

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL 127
Commerce Committee Substitute Adopted 5/8/13
Third Edition Engrossed 5/13/13
House Committee Substitute Favorable 6/20/13

Short Title: Economic Development Modifications.

(Public)

Sponsors:

Referred to:

February 25, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO PERMIT THE DEPARTMENT OF COMMERCE TO CONTRACT WITH A
3 NORTH CAROLINA NONPROFIT CORPORATION FOR THE PERFORMANCE OF
4 CERTAIN ECONOMIC DEVELOPMENT FUNCTIONS.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. AUTHORIZE CONTRACTING OF ECONOMIC DEVELOPMENT**
8 **FUNCTIONS BY THE DEPARTMENT OF COMMERCE**

9 **SECTION 1.1.** Part 1 of Article 10 of Chapter 143B of the General Statutes is
10 amended by adding a new section to read:

11 **"§ 143B-431A. Department of Commerce – contracting of functions.**

12 (a) Purpose. – The purpose of this section is to establish a framework whereby the
13 Department of Commerce may support through financial and other means one or more
14 nonprofit corporations that will render advisory, research, and recruiting recommendations
15 regarding incentives or grant awards for fostering and retaining jobs and business development,
16 marketing, and consultation in the development of a comprehensive, long-range strategic plan
17 for economic development through public and private means. It is the intent of the General
18 Assembly that the Department be given flexibility and discretion in developing a plan to work
19 cooperatively with nonprofit corporations for these purposes while safeguarding the
20 programmatic and fiscal integrity of economic development programs of the State.

21 (b) Contract. – The Department of Commerce is authorized to contract with one or
22 more North Carolina nonprofit corporations to perform one or more of the Department's
23 functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this
24 subsection. The Department may not contract with a North Carolina nonprofit corporation
25 regarding any of the following:

- 26 (1) The obligation or commitment of funds under this Article, such as the One
27 North Carolina Fund, the Job Development Investment Grant Program, the
28 Industrial Development Fund, or the Job Maintenance and Capital
29 Development Fund, by a North Carolina nonprofit corporation.
30 (2) The Division of Employment Security, including the administration of
31 unemployment insurance.
32 (3) The functions set forth in G.S. 143B-431(a)(2).
33 (4) The administration of funds or grants received from the federal government
34 or its agencies.



1 (c) Oversight. – There is established the Economic Development Oversight Committee,
2 which is a Board as that term is defined in G.S. 138A-3 of the State Government Ethics Act.
3 The Committee shall consist of seven ex officio members as follows: the Secretary of
4 Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of
5 Environment and Natural Resources, the Secretary of Revenue, the Director of the Office of
6 State Budget and Management, one member appointed by the Speaker of the House of
7 Representatives, and one member appointed by the President Pro Tempore of the Senate.

8 The members of the Committee who are appointed by the General Assembly may not be
9 members of the General Assembly. The Committee shall meet at least quarterly upon the call of
10 the chair. The duties of the Committee shall include all of the following:

- 11 (1) Monitoring and oversight of the performance of a contract entered into
12 pursuant to this section by the Department with a North Carolina nonprofit
13 corporation.
- 14 (2) Receiving, reviewing, and referring complaints, as appropriate.
- 15 (3) Requesting enforcement of the contract by the Attorney General or the
16 Department.
- 17 (4) Auditing, at least biennially, either by use of the State Auditor or internal
18 auditors of the Department, of the records of a North Carolina nonprofit
19 corporation with which the Department has contracted pursuant to this
20 section during and after the term of the contract to verify data affecting
21 performance and reports.
- 22 (5) Coordination of economic development grant programs of the State between
23 the Department of Commerce, the Department of Transportation, and the
24 Department of Environment and Natural Resources.
- 25 (6) Any other duties set forth in the contract.

26 (d) Limitations. – Prior to contracting with a North Carolina nonprofit corporation
27 pursuant to this section and in order for a North Carolina nonprofit corporation to receive State
28 funds, the following conditions shall be met:

- 29 (1) At least 45 days prior to entering into or amending in a nontechnical manner
30 a contract authorized by this section, the Department shall submit the
31 contract or amendment, along with a detailed explanation of the contract or
32 amendment, to the Joint Legislative Commission on Governmental
33 Operations and the Fiscal Research Division of the Legislative Services
34 Office.
- 35 (2) The North Carolina nonprofit corporation adheres to the following
36 governance provisions related to its governing board:
 - 37 a. The board shall be composed of 15 voting members, as follows: eight
38 members and the chair appointed by the Governor, three members
39 appointed by the Speaker of the House of Representatives, and three
40 members appointed by the President Pro Tempore of the Senate. The
41 nine members appointed by the Governor shall reflect the diversity of
42 the State's geography, and each member shall have expertise in one
43 or more of the following areas:
 - 44 1. Agribusiness, as recommended by the Commissioner of
45 Agriculture.
 - 46 2. Financial Services.
 - 47 3. Information Technology.
 - 48 4. Biotechnology or Life Sciences.
 - 49 5. Energy.
 - 50 6. Manufacturing.
 - 51 7. Military or Defense.

