

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

**H**

**1**

HOUSE BILL 1351

Short Title: Tier One Development Funds.

(Public)

---

Sponsors: Representatives Brubaker, Berry, Hunter, and Adams (Primary Sponsors).

---

Referred to: Appropriations.

---

April 27, 1999

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR BEST ECONOMIC ENHANCEMENTS  
FOR TIER ONE ENTERPRISE AREAS.

The General Assembly of North Carolina enacts:

Section 1. Appropriation. – There is appropriated from the General Fund to the Department of Commerce the sum of twenty-six million dollars (\$26,000,000) for the 1999-2000 fiscal year to be used to implement the Best Economic Enhancements program as provided in this act. These funds shall not revert at the end of the fiscal year but shall remain available to the Department of Commerce until used as provided in this act.

Section 2. Best Economic Enhancements. – The Department of Commerce shall implement a Best Economic Enhancements program to provide five points of engagement allowing distressed counties to bring or continue bringing economic development efforts to the forefront of their revitalization agendas. A county is eligible for the Best Economic Enhancements program only if it is designated a tier one enterprise area under G.S. 105-129.3 and has adopted an economic development strategic plan. The program includes five components: Small Town Revitalization Investment Funds; Big Brother County Growth Incentive; Tourism Development Infrastructure Funds; Earnest Economic Growth Investment Grant; and County Start-Up Investment Account. An

1 eligible county may participate in no more than three of these five components. The  
2 Department of Commerce may adopt rules to implement this act.

3 Section 3. Small Town Revitalization Investment Funds. – The Department of  
4 Commerce may allocate up to five hundred thousand dollars (\$500,000) to an eligible  
5 county for improvement of small towns in accordance with this section. The funds may  
6 be used only to establish a new use for one or more existing buildings that already have  
7 full services of municipal water, sewer, and power within the town or its extraterritorial  
8 jurisdiction. The funds may be used to renovate or expand existing buildings and to  
9 install commercial equipment for projects that exceed one hundred thousand dollars  
10 (\$100,000) in construction or renovation costs. The funds may not be used for planning  
11 purposes or for greenfield construction projects, but may be used for new construction on  
12 the site of a building or other improvement that has been demolished or moved.

13 The funds may be used only for public purposes that enhance quality of life,  
14 including, but not limited to, medical services, senior services, arts and cultural facilities,  
15 or recreation and amusement venues. The funds may be used for a project that is private  
16 or public-private if the project is endorsed by the local economic development  
17 commission or the board of county commissioners after public notice and a public  
18 hearing on the question.

19 The allocation must be matched by non-State funds. The match must be on the  
20 basis of one dollar (\$1.00) of non-State funds for every one dollar (\$1.00) of State funds  
21 for public projects and on the basis of two dollars (\$2.00) of non-State funds for every  
22 one dollar (\$1.00) of State funds for private projects.

23 Section 4. Big Brother County Growth Incentive. – The Department of  
24 Commerce may allocate to an eligible county up to five hundred thousand dollars  
25 (\$500,000) in the 1999-2000 fiscal year and up to five hundred thousand dollars  
26 (\$500,000) in the 2000-2001 fiscal year to be used for economic development grants to  
27 businesses currently located in enterprise tier four and five areas if they expand their  
28 operations into the eligible county. The county shall develop a procedure for making  
29 economic development grants only to eligible businesses that apply to the local economic  
30 development commission or to the board of county commissioners. Economic  
31 development grants to businesses must meet all of the following conditions:

- 32 (1) The business must be industrial, commercial, or retail and must provide  
33 a new product or service not already being provided in the eligible  
34 county into which the business will expand.
- 35 (2) The grant may not exceed two hundred fifty thousand dollars  
36 (\$250,000) per business per year and is available for no more than two  
37 years per business.
- 38 (3) The business must create at least three new jobs in the eligible county.  
39 These jobs must not be jobs moved from another location in the State.
- 40 (4) The business must invest at least one hundred fifty thousand dollars  
41 (\$150,000) in new machinery and equipment in the eligible county, and  
42 the amount of the grant may not exceed the amount invested by the  
43 business.

- 1 (5) A business may use the grant funds to acquire or improve real or  
2 tangible personal property.

