

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1109
Committee Substitute Favorable 7/1/93
Senate Finance Committee Substitute Adopted 7/21/93

Short Title: Expand Local Development.

(Public)

Sponsors:

Referred to:

April 19, 1993

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE COUNTIES AND CITIES TO ENGAGE IN
ADDITIONAL LOCAL ECONOMIC DEVELOPMENT ACTIVITIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 158-7.1 reads as rewritten:

"§ 158-7.1. Local development.

(a) Each county and city in this State is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises, making industrial surveys and locating industrial and commercial plants in or near such city or in the county; encouraging the building of railroads or other purposes which, in the discretion of the governing body of the city or of the county commissioners of the county, will increase the population, taxable property, agricultural industries and business prospects of any city or county. These appropriations may be funded by the levy of property taxes pursuant to G.S. 153A-149 and 160A-209 and by the allocation of other revenues whose use is not otherwise restricted by law.

(b) A county or city may undertake the following specific economic development activities. (This listing is not intended to limit by implication or otherwise the grant of authority set out in subsection (a) of this section). The activities listed in this subsection ~~(b)~~ may be funded by the levy of property taxes pursuant to G.S. 153A-149 and G.S. 160A-209 and by the allocation of other revenues whose use is not otherwise restricted by law.

- 1 (1) A county or city may acquire and develop land for an industrial park,
2 to be used for manufacturing, assembly, fabrication, processing,
3 warehousing, research and development, office use, or similar
4 industrial or commercial purposes. A county may acquire land
5 anywhere in the county, including inside of cities, for an industrial
6 park, while a city may acquire land anywhere in the county or counties
7 in which it is located. A county or city may develop the land by
8 installing utilities, drainage facilities, street and transportation
9 facilities, street lighting, and similar facilities; may demolish or
10 rehabilitate existing structures; and may prepare the site for industrial
11 or commercial uses. A county or city may convey property located in
12 an industrial park pursuant to subsection (d) of this section.
- 13 (2) A county or city may acquire, assemble, and hold for resale property
14 that is suitable for industrial or commercial use. A county may acquire
15 such property anywhere in the county, including inside of cities, while
16 a city may acquire such property inside the city or, if the property will
17 be used by a business that will provide jobs to city residents, anywhere
18 in the county or counties in which it is located. A county or city may
19 convey property acquired or assembled ~~pursuant to this paragraph under~~
20 this subdivision pursuant to subsection (d) of this section.
- 21 (3) A county or city may acquire options for the acquisition of property
22 that is suitable for industrial or commercial use. The county or city
23 may assign such an option, following such procedures, for such
24 consideration, and subject to such terms and conditions as the county
25 or city deems desirable.
- 26 (4) A county or city may acquire or construct one or more 'shell buildings',
27 which are structures of flexible design adaptable for use by a variety of
28 industrial or commercial businesses. A county or city may convey or
29 lease a shell building or space in a shell building pursuant to
30 subsection (c) of this section.
- 31 (5) A county or city may construct, extend or own utility facilities or may
32 provide for or assist in the extension of utility services to be furnished
33 to an industrial facility, whether the utility is publicly or privately
34 owned.
- 35 (6) A county or city may extend or may provide for or assist in the
36 extension of water and sewer lines to industrial properties or facilities,
37 whether the industrial property or facility is publicly or privately
38 owned.
- 39 (7) A county or city may engage in site preparation for industrial
40 properties or facilities, whether the industrial property or facility is
41 publicly or privately owned.
- 42 (c) Any appropriation or expenditure pursuant to subsection (b) of this section
43 must be approved by the county or city governing body after a public hearing. The
44 county or city shall publish notice of the public hearing at least 10 days before the

1 hearing is held. ~~The~~ If the appropriation or expenditure is for the acquisition of an
2 interest in real property, the notice shall describe the interest to be acquired, the
3 proposed acquisition cost of such interest, the governing body's intention to approve the
4 acquisition, the source of funding for the acquisition and such other information needed
5 to reasonably describe the acquisition. If the appropriation or expenditure is for the
6 improvement of privately owned property by site preparation or by the extension of
7 water and sewer lines to the property, the notice shall describe the improvements to be
8 made, the proposed cost of making the improvements, the source of funding for the
9 improvements, the public benefit to be derived from making the improvements, and any
10 other information needed to reasonably describe the improvements and their purpose.

11 (d) A county or city may lease or convey interests in real property held or
12 acquired pursuant to subsection (b) of this section in accordance with the procedures of
13 this ~~subsection (d).~~ subsection. A county or city may convey or lease interests in
14 property by private negotiation and may subject the property to such covenants,
15 conditions, and restrictions as the county or city deems to be in the public interest or
16 necessary to carry out the purposes of this section. Any such conveyance or lease must
17 be approved by the county or city governing body, after a public hearing. The county or
18 city shall publish notice of the public hearing at least 10 days before the hearing is held;
19 the notice shall describe the interest to be conveyed or leased, the value of the interest,
20 the proposed consideration for the conveyance or lease, and the governing body's
21 intention to approve the conveyance or lease. Before such an interest may be conveyed,
22 the county or city governing body shall determine the probable average hourly wage to
23 be paid to workers by the business to be located at the property to be conveyed and the
24 fair market value of the interest, subject to whatever covenants, conditions, and
25 restrictions the county or city proposes to subject it to; the to. ~~The~~ consideration for the
26 conveyance may not be less than the value so determined.

