

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 193

Short Title: GPAC/Economic Dev. Council/Plan.

(Public)

Sponsors: Senators Perdue; and Martin of Guilford.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
2 PERFORMANCE AUDIT COMMITTEE TO ESTABLISH AN ECONOMIC
3 DEVELOPMENT COUNCIL IN THE DEPARTMENT OF COMMERCE TO
4 REPLACE THE CURRENT ECONOMIC DEVELOPMENT BOARD, TO
5 REQUIRE THE COUNCIL TO PREPARE AND UPDATE ANNUALLY AN
6 ECONOMIC DEVELOPMENT PLAN FOR THE STATE OF NORTH
7 CAROLINA, AND TO REQUIRE THE DEPARTMENT OF COMMERCE TO
8 ESTABLISH A PLANNING UNIT TO SUPPORT THE ECONOMIC
9 DEVELOPMENT COUNCIL'S ONGOING ROLE IN ECONOMIC AND
10 COMMUNITY DEVELOPMENT PLANNING.
11

12 The General Assembly of North Carolina enacts:

13 Section 1. The General Assembly finds that:

- 14 (1) The Department of Commerce's Economic Development Board is a
15 25-member advisory board charged, in part, with advising the
16 Secretary of Commerce on formulating a program for the economic
17 development of the State.
- 18 (2) The Economic Development Board has published a strategic business
19 plan for quality growth, that sets out a series of strategies and
20 initiatives to be taken by the State in economic development.
- 21 (3) North Carolina has received wide recognition for its economic
22 development successes, although it has some development
23 weaknesses.

- 1 (4) The Economic Development Board of the Department of Commerce,
2 the Governor's Commission on Workforce Preparedness, the Rural
3 Economic Development Center, and other organizations and agencies
4 have developed strategic plans related to economic development.
- 5 (5) The economic development policy currently stated in G.S. 143B-428
6 and the resulting plan developed by the Economic Development Board
7 are lacking key elements necessary for a truly comprehensive and
8 effective economic development plan.
- 9 (6) North Carolina needs a statewide economic development plan that
10 would do all of the following:
- 11 a. Identify the roles and responsibilities of the many diverse
12 agencies and organizations involved in economic development.
- 13 b. Provide measurable objectives or performance indicators to
14 assess the State's economic development progress.
- 15 c. Set out broad vision and mission statements and general goals
16 and policies of the State with regard to economic development.
- 17 d. Reflect the input of all parties involved in economic
18 development as well as the input of the public.
- 19 (7) The lack of an integrated, comprehensive statewide economic
20 development plan creates several inefficiencies as follows:
- 21 a. Agencies involved in economic development have little
22 direction regarding the types of programs and priorities they
23 should focus on.
- 24 b. The General Assembly has limited guidance as to which
25 economic development appropriations are the most effective.
- 26 c. There are no explicit performance indicators against which
27 agencies' effectiveness can be measured.
- 28 d. Various agencies may be duplicating one another's programs or
29 even serving at cross purposes.
- 30 (8) The Economic Development Board should be replaced by an
31 Economic Development Council with additional responsibility for
32 planning and authority to recommend economic development policy to
33 the Secretary of Commerce, the Governor, and the General Assembly
34 on a variety of issues. The Department of Commerce, through its
35 Economic Development Council, should be the lead agency in
36 coordinating all affected parties in developing and updating an
37 integrated, comprehensive economic development plan.

38 Sec. 2. G.S. 143B-434 reads as rewritten:

39 **"§ 143B-434. Economic Development ~~Board~~Council – creation, duties,**
40 **membership.**

41 (a) Creation and Duties. – There is created within the Department of
42 Commerce an Economic Development ~~Board~~. ~~The Board shall advise the Secretary of~~
43 ~~Commerce on:~~ Council. The Council shall have the following duties:

- 1 (1) To provide economic and community development planning for the
 2 State.
- 3 (2) To recommend economic development policy to the Secretary of
 4 Commerce, the General Assembly, and the Governor. The
 5 recommendations may cover the following issues as well as any other
 6 economic development policy issues:
- 7 a. Use of tax abatements and other incentives to motivate
 8 economic development.
- 9 b. Definition of which specific activities and programs should be
 10 considered economic development activities and programs for
 11 the purpose of receiving State appropriations.
- 12 c. The role of institutions of higher education in economic
 13 development.
- 14 d. The use of State funds to leverage private nonprofit economic
 15 development initiatives.
- 16 (3) To recommend annually to the Governor biennial and annual
 17 appropriations for economic development programs.
- 18 (4) To develop and update annually a statewide economic development
 19 plan, as provided in G.S. 143B-434.1.
- 20 ~~(1) The formulation of a program for the economic development of the~~
 21 ~~State of North Carolina; and~~
- 22 ~~(2) The formulation of a budget and the hiring of the head of each division~~
 23 ~~of the Department of Commerce concerned with the expansion of the~~
 24 ~~travel and tourism industry.~~
- 25 ~~The Secretary shall prepare the budget of the Department and shall hire the heads of the~~
 26 ~~above mentioned divisions who shall serve at his pleasure. The Board~~ The Council shall
 27 meet at least quarterly at the call of its ~~chairman~~ chair or the Secretary. Each quarter the
 28 Secretary shall report to the ~~Board~~ Council on the program and progress of this State's
 29 economic development.
- 30 **(b) Membership.** ~~– The Economic Development Board~~ Council shall consist of
 31 ~~26-20~~ members. The Governor shall serve ex officio as a member and as the chair of the
 32 Economic Development Council. The Secretary of Commerce shall serve ex officio as
 33 a member and as the secretary of the Economic Development Council. The Governor
 34 shall appoint the remaining members of the Council, as follows:
- 35 (1) One economic development representative each from three of the
 36 regional alliances that have been established around the State by local
 37 governments and that involve the private sector in economic
 38 development.
- 39 (2) One representative from each of the following State agencies:
- 40 a. The Department of Administration.
- 41 b. The Department of Agriculture.
- 42 c. The Department of Community Colleges.
- 43 d. The Employment Security Commission.
- 44 e. The Department of Labor.

1 f. The Department of the Secretary of State.

2 g. The Department of Transportation.

3 h. The Board of Governors of The University of North Carolina.

4 (3) One representative each from three of the private nonprofit
5 organizations that have received economic development appropriations
6 in the most recent fiscal biennium.

7 (4) Four members of the public.

8 ~~The Secretary of Commerce, the President of the Senate or his appointee, and the~~
9 ~~Speaker of the House of Representatives or his appointee, shall be members of the~~
10 ~~Board. The Governor shall appoint 23 members of the Board. Of his appointees, the~~
11 ~~Governor shall appoint at least one member residing in each congressional district of the~~
12 ~~State.~~

13 ~~The initial appointments by the Governor shall be made on or after the date of~~
14 ~~ratification, 11 terms to expire July 1, 1979, and 11 terms to expire on July 1, 1981.~~
15 ~~Thereafter, at the expiration of each stipulated term of office all appointments made by~~
16 ~~the Governor shall be for a term of four years. The initial term of the person appointed~~
17 ~~to represent the 12th Congressional District shall commence January 3, 1993, and expire~~
18 ~~June 30, 1995. Any vacancy occurring in the membership of the Economic~~
19 ~~Development Board appointed by the Governor shall be filled by the Governor for the~~
20 ~~unexpired term. The Governor shall have the authority to remove any member of the~~
21 ~~Economic Development Board appointed by the Governor.~~

22 ~~The Governor shall designate from among the members of the Economic~~
23 ~~Development Board a chairman and a vice chairman. The Secretary of Commerce or his~~
24 ~~designee shall serve as Secretary of the Economic Development Board. If a vacancy~~
25 ~~occurs in the office of the Lieutenant Governor, the President pro tempore shall fill the~~
26 ~~vacancy. If a vacancy occurs in the office of the Speaker of the House of~~
27 ~~Representatives, the Speaker pro tempore shall fill the vacancy.~~

28 The initial appointments to the Council shall be for terms beginning July 1, 1993.
29 The Governor shall designate eight terms to expire July 1, 1995; the remaining terms
30 shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years.
31 The Governor shall make a replacement appointment to serve for the unexpired term in
32 the case of a vacancy.

