

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 479*

Short Title: Rural Economic Development Act.

(Public)

Sponsors: Representatives H. Hunter; Bowman, Burton, Cummings, Hensley, and Michaux.

Referred to: Appropriations.

March 24, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR ECONOMIC DEVELOPMENT IN RURAL AREAS
3 AND DEPRESSED AREAS OF NORTH CAROLINA.

4 Whereas, economic conditions in rural North Carolina are characterized by
5 slow or declining population growth, job losses, persistent poverty, and increasing
6 financial demands on local governments; and

7 Whereas, depressed rural areas lack the necessary infrastructure development
8 to be competitive for sustained economic growth; and

9 Whereas, depressed rural areas are at a competitive disadvantage in attracting
10 new business and industry and therefore need the necessary enhancement programs to
11 promote capital investment and create new job opportunities; and

12 Whereas, the financial resources of depressed rural areas cannot generate the
13 necessary matching funds to participate in federal loan and grant infrastructure
14 development and improvement programs; and

15 Whereas, depressed rural areas do not possess the capacity to develop local
16 programs to assist in economic development planning, marketing, and grant
17 procurement; and

18 Whereas, the North Carolina economy of the future must promote balanced
19 growth in an effort to maintain employment opportunities, increase income levels,
20 reduce poverty, and generate the public revenues for public services for the good of all
21 our citizens; Now, therefore,

22 The General Assembly of North Carolina enacts:

1 Section 1. (a) Supplemental Funding Pilot Project. – There is appropriated from
2 the General Fund to the North Carolina Rural Economic Development Center, Inc., the
3 sum of four million dollars (\$4,000,000) for the 1993-94 fiscal year for a pilot program
4 to provide supplemental funding for matching requirements for economic development
5 in economically depressed areas. The Center shall use the funds to make grants to local
6 governments and nonprofit corporations to provide funds necessary to match federal
7 grants or other grants for necessary economic development projects and activities in
8 economically depressed areas. The grant recipients shall be selected on the basis of
9 need.

10 (b) Definitions. – The following definitions apply in this section:

11 (1) Economically depressed area. – Any of the following:

12 a. A county that the Secretary of Commerce has designated one of
13 the most economically depressed counties in the State pursuant
14 to G.S. 143B-437A.

15 b. That part of a rural county whose poverty rate is at least one
16 hundred fifty percent (150%) of the State poverty rate. For the
17 purpose of this section, the poverty rate is the percentage of the
18 population with income below the latest annual federal poverty
19 guidelines issued by the United States Department of Health
20 and Human Resources.

21 c. That part of a rural county whose rate of unemployment is at
22 least double the State rate of unemployment.

23 d. That part of a rural county that experiences an actual or
24 imminent loss of jobs in a number that is equal to or exceeds
25 five percent (5%) of the total number of jobs in the part.

26 (2) Rural county. – A county that the United States Office of Management
27 and Budget has not designated as a metropolitan county.

28 (c) Reports. – The North Carolina Rural Economic Development Center, Inc.,
29 shall report quarterly to the Joint Legislative Commission on Governmental Operations
30 and the Department of Commerce on the use of the funds appropriated in this section
31 and on the outcomes achieved by the pilot program.

32 Sec. 2. (a) There is appropriated from the General Fund to the Department of
33 Commerce the sum of two million dollars (\$2,000,000) for the 1993-94 fiscal year and
34 the sum of two million dollars (\$2,000,000) for the 1994-95 fiscal year for the Industrial
35 Development Fund created in G.S. 143B-437A.

36 (b) G.S. 143B-437A reads as rewritten:

37 **"§ 143B-437A. Industrial Development Fund.**

38 (a) There is created in the Department of Commerce the Industrial Development
39 Fund to provide funds to assist the local government units of the most economically
40 depressed counties in the State in creating jobs. The Department of Commerce shall
41 adopt rules providing for the administration of the program. Those rules shall include
42 the following:

43 (1) The funds shall be used for (i) installation of or purchases of
44 manufacturing equipment or process productions equipment, (ii)

1 structural repairs, improvements, or renovations of existing buildings
2 to be used for manufacturing and industrial expansion, (iii)
3 construction of or improvements to new or existing water, sewer, gas,
4 or electrical utility distribution lines or equipment for existing
5 industrial buildings to be used for manufacturing and industrial
6 operations, or (iv) in the case of counties designated as severely
7 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c) or
8 units of local government within those counties, construction of or
9 improvement to new or existing water, sewer, gas, or electrical utility
10 distribution lines or equipment to serve new or proposed industrial
11 buildings to be used for manufacturing and industrial operations. To be
12 eligible for funding, the water, sewer, gas, or electrical utility lines or
13 facilities shall be located on the site of the building or, if not located on
14 the site, shall be directly related to the operation of the specific
15 manufacturing activity. However, the Secretary of Commerce may use
16 up to one hundred thousand dollars (\$100,000) to provide emergency
17 economic development assistance in any county which is documented
18 to be experiencing a major economic dislocation.

19 (2) The funds shall be used by the city and county governments for
20 projects that will directly result in the creation of new jobs. The funds
21 shall be expended at a rate of ~~one thousand two hundred dollars (\$1,200)~~
22 two thousand four hundred dollars (\$2,400) per new job created up to a
23 maximum of two hundred fifty thousand dollars (\$250,000) per
24 project.

25 (b) Each year, on or before December 31, the Secretary of Commerce shall
26 designate the most economically distressed counties in the State; this designation shall
27 remain effective for the following calendar year. The Secretary of Commerce shall
28 determine which counties are the most economically distressed counties in the State
29 based on (i) rate of unemployment, (ii) per capita income, and (iii) relative population
30 and work force growth or lack of growth, as determined by the Secretary of Commerce.

31 (c) The Department of Commerce shall report annually to the General Assembly
32 concerning the applications made to the fund and the payments made from the fund and
33 the impact of the payments on job creation in the State. The Department of Commerce
34 shall also report quarterly to the Joint Legislative Commission on Governmental
35 Operations and the Fiscal Research Division on the use of the moneys in the fund,
36 including information regarding to whom payments were made, in what amounts, and
37 for what purposes.

38 (d) As used in this section, 'major economic dislocation' means the actual or
39 imminent loss of:

40 (1) 500 or more manufacturing jobs in the county; or

41 (2) A number of manufacturing jobs which is equal to or more than ten
42 percent (10%) of the existing manufacturing workforce in the county."

43 Sec. 3. There is appropriated from the General Fund to the North Carolina
44 Rural Economic Development Center, Inc., the sum of six hundred thousand dollars

1 (\$600,000) for the 1993-94 fiscal year for a pilot program to provide grants to depressed
2 counties and municipalities to enable them to acquire short-term capacity for immediate
3 needs for economic development planning and writing federal grant applications. The
4 Center shall establish standards for determining each local government's needs and shall
5 make grants on the basis of need. The Center shall report to the Joint Select Fiscal
6 Trends and Reform Commission on or before October 1, 1993, on the standards it has
7 established for determining need. The Center shall report quarterly to the Joint
8 Legislative Commission on Governmental Operations and the Department of
9 Commerce on the use of the funds appropriated in this section and on the outcomes
10 achieved by the pilot program.

11 Sec. 4. There is appropriated from the General Fund to the North Carolina
12 Rural Economic Development Center, Inc., the sum of one hundred fifty thousand
13 dollars (\$150,000) for the 1993-94 fiscal year for administrative costs in implementing
14 the pilot programs provided in this act.

15 Sec. 5. This act becomes effective July 1, 1993.