

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 220
Committee Substitute Favorable 6/12/89

Short Title: Main Street Revolving Loan Fund.

(Public)

Sponsors:

Referred to:

February 15, 1989

A BILL TO BE ENTITLED

AN ACT TO CREATE THE MAIN STREET REVOLVING LOAN FUND.

The General Assembly of North Carolina enacts:

Section 1. A revolving loan fund to be known as the Main Street Revolving Loan Fund is established. Moneys appropriated to, credited to, or paid to this fund shall be deposited with the Department of Natural Resources and Community Development. This fund shall be administered by the Department of Natural Resources and Community Development. The Department of Natural Resources and Community Development shall be responsible for receipt and disbursement of all moneys as provided in this act. Interest earnings shall be credited to the Main Street Revolving Loan Fund.

Sec. 2. Moneys in the Main Street Revolving Loan Fund shall be available to the North Carolina cities affiliated with the National Main Street Center Program. Moneys in the Main Street Revolving Loan Fund shall be used for the following eligible activities:

- (1) The acquisition or rehabilitation of properties in connection with private investment in a designated downtown area;
- (2) The establishment of revolving loan programs for private investment in a designated downtown area;
- (3) The subsidization of interest rates for these revolving loan programs;
- (4) The establishment of facade incentive grants in connection with private investment in a designated downtown area;

- 1 (5) Market studies, design studies, design assistance, or strategic planning
- 2 efforts, provided the activity can be shown to lead directly to private
- 3 investment in a designated downtown area;
- 4 (6) Any approved project that provides construction or rehabilitation in a
- 5 designated downtown area and can be shown to lead directly to private
- 6 investment in the designated downtown area; and
- 7 (7) Public improvements and public infrastructure within a designated
- 8 downtown area, provided these improvements are necessary to create
- 9 or stimulate private investment in the designated downtown area.

10 Sec. 3. (a) Any North Carolina city affiliated with the National Main Street
11 Center Program may apply for a loan from the Main Street Revolving Loan Fund by
12 submitting an application to the Main Street Center in the Division of Community
13 Assistance, Department of Natural Resources and Community Development. The
14 application shall list:

- 15 (1) The proposed activities for which the moneys are to be used;
- 16 (2) The amount of loan moneys requested for these activities;
- 17 (3) Projections of the dollar amount of private investment that is expected
- 18 to occur in the designated downtown area as a direct result of the city's
- 19 proposed activities;
- 20 (4) Whether local public dollars are required to match any loan moneys
- 21 according to the provisions of Section 5(b) of this act, and if so, the
- 22 amount of local public dollars required;
- 23 (5) Projections of the time needed to get private investors to make a
- 24 written commitment regarding their investment;
- 25 (6) An explanation of the nature of the private investment in the
- 26 designated downtown area that will result from the city's proposed
- 27 activities;
- 28 (7) Projections of the time needed to complete the city's proposed
- 29 activities;
- 30 (8) Projections of the time needed to realize the private investment that is
- 31 expected to result from the city's proposed activities; and
- 32 (9) Identification of the proposed source of funds to be used for repayment
- 33 of the loan obligation.

34 The applicant shall furnish additional or supplemental information upon written request.

35 (b) A committee, comprised of representatives of: the Division of Community
36 Assistance of the Department of Natural Resources and Community Development, the
37 North Carolina Main Street Program, the Local Government Commission, and the
38 League of Municipalities shall:

- 39 (1) Review a city's application,
 - 40 (2) Determine whether the activities listed in the application are activities
 - 41 that are eligible for a loan, and
 - 42 (3) Determine which applicants are selected to receive a loan from the
 - 43 Main Street Revolving Loan Fund.
- 44 (c) A city whose application is denied may file a new or amended application.

1 Sec. 4. (a) No Main Street City that is selected to receive a loan may receive
2 loans pursuant to this act totaling more than three hundred thousand dollars (\$300,000).

3 (b) The Department of Natural Resources and Community Development shall
4 establish an account in the amount of the loan for each Main Street City that is selected
5 to receive a loan. These moneys shall be disbursed as expended through warrants
6 drawn on the Department of Natural Resources and community Development.

7 Sec. 5. (a) A Main Street City that has been selected to receive a loan shall:

8 (1) Receive written commitment from private investors of the dollar
9 amount of private investment in the designated downtown area that the
10 private investors will make as a result of that City's activities. The
11 amount of committed private funds shall match the amount of the loan
12 from the Main Street Revolving Loan Fund on the basis of at least five
13 private dollars (\$5.00) for every one dollar (\$1.00) from the Main
14 Street Revolving Loan Fund.

15 (2) Use the full amount of the loan for the activities that were approved
16 pursuant to Section 3 of this act. Loan money is deemed used if the
17 Main Street City is legally committed to spend the moneys on the
18 approved activities.

