

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 833

Short Title: Tourism Investment Grants. (Public)

Sponsors: Senator Jones.

Referred to: Appropriations/Base Budget.

March 19, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE A TRAVEL AND TOURISM CAPITAL INVESTMENT
3 PROGRAM AND A RURAL TOURISM DEVELOPMENT ACCOUNT.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Part 2 of Article 10 of Chapter 143B of the General Statutes is
6 amended by adding two new sections to read:

7 "**§ 143B-434.5. Travel and Tourism Capital Investment Program.**

8 (a) Program Established. – The Travel and Tourism Capital Investment Program
9 is established in the Department of Commerce. Under the program, the Travel and
10 Tourism Grant Committee established in this section may award grants to the sponsors
11 of qualified projects for the purpose of inducing the creation of new, or the expansion or
12 renovation of, existing travel and tourism projects. Grant proceeds may not be
13 distributed to any private individual or entity. The Committee shall develop guidelines
14 to be used in determining whether the conditions in this section are satisfied and
15 whether the project described in the application is consistent with the program.

16 (b) Sponsor. – For the purpose of this section, the sponsor of a qualified project is
17 a county or city in this State that will participate in financing the project.

18 (c) Committee. – The Travel and Tourism Grant Committee shall consist of the
19 Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State
20 Budget and Management, the Chair of the North Carolina Travel and Tourism Board,
21 the Executive Director of the North Carolina Institute for Minority Economic
22 Development; three elected local government officials; and three public members. One
23 elected local government official and one public member shall represent the Piedmont
24 and shall be appointed by the General Assembly upon the recommendation of the
25 Speaker of the House of Representatives. One elected local government official and one
26 public member shall represent the Mountains and shall be appointed by the Governor.
27 One elected local government official and one public member shall represent the
28 Coastal Plain and shall be appointed by the General Assembly upon the
29 recommendation of the President Pro Tempore of the Senate. Neither the public

1 members nor the elected local government officials may be associated with or employed
2 by the travel and tourism industry or an entertainment enterprise or be in any contractual
3 relationship regarding the qualified project. The appointed members shall serve
4 two-year terms. The appointing authorities shall make appointments to the Committee
5 that reflect the State's ethnic diversity. The Committee may act only upon a majority
6 vote of its members.

7 It is unlawful for a member of the Committee to provide, during or within two years
8 after the end of service on the Committee, services for compensation, as an employee,
9 consultant, or otherwise, to any project that was awarded a grant under this section
10 while the former member was serving on the Committee or to any person or entity that
11 contracts with that project. Violation of this subsection is a Class 1 misdemeanor.

12 Meetings of the Committee are subject to the open meetings requirements of Article
13 33C of Chapter 143 of the General Statutes. All documents of the Committee, including
14 applications for grants, are public records governed by Chapter 132 of the General
15 Statutes, including applicable provisions of the General Statutes protecting confidential
16 information.

17 (d) Application. – The sponsor of a qualified project is responsible for applying
18 for a grant under this section. The sponsor of a qualified project may apply for a grant
19 no later than one year after the qualified project is opened to the public. Before filing an
20 application, the sponsor must determine that the project meets all of the requirements
21 for qualification and must include with the application detailed certification of the facts
22 supporting the project's qualification. The application must contain all information
23 required by the Committee, including a certification of the nature and cost of the
24 tourism project, the estimated revenues to be generated by the project, the estimated
25 economic benefit to the community, and the purposes for which the applicant will use
26 the grant funds. The application must also include documentation proving (i) the role
27 the project plays in increasing travel and tourism revenue and (ii) that the financing of
28 the project requires local government participation. If the tourism project is the result of
29 a public-private partnership, the application must set forth in detail the respective rights
30 and obligations of the parties and the specific terms of the agreement. The application
31 must be signed by the finance officer and the chair of the governing body of the
32 sponsor.

