

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1570*

Short Title: Regional Development Partnership.

(Public)

Sponsors: Senators Kaplan and Edwards.

Referred to: Economic Development/Travel Tourism.

May 25, 1994

A BILL TO BE ENTITLED

1 AN ACT TO ENCOURAGE REGIONAL COOPERATION IN ECONOMIC
2 DEVELOPMENT THROUGH THE NORTH CAROLINA PARTNERSHIP FOR
3 REGIONAL ECONOMIC DEVELOPMENT AND TO APPROPRIATE FUNDS
4 FOR REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS.
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6 Whereas, the General Assembly finds that economic development has not
7 been evenly distributed across the State; and

8 Whereas, in the increasingly complex and competitive environment for
9 economic development, individual local governments often lack the expertise and
10 resources to engage in activities that promote job creation; and

11 Whereas, the economy of North Carolina is composed of diverse
12 subeconomies that vary significantly across the State, and effective economic
13 development policies and programs must be customized to best take advantage of the
14 particular resources and opportunities of these regions; and

15 Whereas, cooperation among cities and counties, in partnership with the
16 private and nonprofit sectors, enables diverse regions to mount effective economic
17 development activities; and

18 Whereas, in recognition of this, the General Assembly created three regional
19 economic development commissions pursuant to G.S. 158-8.1, 158-8.2, and 158-8.3 in
20 1993; and

21 Whereas, other regional economic development organizations have been
22 formed on a voluntary basis in other parts of the State; and

23 Whereas, the enactment of the North Carolina Partnership for Regional
24 Economic Development will encourage regional cooperation throughout North Carolina

1 across local government boundaries and across the public, private, and nonprofit sectors
2 to enable all parts of the State to become more competitive for economic development;
3 Now, therefore,

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 158 of the General Statutes is amended by adding a new
6 Article to read:

7 **"ARTICLE 5.**

8 **"REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS.**

9 **"§ 158-45. Scope.**

10 This Article does not apply to those counties included in regional economic
11 development commissions established pursuant to G.S. 158-8.1, 158-8.2, and 158-8.3
12 until July 1, 1996.

13 **"§ 158-46. Definitions.**

14 The following definitions apply in this Article:

- 15 (1) Department. – The Department of Commerce.
16 (2) Distress factor. – A county's distress factor as calculated under G.S.
17 105-130.40(c).
18 (3) Region. – An area served by a regional economic development
19 commission.
20 (4) Regional economic development partnership. – A regional economic
21 development commission certified by the Department pursuant to this
22 Article.

23 **"§ 158-47. Partnership requirements; governing body.**

24 (a) Requirements. – A regional economic development partnership must include
25 an adequate number of counties, and municipalities of those counties, to demonstrate to
26 the Department that the regional partnership meets all of the following requirements:

- 27 (1) It is of adequate size in population and geographic scope to effectively
28 undertake economic development activities, to market as a distinct and
29 viable region for attraction of new investment, and to generate
30 adequate local resources to effectively cooperate with the Department.
31 (2) It is economically integrated as determined by commuting patterns,
32 economic base, economic interrelationships, major employers, or other
33 indicators of economic integration.
34 (3) It has an identifiable focal point of economic activity, known as an
35 economic engine or driver, within the regional boundaries on which to
36 build an effective economic development and marketing strategy, such
37 as a metropolitan area, a cluster of manufacturing or nonmanufacturing
38 industries, a natural resource base, or other clearly identifiable
39 economic resources.

40 (b) Governing Body. – Each regional economic development partnership shall be
41 governed by a board that is broadly representative of the citizens of the local
42 governments that comprise the partnership. The board should reflect the diverse
43 population of the region and include representatives of the public sector, the private
44 sector, and the nonprofit sector. Where appropriate and practical, the board should also

1 include representation, voting or nonvoting, from other regional organizations within
2 the boundaries of the partnership. Voting representation shall be allocated on an
3 equitable basis among the members of the partnership.

4 **"§ 158-48. Certification of partnerships.**

5 (a) Application. – In order to be certified, a proposed regional economic
6 development partnership must apply to the Department for certification as a regional
7 economic development partnership on an application provided by the Department.
8 Applications for certification shall be delivered to the Department by October 1 of the
9 year in which certification is sought. The application shall contain the following
10 information and any other information required by the Department:

11 (1) Documentation that the requirements of G.S. 148-47 have been
12 satisfied.

13 (2) A business plan that covers a two-year period and presents a detailed
14 description of the proposed activities of the partnership and a detailed
15 budget that includes both State and local funds.

16 (3) Documentation that the partnership has provided opportunity for
17 discussion and participation in the development of the business plan by
18 interested parties, including local economic development
19 organizations, existing regional organizations, business, nonprofit
20 development corporations, and others, as appropriate.

21 (4) Identification of public and private organizations within the boundaries
22 of the partnership active in economic development and a description of
23 what role, if any, they will undertake in cooperation with the
24 partnership.

25 (5) A statement that none of the local governments in the proposed
26 partnership is a member of another partnership or proposed
27 partnership.

28 (b) Certification. – The Department shall complete review of all applications by
29 November 1 of each year. The Department shall provide technical assistance to
30 applicants in removing deficiencies in applications. The Department shall certify a
31 partnership only if:

32 (1) The application meets all requirements for certification; and

33 (2) All applications taken together with other information available to the
34 Department provide no evidence that a county that wished to
35 participate in a partnership was denied a reasonable opportunity to
36 participate.

37 (c) Reports. – Each partnership must submit an annual report to the Department.
38 The report must include a description of activities carried out to date, results of those
39 activities as measured by jobs and investment and other appropriate measures, and a
40 detailed financial report.

