.
40 The Plan shall include a strategy for the coordination of initiatives and activities for
41 workforce preparedness, funded by federal or State sources, including, but not limited
42 to, vocational education, applied technology education, remedial education, and job
43 training, and the achievement of the economic development goals of the Plan. A balance
44 of opportunity between rural and urban regions and between majority and minority

1 populations should be an overriding consideration. Equity of opportunity for counties
2 and communities across the State will involve the explicit consideration of local fiscal
3 capacity and the fiscal ability to support development activities.

4 The concept of differentiation should be employed. The Plan should recognize the
5 various strengths and weaknesses of the State and its component regions, subregions,
6 and, in some cases, individual counties. The concept of market segmentation should be
7 employed. Different Regions and subregions of the State should be promoted to
8 different markets.

9 (j) Implementation Plan. – Based upon all of the foregoing steps, the Board shall
10 establish an implementation plan assigning to the appropriate parties specific
11 responsibilities for meeting measurable objectives. The implementation plan shall
12 contain all necessary elements so that it may be used as a means to monitor
13 performance, guide appropriations, and evaluate the outcomes of the parties involved in
14 economic development in the State.

15 (k) Annual Report. – The Plan shall contain a section devoted to measuring
16 results, to be called "An Annual Report on Economic Development for the State of
17 North Carolina". The Annual Report shall contain a comparison of actual results with
18 stated goals and objectives and significant and meaningful statistics to allow
19 policymakers to adjust strategy and tactics as necessary to achieve the formulated goals.

20 The Annual Report shall break down data by Regions and counties including:

- 21 (1) The net job change (expansions minus contractions) by the various
22 economic sectors of the county, Region, and State. The net job change
23 shall be compared to the targeted numbers for job creation, job loss,
24 and unemployment rate established in the goals and objectives.
- 25 (2) Realized capital investment in plants and equipment by new and
26 expanding industry in each county, Region, and State. The realized
27 capital investment shall be compared to the targeted amount
28 established in the goals and objectives.
- 29 (3) Manufacturing changes by county, Region, and State that affect the
30 value of firms, total payrolls, average wages, value of shipments,
31 contributions to gross State product, and value added.
- 32 (4) The net change in the number of firms by county, Region, and State
33 with statistics on the dynamics of change: relocations in versus
34 relocations out; births versus deaths; and expansions versus
35 contractions.
- 36 (5) A measure of the status and performance of all sectors of the county,
37 Region, and State economy including, but not limited to,
38 manufacturing, agriculture, trade, finance, communications,
39 transportation, utilities, services, and travel and tourism.
- 40 (6) An assessment of the relative status and performance of rural business
41 development as opposed to that in urban areas.
- 42 (7) An analysis of the status of minority-owned businesses throughout the
43 State.

1 (8) An assessment of the development capability of the various Regions of
2 the State in terms of their environmental, fiscal, and administrative
3 capacity. Those areas that are handicapped by barriers to development
4 should be highlighted.

5 (9) An evaluation of the State's economic performance as indicated by the
6 above statistics with the goals and objectives outlined in the Plan.

7 (1) Accountability. – The Board shall make all data, plans, and reports available
8 to the General Assembly and the Joint Legislative Commission on Governmental
9 Operations at appropriate times and upon request. The Board shall prepare and make
10 available on an annual basis public reports on each of the major sections of the Plan and
11 the Annual Report indicating the degree of success in attaining each development
12 objective."

13 **SECTION 5.(a)** By February 15, of each fiscal year, beginning in 2004, the
14 seven regional economic development commissions shall report to the Joint Legislative
15 Commission on Governmental Operations and the Fiscal Research Division the
16 following information:

17 (1) The preceding fiscal year's program activities, objectives, and
18 accomplishments;

19 (2) The preceding fiscal year's itemized expenditures and fund sources;

20 (3) Demonstration of how the commission's regional economic
21 development and marketing strategy aligns with the State's overall
22 economic development and marketing strategies;

23 (4) To the extent they are involved in promotion activities such as trade
24 shows, visits to prospects and consultants, advertising and media
25 placement, the commissions shall demonstrate how they have
26 generated qualified leads.

27 The regional economic development commissions shall provide copies of the
28 organization's annual audited financial statement to the Fiscal Research Division within
29 30 days of issuance of the statement.

30 The reporting requirements of the regional economic development
31 commissions shall be reviewed annually by the North Carolina Partnership for
32 Economic Development and recommendations for changes to the reporting
33 requirements shall be made to the Joint Legislative Committee on Economic
34 Development Oversight.

35 **SECTION 5.(b)** The structure of the North Carolina Eastern Regional
36 Economic Development Commission shall be studied, in accordance with the
37 recommendation in the UNC Kenan-Flagler study, to determine if their board structure
38 should be reconstituted and made similar to that of North Carolina's Northeast or
39 Southeast Regional Commission.

40 The North Carolina Eastern Regional Economic Development Commission
41 shall contribute to the cost of this study by retaining a consultant familiar with the
42 Commission.

43 The study shall be conducted by a designee of the North Carolina Partnership
44 for Economic Development determined by the Partnership Presidents, a designee of the

1 UNC Kenan-Flagler School, and consultant(s) retained by the Eastern regional
2 commission.

3 None of the eastern regions shall be consolidated.

4 This study shall be submitted to the Joint Legislative Committee on
5 Economic Development Oversight and the North Carolina Partnership for Economic
6 Development prior to the beginning of the 2004 legislative session.

7 **SECTION 6.** This act is effective when it becomes law.