- 1 8. Tourism, as recommended by the North Carolina Travel and
2 Tourism Coalition.
- 3 9. Retail, Distribution, and Logistics.
- 4 b. Of the three members appointed by the Speaker of the House of
5 Representatives, no more than one shall be from a metropolitan area,
6 and one shall be on the recommendation of the North Carolina
7 Chamber of Commerce.
- 8 c. Of the three members appointed by the President Pro Tempore of the
9 Senate, no more than one shall be from a metropolitan area, and one
10 shall be on the recommendation of the North Carolina Federation of
11 Independent Businesses.
- 12 d. No member of the board may take any official action or use the
13 member's official position to profit in any manner the board
14 member's immediate family, a business with which the board
15 member or the board member's immediate family has a business
16 association, or a client of the board member or the board member's
17 immediate family with whom the board member, or the board
18 member's immediate family, has an existing business relationship for
19 matters before the board. No board member shall attempt to profit
20 from a proposed project of the Department if the profit is greater than
21 that which would be realized by other persons living in the area
22 where the project is located. If the profit under this subsection would
23 be greater for the board member than other persons living in the area
24 where the project is located, not only shall the member abstain from
25 voting on that issue, but once the conflict of interest is apparent, the
26 member shall not discuss the project with any other board member or
27 other officer or employee of the Department except to state that a
28 conflict of interest exists. Under this sub-subdivision, a board
29 member is presumed to profit if the profit would be realized by a
30 board member's immediate family, a business with which the board
31 member or the board member's immediate family has a business
32 association, or a client of the board member or the board member's
33 immediate family with whom the board member, or the board
34 member's immediate family, has an existing business relationship for
35 matters before the board. No board member, in contemplation of
36 official action by the board member, by the board, or in reliance on
37 information that was made known to the board member in the board
38 member's official capacity and that has not been made public, shall
39 (i) acquire a pecuniary interest in any property, transaction, or
40 enterprise or gain any pecuniary benefit that may be affected by such
41 information or official action or (ii) intentionally aid another to do
42 any of the above acts. As used in this sub-subdivision, the following
43 terms mean:
- 44 1. Board. – The governing board of a nonprofit corporation with
45 which the Department contracts pursuant to this section.
- 46 2. Board member. – A member of the board.
- 47 3. Business association. – A director, employee, officer, or
48 partner of a business entity, or owner of more than ten percent
49 (10%) interest in any business entity.
- 50 4. Department. – The Department of Commerce.

1 funds of any subsidiary or affiliate of the nonprofit corporation. An affiliate
2 of the nonprofit corporation exists when both are directly or indirectly
3 controlled by the same parent corporation or by the same or associated
4 financial interests by stock ownership, interlocking directors, or by any other
5 means whatsoever, whether the control is direct or through one or more
6 subsidiary, affiliated, or controlled corporations.

7 (4) A provision providing that any recommendation or advice to the Department
8 be accompanied by a statement indicating whether the corporation or any
9 affiliated member of the corporation has received, directly or indirectly, any
10 gift, contribution, or item or service of value for which fair market value was
11 not paid if such was received from an entity that is the subject of the
12 recommendation or advice. The statement shall also include the amount and
13 date of each gift, contribution, or item or service of value received.

14 (5) A certification by the North Carolina nonprofit corporation that it is in
15 compliance with the requirements of Chapter 55A of the General Statutes.

16 (6) A provision providing that the corporation shall adopt and publish a
17 resolution or policy containing a code of ethics to guide actions by the
18 governing board members in the performance of the member's duties as a
19 member of that governing board. The resolution or policy required by this
20 subdivision shall address at least all of the following:

21 a. The need to obey all applicable laws regarding actions taken as a
22 board member.

23 b. The need to uphold the integrity and independence of the board.

24 c. The need to avoid impropriety in the exercise of the board member's
25 duties.

26 d. The need to faithfully perform the board member's duties.

27 e. The need to conduct the affairs of the governing board in an open
28 and public manner and to avoid conflicts of interest.