41 (d) Renewal. – A certification remains valid for two years. Every two years,
42 each partnership must reapply for certification in accordance with this section.

43 **"§ 158-49. State funding of partnerships.**

1 (a) Allocation. – Regional economic development partnerships are eligible to
2 receive State funds as provided in this section. Each year, the Department shall allocate
3 any funds appropriated by the General Assembly for regional economic development
4 partnerships among the counties that are members of partnerships according to level of
5 economic distress as indicated by the distress factor. Each county's allocation shall be
6 determined by dividing the county's distress factor by the sum of the distress factors for
7 all partnership counties and multiplying the resulting percentage by the amount of the
8 appropriation. The Department shall then allocate to each regional economic
9 development partnership the sum of the allocations to each county that is a member of
10 the partnership.

11 (b) Match. – Each partnership must match its allocation under this section on the
12 basis of one dollar (\$1.00) of non-State funds for every ten dollars (\$10.00) of State
13 funds. This match requirement shall be allocated among the counties of the partnership
14 in proportion to each county's allocation of funds under this section. Of the ten percent
15 (10%) match, at least one-half must be contributed by private sector sources.

16 (c) Distribution. – The Department shall distribute to each regional economic
17 development partnership its allocated amount only after determining that:

- 18 (1) The amount of funding is reasonable given the proposed budget and
19 program activities submitted by the partnership.
- 20 (2) The partnership has established appropriate financial mechanisms and
21 controls.
- 22 (3) The partnership has demonstrated the ability to provide the required
23 matching funds.

24 If the Department determines that a partnership has not met these conditions, the
25 Department shall retain the partnership's allocation in a trust account until the
26 partnership meets the conditions.

27 (d) Use. – Funds distributed to a regional economic development partnership
28 under this section shall be used only for marketing, advertising, promotion, and related
29 economic development activities to secure jobs and new investment in the region.
30 Examples of eligible uses include:

- 31 (1) Marketing the region to promote new investment from out-of-State
32 companies.
- 33 (2) Promoting travel and tourism or natural-resource based attractions.
- 34 (3) Trade missions.
- 35 (4) Marketing and promoting existing industries.
- 36 (5) Encouraging attraction or retention of entrepreneurial development.
- 37 (6) Promoting and marketing local crafts, industries, or other specialized
38 economic development opportunities.
- 39 (7) Research-related economic development activities such as industry
40 sector studies for targeted marketing, buyer-supplier analyses for
41 targeted marketing or to support existing industry, development of
42 necessary supporting information and data, linking the region with the
43 Department of Commerce Economic Development Information
44 System.

1 (e) Administrative Costs. – The funds distributed under this section shall not be
2 used for staff or administrative costs unless this use is approved by the Department in
3 the business plan. The Department may authorize up to twenty-five percent (25%) of
4 the State allocation to be used for staff or administrative costs in regions with high
5 levels of distress. In making this determination, the Department shall consider the
6 relative levels of distress of the partnerships as measured by the distress factors of the
7 counties in each partnership.

8 **"§ 158-50. Duties of the Department of Commerce.**

9 (a) The Department shall actively assist each partnership in organizing and
10 carrying out activities specified in its business plan. The Department shall also ensure
11 that each partnership is linked to the Economic Development Information System. The
12 Department shall develop procedures that ensure that each region has maximum
13 opportunity to attract new jobs and investment, that all inquiries from companies
14 concerning location in North Carolina are fairly and equitably handled, and that all
15 inquiries and prospective investments are handled efficiently and effectively.

16 (b) The Department shall institute a process to organize programs and services in
17 a manner that will assist each region in taking maximum advantage of potential
18 development opportunities. This process shall include all of the following:

- 19 (1) Integrating each regional economic development partnership into the
20 Economic Development Information System and the Geographic
21 Information System.
- 22 (2) Developing joint marketing strategies and materials for targeted
23 industries, services, or promotional markets based on each region's
24 strengths and priorities.
- 25 (3) Assigning an economic development specialist to work with each
26 regional economic development partnership.
- 27 (4) Providing technical assistance and training, if needed, to help build
28 regional capacity.
- 29 (5) Developing cooperative marketing and advertising campaigns to
30 ensure consistency of image and quality and to secure discounts on
31 media presentations.
- 32 (6) Customizing the services and programs within the Department, where
33 practicable, to better link departmental resources with the diverse
34 needs and opportunities within the boundaries of each partnership."

35 Sec. 2. It was the finding of the Economic Development Board created in
36 G.S. 143B-434 that numerous regional organizations receive State funds to conduct
37 economic development activities. The Government Performance Audit Committee
38 recommended that duplication and fragmentation in economic development activities be
39 reduced at the State level. It is the intent of the General Assembly that any duplication
40 and fragmentation of State-funded economic development activities at the regional level
41 also be reduced or eliminated.

42 Sec. 3. The Legislative Research Commission may work in cooperation with
43 the appropriate executive agencies and boards and representatives of local government
44 to study and recommend a strategy to reduce duplication and fragmentation in State-

1 funded regional economic development organizations. The Legislative Research
2 Commission may report its findings and recommendations to the 1995 General
3 Assembly.

4 Sec. 4. There is appropriated from the General Fund to the Department of
5 Commerce the sum of two million four hundred thousand dollars (\$2,400,000) for the
6 1994-95 fiscal year to be allocated to regional economic development partnerships
7 certified under Article 5 of Chapter 158 of the General Statutes, as enacted by this act.
8 These funds shall not revert at the end of the fiscal year but shall remain available until
9 used for this purpose.

10 Sec. 5. This act becomes effective July 1, 1994.