33 ~~The members of the Economic Development Board appointed by the Governor Council~~
34 ~~shall receive per diem and necessary travel and subsistence expenses payable to~~
35 ~~members of State Boards and agencies generally pursuant to G.S. 138-5 and 138-6, as~~
36 ~~the case may be; provided, however, that the chairman of the Economic Development Board~~
37 ~~and the Lieutenant Governor shall not be entitled to receive per diem in addition to salary. The~~
38 ~~members of the Economic Development Board who are members of the General Assembly~~
39 ~~shall not receive per diem but shall receive necessary travel and subsistence expenses at rates~~
40 ~~prescribed by G.S. 120-3.1. be.~~

41 (c) Staff – The Department of Commerce shall provide clerical and professional
42 staff support to the Economic Development Council.

43 ~~(b) All clerical and other services required by the Economic Development Board~~
44 ~~shall be supplied by the Secretary of Commerce.~~

1 (e) It shall be the duty of the chairman of the Economic Development Board:

2 (1) ~~To organize the work of the Economic Development Board into~~
 3 ~~committees with respect to the divisions of the Department of~~
 4 ~~Commerce concerned with the expansion of existing industry, the~~
 5 ~~recruitment of new industry and the expansion of the travel and~~
 6 ~~tourism industries and~~

7 (2) ~~To assign responsibilities to each committee."~~

8 Sec. 3. G.S. 143B-433(a) reads as rewritten:

9 "(a) (1) The North Carolina Alcoholic Beverage Control
 10 Commission,

11 (2) The North Carolina Utilities Commission,

12 (3) The Employment Security Commission,

13 (4) The North Carolina Industrial Commission,

14 (5) State Banking Commission,

15 (6) Savings and Loan Association Division,

16 (7) The State Savings Institutions Commission,

17 (8) Credit Union Commission,

18 (9) The North Carolina Milk Commission,

19 (10) The North Carolina Mutual Burial Association Commission,

20 (11) North Carolina Cemetery Commission,

21 (12) The North Carolina Rural Electrification Authority,

22 (13) Repealed by Session Laws 1985, c. 757, s. 179(d),

23 (14) North Carolina Science and Technology Research Center,

24 (15) The North Carolina State Ports Authority,

25 (16) North Carolina National Park, Parkway and Forests Development
 26 Council,

27 (17) ~~Economic Development Board, Council,~~

28 (18) Labor Force Development Council,

29 (19) Energy Policy Council,

30 (20) Energy Division,

31 (21) Navigation and Pilotage Commissions established by Chapter 76 of
 32 the General Statutes, ~~Statutes.~~

33 (22) ~~The North Carolina Technological Development Authority."~~

34 Sec. 4. G.S. 120-123 is amended by adding a new subdivision to read:

35 "(6a) The Economic Development Council established by G.S. 143B-434."

36 Sec. 5. Beginning July 1, 1993, the Department of Commerce shall reallocate
 37 to the Economic Development Council created in this act funds and resources
 38 previously allocated to the Economic Development Board.

39 Sec. 6. Part 2 of Article 10 of Chapter 143B of the General Statutes is
 40 amended by adding a new section to read:

41 "**§ 143B-434.1. Statewide economic development plan.**

42 (a) Council to Prepare Plan. – The Economic Development Council shall prepare
 43 a statewide economic development plan by April 1, 1994. The Council shall review and
 44 update this plan by April 1 of each year. The original statewide economic development

1 plan shall cover a period of several years and each annual update shall extend the time
2 frame by one year so that a multiyear plan is always in effect. The Council shall
3 provide copies of the plan and each annual update to the Governor and the Joint
4 Legislative Commission on Governmental Operations. The statewide economic
5 development plan shall encompass all of the components set out in this section.