29 (f) Report. – By September 30 of each year, and more frequently as requested, the
30 Department shall submit a report to the Joint Legislative Commission on Governmental
31 Operations, the Joint Legislative Economic Development and Global Engagement Oversight
32 Committee, and the Fiscal Research Division on any performance for which the Department
33 has contracted pursuant to this section. The report shall contain, at a minimum, a copy of the
34 most recent report required by the Department pursuant subdivision (2) of subsection (e) of this
35 section, an executive summary of that report, a listing of each entity to which the nonprofit
36 corporation has recommended awarding funds and the amount of funds recommended to be
37 awarded, and any other information the Secretary determines is necessary or that is specifically
38 requested in writing.

39 (g) Public Information. – A North Carolina nonprofit corporation with which the
40 Department contracts pursuant to this section is subject to the requirements of Chapter 132 and
41 Article 33C of Chapter 143 of the General Statutes for meetings in which the corporation
42 recommends a grant of State funds."

43 **SECTION 1.2.(a)** G.S. 143B-434 is repealed.

44 **SECTION 1.2.(b)** G.S. 143B-434.01 reads as rewritten:

45 **"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

46 (a) Definitions. – The following definitions apply in this section:

47 (1) ~~Board. – The Economic Development Board.~~

48 ...

49 (6) Secretary. – The Secretary of Commerce or the governing board of a North
50 Carolina nonprofit corporation with which the Department contracts

1 pursuant to G.S. 143B-431A for the performance of the Secretary's
2 responsibilities under this section.

3 (b) ~~Board to Prepare Plan.~~ – The ~~Board Secretary~~ shall ~~prepare~~ review and update the
4 ~~existing Plan by April 1, 1994.~~ on or before April 1 of each year. ~~The Board shall review and~~
5 ~~update this Plan by April 1 of each year.~~ The original Plan shall cover a period of four years
6 and each annual update shall extend the time frame by one year so that a four-year plan is
7 always in effect. The ~~Board Secretary~~ shall provide copies of the Plan and each annual update
8 to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan
9 shall encompass all of the components set out in this section.

10 (c) Purpose. – The purpose of this section is to require the ~~Board Secretary~~ to apply
11 strategic planning principles to its economic development efforts. This requirement is expected
12 to result in:

13 (1) The selection of a set of priority development objectives that recognizes the
14 increasingly competitive economic environment and addresses the changing
15 needs of the State in a more comprehensive manner.

16 (2) The effective utilization of available and limited resources.

17 (3) A commitment to achieve priority objectives and to sustain the process.

18 (d) (1) Public and Private Input. – At each stage as it develops and updates the Plan,
19 the ~~Board Secretary~~ shall solicit input from all parties involved in economic
20 development in North Carolina, including:

21 a. Each of the programs and organizations that, for State budget
22 purposes, identifies economic development as one of its global goals.

23 b. Local economic development departments and regional economic
24 development organizations.

25 c. The Board of Governors of The University of North Carolina.

26 (2) The ~~Board Secretary~~ shall also hold hearings in each of the Regions to solicit
27 public input on economic development before the initial Plan is completed.
28 The purposes of the public hearings are to:

29 a. Assess the strengths and weaknesses of recent regional economic
30 performance.

31 b. Examine the status and competitive position of the regional resource
32 base.

33 c. Identify and seek input on issues that are key to improving the
34 economic well-being of the Region.

35 The ~~Board Secretary~~ shall hold additional hearings from time to time to
36 solicit public input regarding economic development activities.

37 (3) Each component of the Plan shall be based on this broad input and, to the
38 extent possible, upon a consensus among all affected parties. The ~~Board~~
39 ~~Secretary~~ shall coordinate its planning process with any State capital
40 development planning efforts affecting State infrastructure such as roads and
41 water and sewer facilities.

42 (e) Environmental Scan. – The first step in developing the Plan shall be to develop an
43 environmental scan based on the input from economic development parties and the public and
44 on information about the economic environment in North Carolina. To prepare the scan, the
45 ~~Board Secretary~~ shall gather the ~~following~~ information required in this subsection and ensure
46 that the information is updated periodically. The updated information may be provided in
47 whatever format and through whatever means is most efficient. The information required to
48 prepare the scan includes all of the following:

49 ...

50 (f) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.

1 (g) Vision and Mission Statements. – The ~~Board~~Secretary shall develop a vision
2 statement for economic development that would describe the preferred future for North
3 Carolina and what North Carolina would be like if all economic development efforts were
4 successful. The ~~Board~~Secretary shall then develop a mission statement that outlines the basic
5 purpose of each of North Carolina's economic development programs. Because special purpose
6 nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk
7 activity of investing in and supporting new business creation in the State, they should be
8 assigned a dominant role in this key component of economic development activity.

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

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

26 ...

