

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 563
Judiciary Committee Substitute Adopted 4/25/17
House Committee Substitute Favorable 6/14/18

Short Title: Commerce to Assign County Distress Factors.

(Public)

Sponsors:

Referred to:

April 3, 2017

A BILL TO BE ENTITLED

AN ACT TO REQUIRE COMMERCE TO ASSIGN DISTRESS FACTORS TO COUNTIES.

The General Assembly of North Carolina enacts:

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

"§ 143B-437.08A. County government distress tax capacity ranking.

(a) Government Distress Factor. – Each year, on or before November 30, the Secretary of Commerce shall assign to each county in the State a government distress factor that is the sum of the subdivisions listed in this subsection. The Secretary shall weight the factor in subdivision (1) of this subsection seventy percent (70%) and weight the factor in subdivision (2) of this subsection thirty percent (30%):

(1) The county's rank in a ranking of counties by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.

(2) The county's rank in a ranking of counties by sales tax distributions under Article 39 of Chapter 105 of the General Statutes, where the rank is directly correlated to the sales tax distribution on a per capita basis for the most recent fiscal year for which data are available.

(b) Annual Ranking. – After computing the government distress factor as provided in this section, the Secretary of Commerce shall rank all the counties within the State according to their government distress factor from highest to lowest.

(c) Data. – The Secretary shall use the latest available data published by a State or federal agency generally recognized as having expertise concerning the data. For the purposes of this section, population statistics do not include people incarcerated in federal or State prisons.

(d) Report. – By November 30 of each year, the Secretary of Commerce shall submit a written report to the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Senate Appropriations/Base Budget Committee, the Senate Appropriations Committee on Natural and Economic Resources, the House Appropriations Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division on the ranking required by subsection (b) of this section, including a map of the State whereupon the ranking of each county is designated."

SECTION 1.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-437.08B. County resident distress ranking.



1 (a) Resident Distress Factor. – Each year, on or before November 30, the Secretary of
2 Commerce shall assign to each county in the State a resident distress factor that is the sum of the
3 following:

- 4 (1) The county's rank in a ranking of counties by average annual earnings from
5 highest to lowest, for the most recent 12 months for which data are available.
6 (2) The county's rank in a ranking of counties by median household income from
7 highest to lowest, for the most recent 12 months for which data are available.
8 (3) The county's rank in a ranking of counties by percentage growth in number of
9 jobs from highest to lowest, for the most recent 36 months for which data are
10 available.
11 (4) The county's rank in a ranking of counties by percentage of population aged
12 25 or older with some college-level educational attainment or higher from
13 highest to lowest, for the most recent 60 months for which data are available.

14 (b) Annual Ranking. – After computing the resident distress factor as provided in this
15 section, the Secretary of Commerce shall rank all the counties within the State from highest to
16 lowest.

17 (c) Data. – The Secretary shall use the latest available data published by a State or federal
18 agency generally recognized as having expertise concerning the data. For the purposes of this
19 section, population statistics do not include people incarcerated in federal or State prisons.

20 (d) Report. – By November 30 of each year, the Secretary of Commerce shall submit a
21 written report to the Joint Legislative Economic Development and Global Engagement Oversight
22 Committee, the Senate Appropriations/Base Budget Committee, the Senate Appropriations
23 Committee on Natural and Economic Resources, the House Appropriations Committee, the
24 House of Representatives Appropriations Subcommittee on Natural and Economic Resources,
25 and the Fiscal Research Division on the ranking required by subsection (b) of this section,
26 including a map of the State whereupon the ranking of each county is designated."

27 **SECTION 1.(c)** The General Assembly finds the following:

- 28 (1) The General Assembly should also require the Department of Commerce to
29 publish county government and resident distress systems that measure a local
30 government's potential ability to generate revenue by measuring its tax
31 capacity and residential economic hardship. Such systems are useful for
32 economic development and noneconomic development programs and entities
33 when determining resource allocation and required local contributions where
34 ability to pay is a factor.
35 (2) A number of noneconomic development programs use the annual rankings by
36 the Department of Commerce for purposes of programmatic criteria, which
37 makes it difficult to tailor the development of factors solely for economic
38 development purposes without having unintended consequences on unrelated
39 programs.

40 **SECTION 1.(d)** In order to facilitate modifications to the development factors to
41 ensure that unrelated programs have program-specific criteria relevant to the goals of those
42 programs, all entities, including the entities listed in this section, shall, no later than January 1,
43 2019, examine the continued use of the development factors set forth in G.S. 143B-437.08, in
44 contrast to the adoption of the county government distress factors set forth in
45 G.S. 143B-437.08A, as enacted by this act, and the county resident distress factors set forth in
46 G.S. 143B-437.08B, as enacted by this act. In examining this use and considering other available
47 data, each entity shall also (i) identify alternative, program-specific criteria and (ii) report any
48 findings and draft legislation necessary to make appropriate modifications to the applicable
49 statutes pertaining to the program. In the event the entity desires to continue to use the
50 development factors provided in G.S. 143B-437.08, the entity shall provide the analysis that
51 supports the continued use of the development factors, including an analysis of how targeted

1 programs match the use of the development factors. The scope of this section is to apply to the
2 use of the development tier designations determined pursuant to G.S. 143B-437.08 for all
3 purposes and programs, including taxes, the North Carolina Development Farmland Preservation
4 Trust Fund, the Spay and Neuter Program, the Abandoned Manufactured Home Cleanup Grants
5 Program, the State Wastewater Reserve, the State Drinking Water Reserve, the Public Safety
6 Assistance Points Grant Program, Oral Health Preventive Services, Medication Assistance,
7 Qualified Allocation Plan for Low-Income Housing Tax Credits, and the Strategic Prioritization
8 Funding Plan for Regional Impact Transportation Investment Projects. In addition to any other
9 entities, this section applies to the following:

- 10 (1) The Department of Agriculture and Consumer Services.
- 11 (2) The Department of Environmental Quality.
- 12 (3) The Department of Information Technology.
- 13 (4) The Department of Health and Human Services.
- 14 (5) The North Carolina Housing Finance Agency.
- 15 (6) The Department of Transportation.
- 16 (7) The Department of Revenue.

17 **SECTION 1.(e)** Each entity required to report under subsection (d) of this section
18 shall submit the report no later than January 15, 2019, to the Fiscal Research Division, the Joint
19 Legislative Economic Development and Global Engagement Oversight Committee, and to their
20 respective joint oversight committees, including, but not limited to, the following:

- 21 (1) The Departments of Agriculture and Consumer Services and Environmental
22 Quality to the Joint Legislative Oversight Committee on Agriculture and
23 Natural and Economic Resources.
- 24 (2) The Department of Information Technology to the Joint Legislative Oversight
25 Committee on Information Technology.
- 26 (3) The Department of Health and Human Services to the Joint Legislative
27 Oversight Committee on Health and Human Services.
- 28 (4) The North Carolina Housing Finance Agency to the Joint Legislative
29 Oversight Committee on General Government.
- 30 (5) The Department of Transportation to the Joint Legislative Transportation
31 Oversight Committee.
- 32 (6) The Department of Revenue to the Revenue Laws Study Committee.

33 **SECTION 2.** This act is effective when it becomes law.