

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 504

Short Title: Comprehensive Strategic Ec. Dev. Plan.

(Public)

Sponsors: Senator Perdue.

Referred to: Economic Development.

March 18, 1993

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE DEPARTMENT OF COMMERCE TO PREPARE AND  
UPDATE ANNUALLY A COMPREHENSIVE STRATEGIC ECONOMIC  
DEVELOPMENT PLAN FOR THE STATE OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Article 10 of Chapter 143B of the General Statutes is amended by  
adding a new Part after Part 1A to read:

"Part 1B. Comprehensive Strategic Economic Development Plan.

**"§ 143B-433.20. Definitions.**

The following definitions apply in this Part:

- (1) Committee. – The Strategic Planning Committee created pursuant to G.S. 143B-433.24.
- (2) Department. – The Department of Commerce.
- (3) Economic distress. – The presence of at least one trend indicator or at least one status indicator:
  - a. Trend indicators:
    1. Loss of population over the most recent three- to five-year period.
    2. Below average job growth over the most recent three- to five-year period.
    3. Outmigration over the most recent three- to five-year period.
    4. Decline in real wages over the most recent three- to five-year period.

- 1                                   5.     Above average rate of business failures over the most  
 2   recent three- to five-year period.
- 3                   b.     Status indicators:
- 4                                   1.     Per capita income below the State average.
- 5                                   2.     Earnings or wages per job below the State average.
- 6                                   3.     Unemployment above the State average.
- 7                                   4.     Poverty rate above the State average.
- 8                                   5.     Below average fiscal capacity.
- 9     (4)   Plan. – The Comprehensive Strategic Economic Development Plan.
- 10    (5)   Region. – One of the four major geographic regions of the State  
 11         defined as follows:
- 12           a.     Tidewater Region. – The counties of Beaufort, Brunswick,  
 13                     Camden, Carteret, Chowan, Craven, Currituck, Dare, Hyde,  
 14                     Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender,  
 15                     Perquimans, Tyrrell, and Washington.
- 16           b.     Coastal Plain Region. – The counties of Bertie, Bladen,  
 17                     Columbus, Cumberland, Duplin, Edgecombe, Gates, Greene,  
 18                     Halifax, Harnett, Hertford, Hoke, Johnston, Lenoir, Martin,  
 19                     Nash, Northampton, Pitt, Robeson, Sampson, Scotland, Wayne,  
 20                     and Wilson.
- 21           c.     Piedmont Region. – The counties of Alamance, Alexander,  
 22                     Anson, Cabarrus, Caswell, Catawba, Chatham, Cleveland,  
 23                     Davidson, Davie, Durham, Forsyth, Franklin, Gaston,  
 24                     Granville, Guilford, Iredell, Lee, Lincoln, Mecklenburg,  
 25                     Montgomery, Moore, Orange, Person, Randolph, Richmond,  
 26                     Rockingham, Rowan, Stanly, Stokes, Union, Vance, Wake, and  
 27                     Warren.
- 28           d.     Mountain Region. – The counties of Alleghany, Ashe, Avery,  
 29                     Buncombe, Burke, Caldwell, Cherokee, Clay, Graham,  
 30                     Haywood, Henderson, Jackson, Macon, Madison, McDowell,  
 31                     Mitchell, Polk, Rutherford, Surry, Swain, Transylvania,  
 32                     Watauga, Wilkes, Yadkin, and Yancey.

33    **"§ 143B-433.21. Purpose.**

34         The purpose of this Part is to require the Department to apply strategic planning  
 35         principles to its economic development efforts. This requirement is expected to result  
 36         in:

- 37           (1)   The selection of a set of priority development objectives that  
 38                     recognizes the increasingly competitive economic environment and  
 39                     addresses the changing needs of the State in a more comprehensive  
 40                     manner.
- 41           (2)   The effective utilization of available and limited resources.
- 42           (3)   A commitment to achieve priority objectives and to sustain the  
 43                     process.

44    **"§ 143B-433.22. Implementation and annual update of Plan.**

1        The Department shall deliver a Comprehensive Strategic Economic Development  
2 Plan six months after the effective date of this Part. The Department shall review and  
3 update this Plan by June 30 of each year.

4 **"§ 143B-433.23. Time frame of Plan.**

5        The original Plan shall encompass a time frame of four years. Each annual update  
6 shall extend the time frame by one year so that a four-year Plan is always in effect.