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

33 (k) Annual Evaluation. – The ~~Board~~Secretary shall annually evaluate the State's
34 economic performance based upon the statistics listed in this subsection and upon the ~~Board's~~
35 Secretary's stated goals and objectives in its Plan. The statistics upon which the evaluation is
36 made should be available to policymakers. The information may be provided in whatever
37 format and through whatever means is most efficient.

38 ...

39 (l) Accountability. – The ~~Board~~Secretary shall make all data, plans, and reports
40 available to the General Assembly, the Joint Legislative Commission on Governmental
41 Operations, the Joint Legislative Economic Development and Global Engagement Oversight
42 Committee, the Senate Appropriations Committee on Natural and Economic Resources, and the
43 House of Representatives Appropriations Subcommittee on Natural and Economic Resources at
44 appropriate times and upon request. The ~~Board~~Secretary shall prepare and make available on
45 an annual basis public reports on each of the major sections of the Plan and the Annual Report
46 indicating the degree of success in attaining each development objective."

47 **SECTION 1.2.(c)** G.S. 143B-431A(d), as enacted by Section 1.1 of this act, is
48 amended by adding the following new sub-subdivision to read:

49 "(d) Limitations. – Prior to contracting with a North Carolina nonprofit corporation
50 pursuant to this section and in order for a North Carolina nonprofit corporation to receive State
51 funds, the following conditions shall be met:

1 ...
2 (2) The North Carolina nonprofit corporation adheres to the following
3 governance provisions related to its governing board:

4 ...
5 g. The board is required to perform the following duties:

- 6 1. To provide advice concerning economic and community
7 development planning for the State, including a strategic
8 business facilities development analysis of existing, available
9 buildings or shell or special-use buildings and sites.
- 10 2. To recommend economic development policy to the
11 Secretary of Commerce, the General Assembly, and the
12 Governor.
- 13 3. To recommend annually to the Governor biennial and annual
14 appropriations for economic development programs.
- 15 4. To recommend how best to coordinate economic
16 development efforts among the various agencies and entities,
17 including those created by executive order of the Governor,
18 that receive economic development appropriations, including
19 the assignment of key responsibilities for different aspects of
20 economic development and resource allocation and planning
21 designed to encourage each agency to focus on its area of
22 primary responsibility and not diffuse its resources by
23 conducting activities assigned to other agencies."

24 **SECTION 1.2.(d)** G.S. 143B-437.03 is repealed.

25 **SECTION 1.3.** The Department of Commerce shall study and develop a plan for
26 contracting with one or more North Carolina nonprofit corporations for the performance of
27 economic development and tourism marketing activities and duties of the Department,
28 including a research-based tourism marketing program. The Department shall consult with
29 various stakeholders from organizations involved in economic development recruitment and
30 activities in the State. The Department shall consider the benefits and costs of implementing the
31 plan developed pursuant to this study, including increasing the ability of the State to respond in
32 a timely manner to economic development opportunities; the advantages and likelihood of
33 increased cooperation and synergies between established economic development funding
34 streams; the ability to better leverage economic development funds to greater effect; personnel
35 issues; issues relating to increased liability, if any; and safeguards and best practices to ensure
36 proper use of and return on State funds expended for economic development. The Department
37 shall examine the efforts of other states that have permitted public-private partnerships for
38 economic development activities or other means to allow corporate entities to assist in the
39 performance of economic development activities. The Department's plan shall include a
40 schedule for implementation of contracting its activities and duties to one or more nonprofit
41 corporations, and the schedule shall provide that the implementation occur in at least three
42 phases, detailing which activities and duties shall be contracted in each phase and the
43 anticipated advantages of the phased implementation.

44 The Department shall make a report to the Joint Legislative Commission on
45 Governmental Operations no later than March 1, 2014, and prior to entering into a contract
46 pursuant to G.S. 143B-431A, as enacted by this act.

47 **SECTION 1.4.** G.S. 126-5(c2) is amended by adding a new subdivision to read:

48 "(c2) The provisions of this Chapter shall not apply to:

49 ...

1 General Assembly, one shall be appointed upon the recommendation of the President Pro
2 Tempore of the Senate, and one shall be appointed upon the recommendation of the Speaker of
3 the House of Representatives in accordance with G.S. 120-121. The nominating authority for
4 any vacancy on the Board among members appointed by the Governor shall submit to the
5 Governor two nominations for each position to be filled, and the persons so nominated shall
6 represent different disciplines.

7"

8 **SECTION 2.2.** G.S. 143B-437.80 reads as rewritten:

9 **"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

10 (a) Program. – There is established the North Carolina SBIR/STTR Incentive Program
11 to be administered by the North Carolina Board of ~~Science and Technology~~Science,
12 Technology, and Innovation. In order to foster job creation and economic development in the
13 State, the Board may provide grants to eligible businesses to offset costs associated with
14 applying to the United States Small Business Administration for Small Business Innovative
15 Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The
16 grants shall be paid from the One North Carolina Small Business Account established in
17 G.S. 143B-437.71.