27 ~~(d1) In arriving at the amount of consideration that it receives, the Board may take~~
28 ~~into account prospective tax revenues from improvements to be constructed on the~~
29 ~~property, prospective sales tax revenues to be generated in the area, as well as any other~~
30 ~~prospective tax revenues or income coming to the county or city over the next 10 years~~
31 ~~as a result of the conveyance or lease provided the following conditions are met:~~

32 (1) ~~The governing board of the county or city shall determine that the~~
33 ~~conveyance of the property will stimulate the local economy, promote~~
34 ~~business, and result in the creation of a substantial number of jobs in~~
35 ~~the county or city.~~

36 (2) ~~The governing board of the county or city shall contractually bind the~~
37 ~~purchaser of the property to construct improvements on the property~~
38 ~~within a specified period of time, not to exceed 10 years, which~~
39 ~~improvements are sufficient to generate the tax revenue taken into~~
40 ~~account in arriving at the consideration. Upon failure to construct the~~
41 ~~improvements specified in the contract, the purchaser shall reconvey~~
42 ~~the property back to the county or city.~~

1 This subsection applies to the Cities of Concord, Conover, Kannapolis, Mooresville,
2 Mount Airy, St. Pauls, Selma, Smithfield, Statesville, Troutman, and Winston-Salem,
3 and the Counties of Ashe, Cabarrus, Forsyth, Franklin, Iredell, and Johnston.

4 (d2) In arriving at the amount of consideration that it receives, the Board may take
5 into account prospective tax revenues from improvements to be constructed on the
6 property, prospective sales tax revenues to be generated in the area, as well as any other
7 prospective tax revenues or income coming to the county or city over the next 10 years
8 as a result of the conveyance or lease provided the following conditions are met:

9 (1) The governing board of the county or city shall determine that the
10 conveyance of the property will stimulate the local economy, promote
11 business, and result in the creation of a substantial number of jobs in
12 the county or city that pay at or above the median average wage in the
13 county or, for a city, in the county where the city is located. A city
14 that spans more than one county is considered to be located in the
15 county where the greatest population of the city resides. For the
16 purpose of this subdivision, the median average wage in a county is the
17 median average wage for all insured industries in the county as
18 computed by the Employment Security Commission for the most
19 recent period for which data is available.

20 (2) The governing board of the county or city shall contractually bind the
21 purchaser of the property to construct, within a specified period of
22 time not to exceed five years, improvements on the property that will
23 generate the tax revenue taken into account in arriving at the
24 consideration. Upon failure to construct the improvements specified in
25 the contract, the purchaser shall reconvey the property back to the
26 county or city.

27 (e) All appropriations and expenditures pursuant to subsections (b) and (c) of this
28 section shall be subject to the provisions of the Local Government Budget and Fiscal
29 Control Acts of the North Carolina General Statutes, respectively, for cities and ~~counties.~~
30 counties and shall be listed in the annual financial report the county or city submits to
31 the Local Government Commission. The budget format for each such governing body
32 shall make such disclosures in such detail as the Local Government Commission may
33 by rule and regulation direct.

34 (f) ~~All appropriations and expenditures pursuant to subsections (b) and (c) of this~~
35 ~~section shall be subject to the following limitations: No county or city shall have an~~
36 ~~aggregate investment outstanding at any one time which exceeds~~ At the end of each
37 fiscal year, the total of the following for each county and city may not exceed one-half
38 of one percent (0.5%) of the outstanding assessed property tax valuation for the
39 governing body county or city as of January 1 of each year, beginning January 1, 1986.
40 preceding the beginning of the fiscal year:

41 (1) The investment in property acquired at any time under subdivisions
42 (b)(1) through (b)(4) of this section and owned at the end of the fiscal
43 year.

1 (2) The amount expended during the fiscal year under subdivisions (b)(5)
2 and (b)(7) of this section.

3 (3) The amount of tax revenue that was taken into account under
4 subsection (d2) of this section and was expected to be received during
5 the fiscal year.

6 The Local Government Commission shall review the annual financial reports filed
7 by counties and cities to determine if any county or city has exceeded the limit set by
8 this subsection. If the Commission finds that a county or city has exceeded this limit, it
9 shall notify the county or city. A county or city that receives a notice from the
10 Commission under this subsection must submit to the Commission for its review and
11 approval any appropriation or expenditure the county or city proposes to make under
12 this section during the next three fiscal years. The Commission shall not approve an
13 appropriation or expenditure that would cause a county or city to exceed the limit set by
14 this subsection.

15 (g) Repealed by Session Laws 1989, c. 374, s. 1, effective June 21, 1989."

16 Sec. 2. The following acts are repealed: Chapter 673 of the 1987 Session
17 Laws, Chapter 496 of the 1991 Session Laws, Chapter 1006 of the 1991 Session Laws,
18 and Chapter 25 of the 1993 Session Laws.

19 Sec. 3. The following acts are repealed: Chapter 266 of the 1989 Session
20 Laws, Chapter 913 of the 1989 Session Laws (Reg. Sess. 1990), and Chapter 7 of the
21 1991 Session Laws.

22 Sec. 4. G.S. 158-7.1(d1) is repealed.

23 Sec. 5. The provisions of this act are severable. If any provision of this act is
24 declared invalid by a court, the invalidity does not affect other provisions or
25 applications of this act that can be given effect without the invalid provision or
26 application.

27 Sec. 6. This act becomes effective January 1, 1994. This act does not affect
28 appropriations or expenditures that are made by a county or city after the effective date
29 of this act and were agreed to in writing by the county or city before the effective date
30 of this act as part of an economic development project.