GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

H HOUSE BILL 1791

Short Title: Notice/Clawbacks for Local Incentives.

(Public)

Sponsors: Representatives Luebke, Weiss (Primary Sponsors); Glazier and Harrison.

Referred to: Commerce, Small Business and Entrepreneurship, if favorable, Finance.

April 19, 2007

A BILL TO BE ENTITLED

AN ACT TO REQUIRE LOCAL GOVERNMENTS TO PROVIDE PUBLIC NOTICE BEFORE APPROVING ECONOMIC DEVELOPMENT INCENTIVE AGREEMENTS AND TO INCORPORATE CLAWBACK PROVISIONS INTO ECONOMIC DEVELOPMENT AGREEMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 158-7.1(c) reads as rewritten:

"(c) Any appropriation or expenditure appropriation, expenditure, or agreement pursuant to subsection subsection (a) or (b) of this section must be approved by the county or city governing body after a public hearing. The county or city shall publish notice of the public hearing at least 10 days before the hearing is held. If the appropriation or expenditure is for the acquisition of an interest in real property, the notice shall describe the interest to be acquired, the proposed acquisition cost of such interest, the governing body's intention to approve the acquisition, the source of funding for the acquisition and such other information needed to reasonably describe the acquisition. If the appropriation or expenditure is for the improvement of privately owned property by site preparation or by the extension of water and sewer lines to the property, the notice shall describe the improvements to be made, the proposed cost of making the improvements, the source of funding for the improvements, the public benefit to be derived from making the improvements, and any other information needed to reasonably describe the improvements and their purpose. If the agreement involves the provision of grants to a private enterprise, the notice shall describe the agreement, the number of years for which the agreement will be in effect, the anticipated and maximum cost of the agreement, and the anticipated public benefit to be derived from the agreement."

SECTION 2. G.S. 158-7.1 is amended by adding a new subsection to read:

"(h) Each economic development agreement entered into between a private enterprise and a city or county shall clearly state their respective responsibilities under the agreement. Each agreement shall contain provisions regarding remedies for a breach

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| of those responsibilities on the part of the private enterprise. These provisions shall |
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| include a provision requiring the recapture of sums appropriated or expended by the city |
| or county upon the occurrence of events specified in the agreement. Events that would |
| require the city or county to recapture funds would include the creation of fewer jobs |
| than specified in the agreement, a lower capital investment than specified in the |
| agreement, and failing to maintain operations at a specified level for a period of time |
| specified in the agreement." |

SECTION 3. This act is effective when it becomes law.