18 ...

19 (c) Grant. – The North Carolina Board of ~~Science and Technology~~Science, Technology,
20 and Innovation may award grants to reimburse an eligible business for up to fifty percent (50%)
21 of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of
22 three thousand dollars (\$3,000). A business may receive only one grant under this section per
23 year. A business may receive only one grant under this section with respect to each federal
24 proposal submission. Costs that may be reimbursed include costs incurred directly related to
25 preparation and submission of the grant such as word processing services, proposal consulting
26 fees, project-related supplies, literature searches, rental of space or equipment related to the
27 proposal preparation, and salaries of individuals involved with the preparation of the proposals.
28 Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility
29 or leasehold improvements, and legal fees.

30 (d) Application. – A business shall apply, under oath, to the North Carolina Board of
31 ~~Science and Technology~~Science, Technology, and Innovation for a grant under this section on
32 a form prescribed by the Board that includes at least all of the following:

33"

34 **SECTION 2.3.** G.S. 143B-437.81 reads as rewritten:

35 **"§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.**

36 (a) Program. – There is established the North Carolina SBIR/STTR Matching Funds
37 Program to be administered by the North Carolina Board of ~~Science and Technology~~Science,
38 Technology, and Innovation. In order to foster job creation and economic development in the
39 State, the Board may provide grants to eligible businesses to match funds received by a
40 business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II
41 awards.

42 ...

43 (c) Grant. – The North Carolina Board of ~~Science and Technology~~Science,
44 Technology, and Innovation may award grants to match the funds received by a business
45 through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars
46 (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon
47 receipt of the SBIR/STTR Phase I award and application for funds under this section.
48 Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission
49 by the business of the Phase II application to the funding agency and acceptance of the Phase I
50 report by the funding agency. A business may receive only one grant under this section per
51 year. A business may receive only one grant under this section with respect to each federal

1 proposal submission. Over its lifetime, a business may receive a maximum of five awards
2 under this section.

3 (d) Application. – A business shall apply, under oath, to the North Carolina Board of
4 ~~Science and Technology~~ Science, Technology, and Innovation for a grant under this section on
5 a form prescribed by the Board that includes at least all of the following:

6"
7

8 **PART III. CREATION OF COLLABORATION FOR PROSPERITY ZONES**

9 **SECTION 3.1.** Intent to create Collaboration for Prosperity Zones. – It is the intent
10 of the General Assembly to establish geographically uniform zones in this State to facilitate
11 collaborative and coordinated planning and use of resources, to improve cooperation with other
12 governmental and nonprofit entities at the local and regional level, to facilitate administrative
13 efficiencies within State government, to receive advice on economic development issues by
14 local boards established by a North Carolina nonprofit corporation with which the Department
15 of Commerce contracts, and, to the extent feasible, to establish one-stop sources in each region
16 for citizens and businesses seeking State services at a regional level.

17 **SECTION 3.2.** Article 1 of Chapter 143B of the General Statutes is amended by
18 adding a new section to read:

19 **"§ 143B-28.1. Create Collaboration for Prosperity Zones.**

20 For purposes of enhanced collaboration and cooperation between governmental agencies,
21 planning, use of resources, and improved efficiency at a regional level, the State is hereby
22 divided into eight zones as follows:

- 23 (1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham,
24 Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain,
25 and Transylvania Counties.
- 26 (2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke,
27 Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey
28 Counties.
- 29 (3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston,
30 Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.
- 31 (4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell,
32 Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry,
33 and Yadkin Counties.
- 34 (5) North Central Region, consisting of Chatham, Durham, Franklin, Granville,
35 Harnett, Johnston, Lee, Orange, Person, Vance, Wake, and Warren Counties.
- 36 (6) Sandhills (South Central) Region, consisting of Bladen, Columbus,
37 Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson,
38 and Scotland Counties.
- 39 (7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan,
40 Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Nash,
41 Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, and
42 Wilson Counties.
- 43 (8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin,
44 Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne
45 Counties."

46 **SECTION 3.3.** Agencies shall, by January 1, 2014, report to the Joint Legislative
47 Commission on Governmental Operations and the Study Commission on Collaboration for
48 Prosperity on how they plan to abolish regions and transform them into Collaboration for
49 Prosperity Zones as defined by this act.