19 (b) If a Main Street City has received approval to use loan moneys for public
20 improvements or public infrastructure, that City shall be required to raise, before loan
21 moneys for these public improvements may be drawn from the City's account, local
22 public funds to match the amount of the loan from the Main Street Revolving Loan
23 Fund on the basis of at least one local public dollar (\$1.00) for every one dollar (\$1.00)
24 from the Main Street Revolving Loan Fund. This match requirement applies only to
25 those loan moneys received for public improvements or public infrastructure and is in
26 addition to the requirement that the City receive written commitment for private
27 investment in accordance with subdivision (1) of subsection (a) of this section.

28 (c) A Main Street City that fails, within three years of being selected or by May
29 1, 1993, whichever occurs first, to actually raise the level of private investment for
30 which the City received written commitment shall be required to repay within 45 days
31 to the Main Street Revolving Loan Fund an amount equal to that portion of the loan that
32 was not matched as required. The Department of Natural Resources and Community
33 Development shall determine whether this condition has been satisfied, and if it has not
34 been satisfied, determine the amount the City shall be required to repay to the Main
35 Street Revolving Loan Fund.

36 (d) A Main Street City that fails to satisfy the condition set forth in subsection
37 (a)(2) of this section shall lose any loan moneys that have not been used within three
38 years of being selected or June 29, 1993, whichever occurs first. These unused loan
39 moneys shall be credited to the Main Street Revolving Loan Fund.

40 (e) Any moneys repaid or credited to the Main Street Revolving Loan Fund
41 pursuant to subsections (c) or (d) of this section shall be available to other applicants as
42 long as the Main Street Revolving Loan Fund is in effect. The Main Street City that
43 fails to satisfy the conditions of its loan may file a new application.

1 (f) Each city is authorized to agree to apply any available revenues of that
2 city to the repayment of a loan obligation to the extent the generation of these revenues
3 is within the power of that city to enter into covenants to take action in order to generate
4 these revenues; provided:

5 (1) The agreement to use this source of funds to make repayment or the
6 covenant to generate these revenues does not constitute a pledge of the
7 city's taxing power; and

8 (2) The repayment agreement specifically identifies the source of funds to
9 be pledged.

10 Sec. 6. Inspection of a project for which a loan has been awarded may be
11 performed by personnel of the Department of Natural Resources and Community
12 Development. No person may be approved to perform inspection who is an officer or
13 employee of the unit of local government to which the loan was made or who is an
14 owner, officer, employee, or agent of a contractor or subcontractor engaged in the
15 construction of any project for which the loan was made.

16 Sec. 7. The Department of Natural Resources and Community Development
17 may adopt, modify, and repeal rules establishing the procedures to be followed in the
18 administration of this act and regulations interpreting and applying the provisions of this
19 act, as provided in the Administrative Procedure Act.

20 Sec. 8. (a) The Department of Natural Resources and Community
21 Development and Main Street Cities that have been selected to receive a loan from the
22 Main Street Revolving Loan Fund shall prepare and file on or before July 31 of each
23 year the Main Street Revolving Loan Fund is in effect with the Joint Legislative
24 Commission on Governmental Operations a consolidated report for the preceding fiscal
25 year concerning the allocation of loans authorized by this act.

26 (b) The portion of the annual report prepared by the Department of Natural
27 Resources and Community Development shall set forth for the preceding fiscal year
28 itemized and total allocations from the Main Street Revolving Loan Fund for loans.
29 The Department of Natural Resources and Community Development shall also prepare
30 a summary report of all allocations made from the fund for each fiscal year; the total
31 funds received and allocations made; the total amount of loan moneys repaid to the
32 Fund, and the total unallocated funds in the Fund.

33 (c) The portion of the report prepared by the Main Street City shall include:

34 (1) The total amount of private funds that were committed and the amount
35 that were invested in the designated downtown area during the
36 preceding fiscal year;

37 (2) The total amount of local public matching funds that were raised, if
38 required by Section 5 of this act;

39 (3) The total amount of the loan received from the Main Street Revolving
40 Loan Fund during the preceding fiscal year;

41 (4) The total amount of loan moneys repaid to the Main Street Revolving
42 Loan Fund during the preceding fiscal year;

43 (5) A description of how the loan moneys and funds from private investors
44 were used during the preceding fiscal year;

1 (6) Details regarding the types of private investment created or stimulated,
2 the dates of this activity, the amount of public money involved, and
3 any other pertinent information, including any jobs created, businesses
4 started, and number of jobs retained due to the approved activities.

5 Sec. 9. There is appropriated from the General Fund to the Main Street
6 Revolving Loan Fund created in Section 1 of this act the sum of three million five
7 hundred thousand dollars (\$3,500,000) for the fiscal year 1989-90 and three million five
8 hundred thousand dollars (\$3,500,000) for the fiscal year 1990-91 for the purposes set
9 forth in this act.

10 Sec. 10. There is appropriated from the General Fund to the Division of
11 Community Assistance, Department of Natural Resources and Community
12 Development, the sum of sixty thousand dollars (\$60,000) for the fiscal year 1989-90 to
13 establish a position to staff the North Carolina Main Street Program.

14 Sec. 11. This act is effective upon ratification.