33 (e) Fee. – When filing an application under this section, the applicant must pay
34 the Committee the applicable fee provided in the table below based on the development
35 tier in which the project is located:

<u>Development Tier</u>	<u>Fee</u>
<u>1</u>	<u>\$1,000</u>
<u>2</u>	<u>\$3,000</u>
<u>3</u>	<u>\$5,000</u>

40 The fee is due at the time the application is filed. The Committee shall determine the
41 allocation of the fee imposed by this subsection among the agencies whose heads are ex
42 officio members of the Committee. The proceeds of the fee are receipts of the agency to
43 which they are credited.

1 (f) Qualification. – A qualified project is a newly created travel and tourism
2 project or expansion or renovation of a travel and tourism project that the Committee
3 determines, pursuant to a feasibility study under this section, meets all of the following
4 conditions:

5 (1) The sponsor's financial participation is a critical factor in the
6 construction of the project.

7 (2) A project located in a development tier one or two area will target at
8 least fifteen percent (15%) of its visitors from among persons who
9 reside outside the State or more than 25 miles from the project. A
10 project located in a development tier three area will target at least
11 thirty-five percent (35%) of its visitors from among persons who
12 reside outside the State or more than 50 miles from the project.

13 (3) The project has a business plan that demonstrates a positive economic
14 impact on the community in which the project is located.

15 (4) The applicant has provided impact projections regarding estimated
16 State and local tax revenues with respect to the project.

17 (5) The project will have a significant and positive economic impact on
18 the community in which the project is located, considering among
19 other factors the extent to which the tourism project will compete
20 directly with existing tourism attractions in the area and the amount by
21 which tax revenues from the tourism project will exceed the amount of
22 the grant provided.

23 (6) The applicant has provided a cost-benefit analysis of the project.

24 (7) The applicant has provided an economic impact analysis, certified by a
25 certified public accountant, which demonstrates the employment, gross
26 State product, and personal income effects of the project over a
27 10-year period.

28 (8) The project will be available to the public for a minimum of 100 days
29 per year.

30 (9) The project will generate at least 10 new jobs in the community in
31 which the project is located. At least three of the new jobs will be
32 full-time positions if the project is located in a development tier one or
33 two area. At least seven of the new jobs will be full-time positions if
34 the project is located in a development tier three area.

35 (10) The project will have the following minimum cost based on the
36 development tier in which it is located:

<u>Development Tier</u>	<u>Minimum Cost</u>
<u>1</u>	<u>\$250,000</u>
<u>2</u>	<u>\$1,500,000</u>
<u>3</u>	<u>\$4,000,000</u>

41 (11) The governing body of the sponsor has passed a resolution stating the
42 need for the project and the positive economic impact and
43 enhancement of travel and tourism revenues from the project.

1 (12) The applicant has demonstrated by clear and convincing evidence the
2 following:

3 a. The project will not result in unnecessary duplication of
4 existing services.

5 b. The project will generate new visitors to the area rather than
6 drawing visitors away from other existing tourism attractions.

7 (13) The average wage of the jobs created by the project is at least equal to
8 eighty-five percent (85%) of the applicable wage standard provided in
9 G.S. 105-129.83(c).

10 (g) Feasibility Study. – The applicant must fund a feasibility study certified by a
11 certified public accountant and coordinated solely by the Committee. The Committee
12 shall develop a list of qualified firms to conduct the study. The Committee shall
13 prescribe the scope of the study to cover all of the qualifications established in this
14 section.

15 (h) Amount. – Subject to the maximums provided in this section, the amount of a
16 grant with respect to a qualified project is forty-five percent (45%) of the total amount
17 of the following taxes collected and retained by the State each year:

18 (1) The net State sales tax collected on sales by or within the qualified
19 project, as determined by the Department of Revenue.

20 (2) The net privilege tax paid by the qualified project under G.S. 105-37.1,
21 as determined by the Department of Revenue.

22 (i) Maximums. – The maximum term of a grant is 10 years. No project may
23 receive any grant proceeds for a year that is more than 10 years beyond the date of the
24 initial grant award. The maximum amount of a grant is one million dollars (\$1,000,000)
25 per year.

26 (j) Use. – The proceeds of a grant may be used only for capital costs, including
27 debt service, with respect to the qualified project for which the grant was awarded.