3 Section 5. Tourism Development Infrastructure Funds. – The Department of  
4 Commerce, Division of Travel and Tourism, may allocate up to five hundred thousand  
5 dollars (\$500,000) to an eligible county for tourism development projects that implement  
6 the State's heritage tourism and film development goals. The allocation must be matched  
7 by private, nongovernment funds on the basis of two dollars (\$2.00) of private funds for  
8 every one dollar (\$1.00) of State funds. To qualify for funding under this section, a  
9 tourism development project must be certified by an appropriate local nonprofit  
10 organization as being significant to its goals. An appropriate nonprofit organization is  
11 any of the following or any nonprofit organization with similar goals: a county economic  
12 development commission, the Partnership for the Sounds, Roanoke River Partners, and  
13 the Historic Albemarle Tour.

14 The funds may not be used for development of a traditional hotel or motel but  
15 may be used for attractions and infrastructure improvements such as the following:

- 16 (1) Renovation of an historic property for use as a bed and breakfast  
17 establishment.  
18 (2) A tourist attraction that charges taxable admissions, is open to the public  
19 all year, and plans to market to its service area during off-season and  
20 shoulder-season periods.  
21 (3) A retail establishment that qualifies for State and federal income tax  
22 credits for rehabilitating an historic structure.  
23 (4) Public restrooms, rest areas, information kiosks, and visitor's centers.  
24 (5) Docking facilities, boat fueling and pump-out stations, boardwalks, and  
25 lodging platforms.  
26 (6) Camping facilities, including related sewage treatment facilities.  
27 (7) People-transit systems and people-moving trails using alternative  
28 vehicles.

29 Section 6. Earnest Economic Growth Investment Grant. – The Department of  
30 Commerce may allocate up to one hundred fifty thousand dollars (\$150,000) to an  
31 eligible county to be paid to the county in three annual installments of not more than fifty  
32 thousand dollars (\$50,000) a year. In addition, if an eligible county raises one hundred  
33 thousand dollars (\$100,000) in non-State matching funds, the Department of Commerce  
34 may allocate to that county an additional one hundred thousand dollars (\$100,000) on a  
35 one-time basis.

36 The funds may be used to purchase land for industrial development, to operate  
37 an economic development office, and to employ a full-time economic development  
38 officer. The funds may be used only for expenditures approved by the board of county  
39 commissioners. To be eligible for funds under this section, the board of county  
40 commissioners must guarantee to the Department of Commerce that it will maintain an  
41 active economic development office for at least five years after it applies for a grant  
42 under this section.

1           Section 7. County Start-Up Investment Account. – Upon application by the  
2 economic development commission of an eligible county, the Department of Commerce  
3 may allocate up to two hundred thousand dollars (\$200,000) to the county to endow a  
4 local, low-interest revolving loan fund. The county must administer the loan fund to  
5 provide loans only to new businesses started in the county. The county must invest the  
6 principal in a low-risk financial institution account that pays at least three and one-half  
7 percent (3.5%) annual interest. The county must maintain a balance of at least one  
8 hundred thousand dollars (\$100,000) in the account. The county may contract with a  
9 nonprofit organization to administer the loan fund. The loan fund must meet all of the  
10 following conditions:

- 11           (1) Loans from the fund may not exceed ten thousand dollars (\$10,000) per  
12           business.
- 13           (2) Interest on a loan may not exceed two percent (2%) a year.
- 14           (3) The term of a loan may not exceed five years.
- 15           (4) Each loan applicant must submit a business plan and a cash flow  
16           projection indicating the viability of the proposed business.
- 17           (5) Each loan applicant must employ one or more welfare-to-work  
18           individuals during the period the loan is outstanding.

19           Section 8. Reports. – The Department of Commerce shall require eligible  
20 counties that participate in the Best Economic Enhancements program to report to the  
21 Department on a quarterly basis. The Department of Commerce shall review annually  
22 the progress of each eligible county's implementation and measured results. The  
23 Department of Commerce shall report annually to the Joint Legislative Commission on  
24 Governmental Operations, and more frequently as it requires, on the expenditures under  
25 this act and their impact.

26           Section 9. This act becomes effective July 1, 1999.