7 **"§ 143B-433.24. Strategic Planning Committee.**

8        The strategic planning of the Department shall be supervised by a Strategic Planning  
9 Committee appointed by the Secretary of Commerce. The members of the Committee  
10 shall be individuals with broad experience in economic development with strong  
11 representation from the private economy and special emphasis on rural, minority, and  
12 small business interests. The Department shall include among the membership of the  
13 Committee:

- 14            (1) At least two county economic development representatives selected by  
15 the Secretary of Commerce.
- 16            (2) Four representatives from the Department, including the Secretary of  
17 Commerce who shall chair the Committee.
- 18            (3) Twelve representatives to be selected from the private sector in the  
19 areas of finance, energy and communication utilities, manufacturing,  
20 business services, agriculture, and travel and tourism appointed by the  
21 Secretary of Commerce. Appointments in this group should include  
22 representatives of rural, minority, and small businesses.
- 23            (4) Two representatives from private nonprofit institutions involved in  
24 designing and testing economic development strategies and evaluating  
25 alternative policies, to be appointed by the Secretary of Commerce.
- 26            (5) One representative from the North Carolina Economic Development  
27 Board, to be selected by its Chair.

28 **"§ 143B-433.25. Public input.**

29        The Committee shall hold at least one public hearing in each of the field office  
30 districts to solicit public input on economic development before the initial Plan is  
31 completed. The purposes of the public hearings are to:

- 32            (1) Assess the strengths and weaknesses of recent regional economic  
33 performance.
- 34            (2) Examine the status and competitive position of the regional resource  
35 base.
- 36            (3) Identify issues that are key to improving the economic well-being of  
37 the region.

38 The Committee shall hold additional public hearings in these districts from time to time  
39 to gather information and solicit public input.

40 **"§ 143B-433.26. Plan structure.**

41            (a) The Plan shall consist of an environmental scan and a needs assessment, as  
42 provided in this section.

43            (b) Environmental Scan.

- 1 (1) Compilation of the latest economic and demographic data on North  
2 Carolina by State, region, and county including population, population  
3 projections, employment, and employment projections, income and  
4 earnings status and outlook, migration and commuting patterns,  
5 unemployment, poverty, and other similar data.
- 6 (2) Compilation of the latest data on the strength of the business  
7 environment by State, region, and county with emphasis on the  
8 dynamics of job creation: start-ups, expansions, locations,  
9 contractions, and failures. Special assessments are to be made of rural,  
10 small, and minority business components of overall activity.
- 11 (3) Compilation of the latest data on labor compensation, construction  
12 costs, utility rates, payroll costs, taxes, and other cost data normally  
13 considered by manufacturing firms and new businesses and shall be  
14 tabulated by State, region, and county.
- 15 (4) Compilation of data on assets within the State and by region and  
16 county to include the following:
  - 17 a. Available buildings, bona fide industrial parks, and sites.
  - 18 b. Characteristics of the available labor force (number,  
19 demographic attributes, skill levels, etc.).
  - 20 c. Special labor situations, such as military base discharges and  
21 large plant closings.
  - 22 d. Available infrastructure capacities by county and region  
23 including water, sewer, electrical, natural gas,  
24 telecommunication, highway access, and other pertinent  
25 services.
  - 26 e. The fiscal capacity of counties and localities within counties to  
27 support the infrastructure development necessary to participate  
28 in the development process.
  - 29 f. Analyses of assimilative capacity of riverine, estuarine, or  
30 ocean outfalls, or other environmental cost considerations.
  - 31 g. Proximity analyses of counties in close alignment with major  
32 urban areas in bordering states.
  - 33 h. Special educational and research capabilities.
  - 34 i. Special transportation situations such as major airports, ports,  
35 and railyards.
  - 36 j. Available data on the performance, contribution, and impact  
37 each economic sector (including but not limited to agriculture,  
38 finance, manufacturing, public utilities, trade, services, tourism,  
39 and government) is having on individual counties, regions, and  
40 the State.
  - 41 k. Available tourist and service assets.
  - 42 l. Analyses of seasonal population and absentee ownership in  
43 resort and tourism areas and their impact on the delivery of  
44 public services.

- 1           (5) Compilation and analyses of data on economic and industrial changes  
2 in competitor states by region, as applicable. This data shall be  
3 entered into a database and kept current. It shall include, specifically,  
4 all new plant location information such as origin of the plant, Standard  
5 Industrial Classification Code, employment, and investment.
- 6           (6) Compilation of cost data, policies, and strategies in competitive  
7 Southeastern states as well as other United States regions and foreign  
8 countries.
- 9           (7) Compilation of incentives and special programs being offered by other  
10 states.
- 11           (8) Compilation and analyses of other data relating to economic  
12 development such as regulatory or legal matters, structural problems,  
13 and social considerations, e.g., unemployment, underemployment,  
14 poverty, support services, equity concerns, etc.

15           (c) Needs Assessment. – The Committee, using data from the public input  
16 sessions and the environmental scan, shall prepare an assessment of economic  
17 development strengths, weaknesses, threats, and opportunities within the State by region  
18 and by county. The assessment will include the identification of key development  
19 issues within each geographic area and options available to address each issue.

20 **"§ 143B-433.27. Establishment of goals and objectives.**

21           The Committee, using data from the public input and the environmental scan, shall  
22 formulate a list of goals and objectives. Goals shall be long-range, four years or more,  
23 and shall address both needs of economically distressed regions and counties as well as  
24 opportunities for regions and counties not distressed. The goals shall be developed with  
25 realism but should also be selected so as to encourage every region and county within  
26 the State to develop to its maximum potential. Objectives shall be one year or less in  
27 scope and shall, if achieved, lead to the realization of the goals formulated by the  
28 Committee as provided in this section.