6 (b) Public and Private Input. – At each stage as it develops and updates the plan,
7 the Council shall solicit input from all parties involved in economic development in
8 North Carolina, including:

9 (1) Each of the programs and organizations that, for State budget
10 purposes, identify economic development as one of their global goals.

11 (2) Local economic development departments and regional economic
12 development organizations.

13 (3) The Board of Governors of The University of North Carolina.

14 The Council shall also hold public hearings across the State to solicit public input on
15 economic development before the initial statewide economic development plan is
16 completed. The Council shall hold additional public hearings from time to time to
17 solicit public input regarding economic development activities.

18 Each component of the plan shall be based on this broad input and, to the extent
19 possible, upon a consensus among all affected parties. The Council shall coordinate its
20 planning process with any State capital development planning efforts affecting State
21 infrastructure such as roads and water and sewer facilities.

22 (c) Needs Assessment. – The first step in developing the statewide economic
23 development plan shall be to develop a needs assessment based on the input from
24 economic development parties and the public and on information about the economic
25 environment in North Carolina. To prepare the assessment, the Council shall gather the
26 following information. Thereafter, the information shall be updated periodically.

27 (1) Economic and demographic data on North Carolina by State, region,
28 and county including population, population projections, employment
29 and employment projections, income, poverty migration patterns, and
30 other similar data.

31 (2) The cost of doing business in North Carolina and other competing
32 states, as it may affect decisions by firms to locate in this State.

33 (3) Competitive assets within the State and by region and county,
34 including infrastructure, tourist assets, natural resources, labor,
35 educational and research resources, and transportation.

36 (4) Economic and industrial changes in competitive states by region,
37 including new plant location information.

38 (5) Other information relating to economic development such as
39 regulatory or legal matters and social considerations.

40 (d) Vision and Mission Statements. – The Council shall develop a vision
41 statement for economic development that would describe the preferred future for North
42 Carolina and what North Carolina would be like if all economic development efforts
43 were successful. The Council shall then develop a mission statement that outlines the
44 basic purpose of each of North Carolina's economic development programs. Because

1 special purpose nonprofits are uniquely situated to conduct the entrepreneurial and high-
2 risk activity of investing in and supporting new business creation in the State, they
3 should be assigned a dominant role in this key component of economic development
4 activity.

5 (e) Goals and Objectives. – The Council shall next identify the five to seven most
6 important issues or problems that North Carolina must address regarding economic
7 development. For each issue, the Council shall develop specific goals and strategies or
8 approaches to achieving each goal. Goals shall be long-range and shall address both
9 economically depressed areas and more prosperous areas.

10 So that the progress of North Carolina's economic development efforts can be
11 monitored, the Council shall set objectives for each goal that allow measurement of
12 progress toward the goal. Objectives should be quantifiable and time-specific in order
13 to serve as performance indicators.

14 (f) Implementation Plan. – Based upon all of the foregoing steps, the Council
15 shall establish an implementation plan assigning to the appropriate parties specific
16 responsibilities for meeting measurable objectives. The implementation plan shall
17 contain all necessary elements so that it may be used as a means to monitor
18 performance, guide appropriations, and evaluate the outcomes of the parties involved in
19 economic development in the State."

20 Sec. 7. The Department of Commerce shall establish a planning unit within
21 its executive offices to support the Economic Development Council's ongoing role in
22 economic and community development planning. The unit should consist of two
23 professional staff plus necessary support staff. The planning unit shall assist the
24 Council in coordinating the planning process, monitoring and updating the plan, and
25 collecting and analyzing the data necessary for planning.

26 Sec. 8. There is appropriated from the General Fund to the Department of
27 Commerce the sum of three hundred thousand dollars (\$300,000) for the 1993-94 fiscal
28 year and the sum of three hundred thousand dollars (\$300,000) for the 1994-95 fiscal
29 year for the Economic Development Council created in this act. It is the intent of the
30 General Assembly that this will be a continuing appropriation.

31 Sec. 9. This act becomes effective July 1, 1993. The terms of all current
32 members of the Economic Development Board shall expire July 1, 1993.