

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 220
Committee Substitute Favorable 6/12/89
Committee Substitute #2 Favorable 6/15/89

Short Title: Main Street Financial Incentive Fund.

(Public)

Sponsors:

Referred to:

February 15, 1989

A BILL TO BE ENTITLED

AN ACT TO CREATE THE MAIN STREET FINANCIAL INCENTIVE FUND.

The General Assembly of North Carolina enacts:

Section 1. A revolving fund to be known as the Main Street Financial Incentive Fund is established. Moneys appropriated to, credited to, or paid to this fund shall be deposited with the State Treasurer. This Fund shall be administered by the Office of State Budget and Management. The Office of State Budget and Management shall be responsible for receipt and disbursement of all moneys as provided in this act. Interest earnings shall be credited to the Main Street Financial Incentive Fund.

Sec. 2. Moneys in the Main Street Financial Incentive Fund shall be available to the North Carolina cities affiliated with the North Carolina Main Street Center Program. Moneys in the Main Street Financial Incentive 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 North Carolina Main
11 Street Center Program may apply for moneys from the Main Street Financial Incentive
12 Fund by submitting an application to the Main Street Center in the Division of
13 Community Assistance, Department of Natural Resources and Community
14 Development. Any city affiliated with the North Carolina Main Street Center Program
15 may apply for a grant equal to ten percent (10%) of the projected cost of the proposed
16 project. A city may apply for additional moneys as one or more loans from the Fund.
17 Specifically, a city may apply for a loan for:

- 18 (1) Fifteen percent (15%) of the projected cost of the proposed project in
19 excess of the amount to be received as a grant, subject to repayment
20 within fifteen years at five percent (5%) interest;
- 21 (2) Twenty percent (20%) of the projected cost of the proposed project in
22 excess of the amount to be received as a grant, subject to repayment
23 within ten years at eight percent (8%) interest; and
- 24 (3) Thirty-five percent (35%) of the projected cost of the proposed project
25 in excess of the amount to be received as a grant, subject to repayment
26 within seven years at ten percent (10%) interest.

27 The application shall list:

- 28 (1) The proposed activities for which the moneys are to be used and the
29 projected cost of the project;
- 30 (2) The amount of grant moneys and any loans requested for these
31 activities;
- 32 (3) Projections of the dollar amount of private investment that is expected
33 to occur in the designated downtown area as a direct result of the city's
34 proposed activities;
- 35 (4) Whether local public dollars are required to match any grant plus any
36 loan moneys according to the provisions of Section 5(b) of this act,
37 and if so, the amount of local public dollars required;
- 38 (5) An explanation of the nature of the private investment in the
39 designated downtown area that will result from the city's proposed
40 activities;
- 41 (6) Projections of the time needed to complete the city's proposed
42 activities;
- 43 (7) Projections of the time needed to realize the private investment that is
44 expected to result from the city's proposed activities; and

1 (8) Identification of the proposed source of funds to be used for repayment
2 of any loan obligations.

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

4 (b) A committee, comprised of representatives of: the Division of Community
5 Assistance of the Department of Natural Resources and Community Development, the
6 North Carolina Main Street Program, the Local Government Commission, and the
7 League of Municipalities shall:

8 (1) Review a city's application,

9 (2) Determine whether the activities listed in the application are activities
10 that are eligible for a loan, and

11 (3) Determine which applicants are selected to receive moneys from the
12 Main Street Financial Incentive Fund.

13 (c) A city whose application is denied may file a new or amended application.

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

16 (b) The Office of State Budget and Management may not disburse moneys for a
17 grant plus any loans until:

18 (1) It has received from the Department of Natural Resources and
19 Community Development a certificate that states that the city has been
20 selected to receive a grant and any loans; and

21 (2) In the case of a loan, the city has confirmed a method of repayment of
22 the loan.

23 Once these conditions of disbursement have been satisfied, the State Treasurer shall
24 establish an account in the amount of the grant plus any loans for each city that is
25 selected. These moneys shall be disbursed as expended through warrants drawn on the
26 State Treasurer.

27 (c) The terms for repayment established for a given loan shall apply throughout
28 the period of that loan.

29 Sec. 5. (a) A city that has been selected to receive a grant plus any loans shall
30 use the full amount of the grant plus any loans for the activities that were approved
31 pursuant to Section 3 of this act. Moneys are deemed used if the city is legally
32 committed to spend the moneys on the approved activities.