50 **SECTION 3.4.** This Part becomes effective July 1, 2013.
51

1 **PART IV. REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR**
2 **PROSPERITY ZONE**

3 **SECTION 4.1.** No later than January 1, 2014, the Departments of Commerce,
4 Environment and Natural Resources, and Transportation shall have at least one employee
5 physically located in the same office in each of the Collaboration for Prosperity Zones set out
6 in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with
7 local governments, schools and colleges, planning and development bodies, and businesses in
8 that zone. The departments shall jointly select the office. For purposes of this Part, the
9 Department of Commerce may contract with a North Carolina nonprofit corporation pursuant
10 to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for
11 each office in each of the Collaboration for Prosperity Zones.

12 No later than January 1, 2014, the Community Colleges System Office shall
13 designate at least one representative from a community college or from the Community
14 Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the
15 community college system, the community colleges in the zone, and other educational agencies
16 and schools within the zone. A liaison may be from a business center located in a community
17 college. These liaisons are not required to be collocated with the liaisons from the Departments
18 of Commerce, Environment and Natural Resources, and Transportation.

19 **SECTION 4.2.** In addition to other related tasks assigned by their respective
20 agencies, liaisons in each Collaboration for Prosperity Zone shall work to enhance
21 collaboration and cooperation between their departments and other State agencies, local
22 governmental agencies, and other regional public and nonprofit entities. The liaisons from the
23 Departments of Environment and Natural Resources and Transportation shall work to
24 consolidate and simplify the process for citizens and businesses seeking permits from their
25 respective agencies. The liaisons from the Department of Commerce shall be used to support
26 local economic development efforts, to coordinate such efforts, and to coordinate the
27 Department of Commerce's activities within each Collaboration for Prosperity Zone. The
28 liaisons from the community college system shall work closely with the Department of
29 Commerce and other State and local governmental agencies and local businesses in the zone to
30 promote job development through career technical education.

31 **SECTION 4.3.(a)** The Departments of Transportation and Environment and
32 Natural Resources shall jointly report to the Office of State Budget and Management, the Joint
33 Legislative Commission on Governmental Operations, the Joint Legislative Transportation
34 Oversight Committee, the Environmental Review Commission, and the Study Commission on
35 Interagency Collaboration for Prosperity, as follows:

- 36 (1) No later than January 1, 2014, on the establishment of collocated liaisons
37 within each Collaboration for Prosperity Zone and a description of the
38 activities the liaisons have been assigned to perform.
- 39 (2) No later than April 1, 2014, on the activities of the liaisons, specifically any
40 activities undertaken that resulted in enhanced collaboration and
41 coordination with the other Department and with other governmental
42 agencies, improved administrative efficiencies, and any steps taken to make
43 services to citizens and businesses within each zone more efficient,
44 economical, and user friendly.

45 **SECTION 4.3.(b)** The Community Colleges System Office shall report to the
46 Office of State Budget and Management, the Joint Legislative Commission on Governmental
47 Operations, the Joint Legislative Education Oversight Committee, and the Study Commission
48 on Interagency Collaboration for Prosperity, as follows:

- 49 (1) No later than January 1, 2014, on the establishment of liaisons within each
50 Collaboration for Prosperity Zone and a description of the activities the
51 liaisons have been assigned to perform.

- 1 (2) No later than April 1, 2014, on the activities of the liaisons, specifically any
2 activities undertaken that resulted in enhanced collaboration and
3 coordination with other governmental agencies, improved planning on use of
4 educational resources, and improved administrative efficiencies.

5 **SECTION 4.3.(c)** The Department of Commerce shall include in its first report
6 under G.S. 143B-431(c1), as enacted by this act, a report on the establishment and activities of
7 its liaisons in each Collaboration for Prosperity Zone. The Department of Commerce shall send
8 a copy of this report to the Office of State Budget and Management and to the Study
9 Commission on Interagency Collaboration for Prosperity.

10 **SECTION 4.4.** The Departments of Commerce, Environment and Natural
11 Resources, and Transportation and the Community Colleges System Office shall use funds
12 available to carry out the requirements of this section.

13 **SECTION 4.5.** Except as otherwise provided, this Part becomes effective July 1,
14 2013, and expires July 1, 2017.

15
16 **PART V. STUDY COMMISSION ON INTERAGENCY COLLABORATION FOR**
17 **PROSPERITY**

18 **SECTION 5.1.(a)** Creation of Commission. – The Study Commission on
19 Interagency Collaboration for Prosperity is established in the General Assembly.

20 **SECTION 5.1.(b)** Membership. – The Study Commission on Interagency
21 Collaboration for Prosperity shall consist of eight members, four members of the Senate
22 appointed by the President Pro Tempore of the Senate and four members of the House of
23 Representatives appointed by the Speaker of the House of Representatives.