29           Both goals and objectives should be stated largely in economic terms, that is, they  
30 should be related to specific population, employment, demographic targets, or economic  
31 sector targets. Both efficiency and equity considerations are to be addressed and  
32 balanced with special emphasis placed on the needs of disadvantaged or economically  
33 distressed populations and communities. The goals and objectives should not state how  
34 the economic targets are to be reached, but rather what the economic conditions will be  
35 if they are obtained.

36 **"§ 143B-433.28. Formulation of economic development strategy.**

37           The Plan shall have as its action component a strategy, a blueprint for directing  
38 resources of time and dollars toward the satisfaction of the goals and objectives stated in  
39 G.S. 143B-433.27. As a practical consequence of the economic environment, a focus  
40 on the competitiveness of indigenous industries and entrepreneurial development is  
41 required. A balance of opportunity between rural and urban regions and between  
42 majority and minority populations should be an overriding consideration. Equity of  
43 opportunity for counties and communities across the State will involve the explicit

1 consideration of local fiscal capacity and the fiscal ability to support development  
2 activities.

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

8 **"§ 143B-433.29. Economic Report Card.**

9 The Plan shall contain a section devoted to measuring results, to be called 'An  
10 Economic Report Card for the State of North Carolina.' The Report Card shall contain a  
11 comparison of actual results with stated goals and objectives and significant and  
12 meaningful statistics to allow policy-makers to adjust strategy and tactics as necessary  
13 to achieve the formulated goals.

14 The Report Card shall break down data by regions and counties including:

- 15 (1) The net job change (expansions minus contractions) by the various  
16 economic sectors of the county, region, and State.
- 17 (2) Realized capital investment in plants and equipment by new and  
18 expanding industry in each county, region, and State.
- 19 (3) Manufacturing changes by county, region, and State that affect the  
20 value of firms, total payrolls, average wages, value of shipments,  
21 contribution to gross State product, and value added.
- 22 (4) The net change in the number of firms by county, region, and State  
23 with statistics on the dynamics of change: relocations in versus  
24 relocations out; births versus deaths; and expansions versus  
25 contractions.
- 26 (5) A measure of the status and performance of all sectors of the county,  
27 region, and State economy including, but not limited to,  
28 manufacturing, agriculture, trade, finance, communications,  
29 transportation, utilities, services, and travel and tourism.
- 30 (6) An assessment of the relative status and performance of rural business  
31 development as opposed to that in urban areas.
- 32 (7) An analysis of the status of minority-owned businesses throughout the  
33 State.
- 34 (8) An index that measures poverty and other social variables that address  
35 standard of living.
- 36 (9) An assessment of the development capability of the various regions of  
37 the State in terms of their environmental, fiscal, and administrative  
38 capacity. Those areas that are handicapped by barriers to development  
39 should be highlighted.
- 40 (10) A comparison of the State's economic performance as indicated by the  
41 above statistics with the same or similar indicators from other states.

42 **"§ 143B-433.30. Accountability.**

43 The Department shall make all data, plans, and reports available to the General  
44 Assembly and the Joint Legislative Commission on Governmental Operations at

1 appropriate times and upon request. The Department shall prepare and make available  
2 on an annual basis public reports on each of the major sections of the Comprehensive  
3 Strategic Economic Development Plan and the Economic Report Card indicating the  
4 degree of success in attaining each development objective."

5 Sec. 2. G.S. 143B-433(a) reads as rewritten:

- 6 "(a) (1) The North Carolina Alcoholic Beverage Control  
7 Commission,  
8 (2) The North Carolina Utilities Commission,  
9 (3) The Employment Security Commission,  
10 (4) The North Carolina Industrial Commission,  
11 (5) State Banking Commission,  
12 (6) Savings and Loan Association Division,  
13 (7) The State Savings Institutions Commission,  
14 (8) Credit Union Commission,  
15 (9) The North Carolina Milk Commission,  
16 (10) The North Carolina Mutual Burial Association Commission,  
17 (11) North Carolina Cemetery Commission,  
18 (12) The North Carolina Rural Electrification Authority,  
19 (13) Repealed by Session Laws 1985, c. 757, s. 179(d),  
20 (14) North Carolina Science and Technology Research Center,  
21 (15) The North Carolina State Ports Authority,  
22 (16) North Carolina National Park, Parkway and Forests Development  
23 Council,  
24 (17) Economic Development Board,  
25 (18) Labor Force Development Council,  
26 (19) Energy Policy Council,  
27 (20) Energy Division,  
28 (21) Navigation and Pilotage Commissions established by Chapter 76 of  
29 the General Statutes,  
30 ~~(22) The North Carolina Technological Development Authority.~~  
31 (23) Strategic Planning Committee."

32 Sec. 3. This act is effective upon ratification.