33 (b) If a city has received approval to use the grant plus any loans for public
34 improvements or public infrastructure, that city shall be required to raise, before moneys
35 for these public improvements may be drawn from the city's account, local public funds
36 to match the amount of the grant plus any loans from the Main Street Financial
37 Incentive Fund on the basis of at least one local public dollar (\$1.00) for every one
38 dollar (\$1.00) from the Main Street Financial Incentive Fund. This match requirement
39 applies only to those moneys received for public improvements or public infrastructure
40 and is in addition to the requirement set forth in subsection (a) of this section.

41 (c) A city that fails to satisfy the condition set forth in subsection (a) of this
42 section shall lose any moneys that have not been used within three years of being
43 selected. These unused moneys shall be credited to the Main Street Financial Incentive

1 Fund. A city that fails to satisfy the conditions set forth in subsections (a) and (b) of
2 this section may file a new application.

3 (d) Any moneys repaid or credited to the Main Street Financial Incentive Fund
4 pursuant to subsection (c) of this section shall be available to other applicants as long as
5 the Main Street Financial Incentive Fund is in effect.

6 (e) Each city is authorized to agree to apply any available revenues of that
7 city to the repayment of a loan obligation to the extent the generation of these revenues
8 is within the power of that city to enter into covenants to take action in order to generate
9 these revenues; provided:

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

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

15 (f) After a project financed in whole or in part pursuant to this act has been
16 completed, the city shall report the actual cost of the project to the Department of
17 Natural Resources and Community Development. If the actual cost of the project
18 exceeds the projected cost upon which the grant plus any loans were based, the city may
19 submit an application to the Department of Natural Resources and Community
20 Development for a grant or loans for the difference. If the actual cost of the project is
21 less than the projected cost, the city shall arrange to pay the difference to the Main
22 Street Financial Incentive Fund according to terms set by the Department.

23 Sec. 6. Inspection of a project for which a grant plus any loans have been
24 awarded may be performed by personnel of the Department of Natural Resources and
25 Community Development. No person may be approved to perform inspections who is
26 an officer or employee of the unit of local government to which the grant plus any loans
27 were made or who is an owner, officer, employee, or agent of a contractor or
28 subcontractor engaged in the construction of any project for which the grant plus any
29 loans were made.

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

34 Sec. 8. The Department of Natural Resources and Community Development
35 and cities that have been selected to receive a grant plus any loans from the Main Street
36 Financial Incentive Fund shall prepare and file on or before July 31 of each year with
37 the Joint Legislative Commission on Governmental Operations a consolidated report for
38 the preceding fiscal year concerning the allocation of grants plus any loans authorized
39 by this act.

40 (b) The portion of the annual report prepared by the Department of Natural
41 Resources and Community Development shall set forth for the preceding fiscal year
42 itemized and total allocations from the Main Street Financial Incentive Fund for grants
43 and loans. The Department of Natural Resources and Community Development shall
44 also prepare a summary report of all allocations made from the fund for each fiscal year;

1 the total funds received and allocations made; the total amount of loan moneys repaid to
2 the Fund, and the total unallocated funds in the Fund.

3 (c) The portion of the report prepared by the city shall include:

- 4 (1) The total amount of private funds that were committed and the amount
5 that were invested in the designated downtown area during the
6 preceding fiscal year;
- 7 (2) The total amount of local public matching funds that were raised, if
8 required by Section 5 of this act;
- 9 (3) The total amount of grant plus any loans received from the Main Street
10 Financial Incentive Fund during the preceding fiscal year;
- 11 (4) The total amount of loan moneys repaid to the Main Street Financial
12 Incentive Fund during the preceding fiscal year;
- 13 (5) A description of how the grant and loan moneys and funds from
14 private investors were used during the preceding fiscal year;
- 15 (6) Details regarding the types of private investment created or stimulated,
16 the dates of this activity, the amount of public money involved, and
17 any other pertinent information, including any jobs created, businesses
18 started, and number of jobs retained due to the approved activities.

19 Sec. 9. There is appropriated from the General Fund to the Main Street
20 Financial Incentive Fund created in Section 1 of this act the sum of three million five
21 hundred thousand dollars (\$3,500,000) for the fiscal year 1989-90 and three million five
22 hundred thousand dollars (\$3,500,000) for the fiscal year 1990-91 for the purposes set
23 forth in this act.

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

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