24 **SECTION 5.1.(c)** Cochairs; Vacancies; Quorum. – The Study Commission on
25 Interagency Collaboration for Prosperity shall have two cochairs, one designated by the
26 President Pro Tempore of the Senate and one designated by the Speaker of the House of
27 Representatives from among their respective appointees. The Commission shall meet upon the
28 call of the cochairs. Any vacancy on the Commission shall be filled by the original appointing
29 authority. A majority of the members of the Commission constitutes a quorum.

30 **SECTION 5.1.(d)** Compensation; Administration. – Members of the Study
31 Commission on Interagency Collaboration for Prosperity shall receive per diem, subsistence,
32 and travel allowances in accordance with G.S. 120-3.1. The Commission, while in the
33 discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and
34 G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet in the Legislative Building or
35 the Legislative Office Building.

36 With approval of the Legislative Services Commission, the Legislative Services
37 Officer shall assign professional staff to assist the Study Commission on Interagency
38 Collaboration for Prosperity in its work. The House of Representatives' and the Senate's
39 Directors of Legislative Assistants shall assign clerical staff to the Study Commission on
40 Interagency Collaboration for Prosperity, and the expenses relating to the clerical employees
41 shall be borne by the Commission. The Study Commission on Interagency Collaboration for
42 Prosperity may contract for professional, clerical, or consultant services, as provided by
43 G.S. 120-32.02.

44 **SECTION 5.2.(a)** Duties. – The Study Commission on Interagency Collaboration
45 for Prosperity shall review the reports submitted by the Departments of Commerce,
46 Environment and Natural Resources, and Transportation and the Community Colleges System
47 Office pursuant to Part IV of this act and any other information the Commission deems
48 relevant. The Commission may also study and recommend to the 2014 Regular Session of the
49 2013 General Assembly legislation on the following topics:

- 50 (1) Enhancing collaboration and cooperation between State and other
51 governmental agencies in order to streamline and improve services to

1 citizens and businesses, to make such services more user-friendly, and to
2 implement collaborative and cooperative interagency measures to enhance
3 access to services.

4 (2) Reducing barriers faced by citizens and businesses in accessing services that
5 are unnecessarily caused by agency specialization (which may produce a
6 "silo mentality").

7 (3) Additional recommendations regarding liaison personnel, including
8 expanding the requirement to other State departments.

9 (4) Ways to integrate collaboration between educational institutions in each
10 Collaboration for Prosperity Zone on the one hand and other governmental
11 agencies and local businesses on the other.

12 (5) Requiring the establishment of interagency one-stop shops in each
13 Collaboration for Prosperity Zone.

14 (6) Consolidation of programs or services.

15 (7) Cross-training of employees.

16 (8) Identification of offices, equipment, and support services that may be
17 efficiently and economically shared between agencies in each Collaboration
18 for Prosperity Zone.

19 (9) The grouping of counties within each Collaboration for Prosperity Zone to
20 determine whether there is a better configuration while keeping the same
21 overall number of zones.

22 The report containing the recommendations shall identify any savings or costs identified by the
23 Commission as likely to result from its recommendations.

24 **SECTION 5.2.(b)** Report. – The Study Commission on Interagency Collaboration
25 for Prosperity shall report its recommendations under this section to the 2014 Regular Session
26 of the 2013 General Assembly.

27 **SECTION 5.2.(c)** Agency Cooperation. – All State departments and agencies and
28 local governments and their subdivisions shall furnish the Study Commission on Interagency
29 Collaboration for Prosperity with any information in their possession or available to them.

30 **SECTION 5.2.(d)** Commission Termination. – The Study Commission on
31 Interagency Collaboration for Prosperity shall terminate on the filing of its report or on July 1,
32 2014, whichever is later.

33 34 **PART VI. REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS/STATUTES** 35 **CREATING COMMISSIONS REPEALED**

36 **SECTION 6.1.** Articles 2 and 4 of Chapter 158 of the General Statutes are
37 repealed.

38 **SECTION 6.2.** Upon the dissolution of North Carolina's Eastern Region, the North
39 Carolina's Eastern Region Development Commission, the governing body of North Carolina's
40 Eastern Region, shall liquidate the assets of the Region to the extent possible and distribute all
41 Region assets to the counties of the Region in proportion to the amount of the vehicle
42 registration tax levied by the Commission and collected in each county. The assets of the
43 Region that exceed the amount of the vehicle registration tax collected by the counties and are
44 attributable to an appropriation made to the Region by the General Assembly shall revert to the
45 General Fund and may not be distributed to the counties. A county may use funds distributed to
46 it pursuant to this subsection only for economic development projects and infrastructure
47 construction projects. In calculating the amount to be refunded to each county, the Region shall
48 first allocate amounts loaned and not yet repaid as follows:

49 (1) Amounts loaned for a project in a county will be allocated to that county to
50 the extent of its beneficial ownership of the principal of the interest-bearing
51 trust account in which the proceeds of the vehicle registration tax levied by

1 the Commission was placed, and the county will become the owner of the
2 right to repayment of the amount loaned to the extent of its beneficial
3 ownership of the principal of the trust account.