28 (k) Disbursement. – In order to receive grant disbursements under this section,
29 the sponsor of the qualified project must provide the Department of Revenue with
30 periodic, verified accountings of the tax collections provided in subsection (h) of this
31 section. These reports must be made at the times and in the form prescribed by the
32 Department of Revenue. Each report must include the name, address, and tax
33 identification number of every taxpayer whose collections are included in the report and
34 any other information required by the Department of Revenue.

35 The Department of Revenue must disburse grants awarded under this section in
36 accordance with G.S. 105-269.16. The Department of Revenue must also disburse funds
37 to the Rural Tourism Development Account in accordance with G.S. 105-269.16.

38 Upon awarding a grant under this section, the Committee must provide the following
39 information to the Department of Revenue:

40 (1) The name, address, and other identifying information of the sponsor to
41 whom the grant was awarded.

42 (2) The name and address of any lessee or individual or entity who has
43 entered into a contract with the sponsor of the qualified project.

1 (3) The address and other identifying information of each facility that is
2 part of the qualified project for which the grant was awarded.

3 (4) The maximum amount of the grant as determined in accordance with
4 this section.

5 (5) Any other information included in the application, if required by the
6 Department of Revenue.

7 (1) Reports. – The Committee must report annually to the Joint Legislative
8 Commission on Governmental Operations concerning the applications made for grants,
9 the grants awarded under this section, and the division and use of the fee collected by
10 the Committee under this section.

11 (m) Cap. – No more than twenty million dollars (\$20,000,000) in grants shall be
12 awarded each fiscal year. For the purpose of this maximum, the amount awarded is
13 calculated as the estimated cumulative maximum amount of the grant over its term
14 divided by the number of years in its term. Within this cap, one-seventh of the funds
15 shall be allocated each year to each regional economic district as identified by the
16 Department of Commerce. If there are insufficient qualified projects from a district in
17 any fiscal year, the amount allocated to that district shall be reallocated among the
18 remaining districts for that year.

19 "**§ 143B-434.6. Rural Tourism Development Account.**

20 (a) Creation of Account. – There is created in the Department of Commerce,
21 Division of Tourism, Film, and Sports Development, the Rural Tourism Development
22 Account to provide grants to encourage the development of tourism projects within rural
23 areas of the State. The Account is established as a special reserve fund.

24 (b) Administration. – The Division of Tourism, Film, and Sports Development
25 shall administer this account in accordance with the following provisions:

26 (1) Only projects with total development costs less than twenty-five
27 million dollars (\$25,000,000) are eligible to receive a grant under this
28 section. For purposes of this section, 'development costs' has the same
29 meaning as under G.S. 143B-437.71.

30 (2) A grant may not exceed one hundred thousand dollars (\$100,000) per
31 project.

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

39 **SECTION 2.** Article 9 of Chapter 105 of the General Statutes is amended by
40 adding a new section to read:

41 "**§ 105-269.16. Travel and tourism grants.**

42 (a) Grants. – The Department must annually disburse the travel and tourism
43 grants awarded under G.S. 143B-434.5. Each annual disbursement must be made by
44 October 1 for the preceding fiscal year. The amount of each grant must be calculated in

1 accordance with G.S. 143B-434.5 based on information provided to the Department by
2 the sponsor of the qualified project. If information necessary to calculate a portion of a
3 grant is not available, the Department must disburse only that portion for which
4 information is available.

5 (b) Rural Account. – At the time the Department disburses grants under
6 subsection (a) of this section, the Department shall credit to the Rural Tourism
7 Development Account created in G.S. 143B-434.6 an amount equal to one-ninth of the
8 total grant funds disbursed.

9 (c) Funding. – To pay for the cost of implementing this section, the Department
10 must draw from State sales and use tax collections under Article 5 of this Chapter an
11 amount equal to the funds disbursed under this section and the Department's costs of
12 administering the disbursements. The Department must provide the Committee an
13 annual accounting of funds disbursed under this section."

14 **SECTION 3.** This act becomes effective January 1, 2007.