- 4 (2) Amounts not allocated pursuant to subdivision (1) of this subsection shall be
5 allocated among the remaining counties in proportion to the amount of the
6 vehicle registration tax collected in each county, and the remaining counties
7 shall become the owners of the right to repayment of the amounts loaned in
8 proportion to the amount of the vehicle registration tax collected in each
9 county.

10 Notes and other instruments representing the right to repayment shall, upon
11 dissolution of the Region, be held and collected by the State Treasurer, who shall disburse the
12 collections to the counties as provided in this subsection.

13 The Commission shall distribute those assets that it is unable to liquidate among the
14 Region counties insofar as practical on an equitable basis, as determined by the Commission.
15 Upon termination, the State of North Carolina shall succeed to any remaining rights,
16 obligations, and liabilities of the Region not assigned to the Region counties.

17 **SECTION 6.3.** G.S. 120-123 reads as rewritten:

18 "**§ 120-123. Service by members of the General Assembly on certain boards and**
19 **commissions.**

20 No member of the General Assembly may serve on any of the following boards or
21 commissions:

22 ...

23 ~~(62) The North Carolina's Northeast Commission, as established by G.S. 158-8.2.~~

24"

25 **SECTION 6.4.** G.S. 143-215.42 reads as rewritten:

26 "**§ 143-215.42. Acquisition of lands.**

27 ...

28 (h) This section shall not authorize acquisition by condemnation of interests in land
29 within the boundaries of any project to be constructed by the Tennessee Valley Authority, its
30 agents or subdivision or any project licensed by the Federal Power Commission or interests in
31 land owned or held for use by a public utility, as defined in G.S. 62-3. ~~No commission created
32 pursuant to G.S. 158-8 shall condemn or acquire any property to be used by the Tennessee
33 Valley Authority, its agents or subdivision."~~

34 **SECTION 6.5.** G.S. 143-506.10 reads as rewritten:

35 "**§ 143-506.10. Designation of growth centers; achieving balanced growth.**

36 It shall be the policy of the State of North Carolina to support the expansion of the State and
37 to designate growth areas or centers with the potential, capacity and desire for growth. The
38 Governor, with the advice of county and municipal government officials and citizens, is
39 charged with designating growth areas or centers, which shall include at least one center in
40 each North Carolina county. Designation of growth areas or centers shall be reviewed annually.
41 These designations may be used for the purpose of establishing priority consideration for State
42 and federal assistance for growth.

43 Progress toward achieving balanced growth shall be measured by the strengthening of
44 economic activity and the adequacy of public services within each of the State's multi-county
45 ~~regions and, as to the geographical area included, the Southeastern Economic Development~~
46 ~~Commission regions.~~ The Governor, with the advice of county and municipal government
47 officials and citizens, shall develop measures of progress toward achieving balanced growth."

48 **SECTION 6.6.** G.S. 153A-398 reads as rewritten:

49 "**§ 153A-398. Regional planning and economic development commissions.**

50 Two or more counties, cities, or counties and cities may create a regional planning and
51 economic development commission by adopting identical concurrent resolutions to that effect.

1 Such a commission has the powers granted by this Article and the powers granted by Chapter
2 158, Article 2, Article. If such a commission is created, it shall maintain separate books of
3 account for appropriations and expenditures made pursuant to this Article and for
4 appropriations and expenditures made pursuant to Chapter 158, Article 2, Article."

5 **SECTION 6.7.** The Revisor of Statutes may, where necessitated by this Part,
6 correct any reference in the General Statutes and make any other conforming changes.

7 **SECTION 6.8.** If Senate Bill 402, 2013 Regular Session of the General Assembly,
8 becomes law and appropriates money to the regional economic development commissions, then
9 the Department of Commerce shall retain fifty percent (50%) of the appropriation for State
10 marketing and rebranding purposes. No funds shall be disbursed to the regional economic
11 commissions after December 31, 2013.

12 **SECTION 6.9.** This Part becomes effective January 1, 2014.

13 **PART VII. EFFECTIVE DATE AND CONSTRUCTION**

14 **SECTION 7.1.** Nothing in this act shall be construed to obligate the General
15 Assembly to appropriate funds to implement this act.

16 **SECTION 7.2.** Except as otherwise provided, this act is effective when it becomes
17 law.
18