

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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HOUSE BILL 1945\*  
Committee Substitute Favorable 6/9/94

Short Title: Regional Development Partnership.

(Public)

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Sponsors:

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Referred to:

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June 1, 1994

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO ENCOURAGE REGIONAL COOPERATION IN ECONOMIC  
3 DEVELOPMENT THROUGH THE NORTH CAROLINA PARTNERSHIP FOR  
4 REGIONAL ECONOMIC DEVELOPMENT AND TO APPROPRIATE FUNDS  
5 FOR REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS.

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



1 governments that comprise the partnership. The board shall reflect the diverse  
2 population of the region and include representatives of the public sector, the private  
3 sector, and the nonprofit sector. Where appropriate and practical, the board should also  
4 include representation, voting or nonvoting, from other regional organizations within  
5 the boundaries of the partnership. Voting representation shall be allocated on an  
6 equitable basis among the members of the partnership.

7 **"§ 158-48. Certification of partnerships.**

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

- 14 (1) Documentation that the requirements of G.S. 158-47 have been  
15 satisfied.
- 16 (2) A business plan that covers a two-year period and presents a detailed  
17 description of the proposed activities of the partnership and a detailed  
18 budget that includes both State and local funds.
- 19 (3) Documentation that the partnership has provided opportunity for  
20 discussion and participation in the development of the business plan by  
21 interested parties, including local economic development  
22 organizations, existing regional organizations, business, nonprofit  
23 development corporations, and others, as appropriate.
- 24 (4) Identification of public and private organizations within the boundaries  
25 of the partnership active in economic development and a description of  
26 what role, if any, they will undertake in cooperation with the  
27 partnership.
- 28 (5) A statement that none of the local governments in the proposed  
29 partnership is a member of another partnership or proposed partnership  
30 certified under this Article.

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

- 35 (1) The application meets all requirements for certification;
- 36 (2) All applications taken together with other information available to the  
37 Department provide no evidence that a county that wished to  
38 participate in a partnership was denied a reasonable opportunity to  
39 participate;
- 40 (3) The partnership shall design its marketing and advertising campaigns  
41 to be consistent with the image and quality of the State's marketing and  
42 advertising campaigns; and

1           (4) The partnership agrees to report all inquiries generated by cooperative  
2           marketing, advertising, and promotional activities and their status to  
3           the Department.

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

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

10 **"§ 158-49. State funding of partnerships.**

11           (a) Allocation. – Regional economic development partnerships are eligible to  
12           receive State funds as provided in this section. Each year, the Department shall allocate  
13           any funds appropriated by the General Assembly for regional economic development  
14           partnerships among the counties that are members of partnerships according to level of  
15           economic distress as indicated by the distress factor. Each county's allocation shall be  
16           determined by dividing the county's distress factor by the sum of the distress factors for  
17           all partnership counties and multiplying the resulting percentage by the amount of the  
18           appropriation. The Department shall then allocate to each regional economic  
19           development partnership the sum of the allocations to each county that is a member of  
20           the partnership.

21           (b) Match. – Each partnership must match its allocation under this section on the  
22           basis of one dollar (\$1.00) of non-State funds for every ten dollars (\$10.00) of State  
23           funds. This match requirement shall be allocated among the counties of the partnership  
24           in proportion to each county's allocation of funds under this section. Of the ten percent  
25           (10%) match, one-half must be contributed by private sector sources.

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

28           (1) The amount of funding is reasonable given the proposed budget and  
29           program activities submitted by the partnership.

30           (2) The partnership has established appropriate financial mechanisms and  
31           controls.

32           (3) The partnership has demonstrated the ability to provide the required  
33           matching funds.

34           (4) The partnership has been certified pursuant to G.S. 158-48.

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

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

42           (1) Marketing the region to promote new investment from out-of-State  
43           companies.

44           (2) Promoting travel and tourism or natural resource-based attractions.

- 1 (3) Trade missions.
- 2 (4) Marketing and promoting existing industries.
- 3 (5) Encouraging attraction or retention of entrepreneurial development.
- 4 (6) Promoting and marketing local crafts, industries, or other specialized
- 5 economic development opportunities.
- 6 (7) Research-related economic development activities such as industry
- 7 sector studies for targeted marketing, buyer-supplier analyses for
- 8 targeted marketing or to support existing industry, development of
- 9 necessary supporting information and data, linking the region with the
- 10 Department of Commerce Economic Development Information
- 11 System.

12 (e) Administrative Costs. – The funds distributed under this section shall not be

13 used for staff or administrative costs unless this use is approved by the Department in

14 the business plan. The Department may authorize up to twenty-five percent (25%) of

15 the State allocation to be used for staff or administrative costs in regions with high

16 levels of distress. In making this determination, the Department shall consider the

17 relative levels of distress of the partnerships as measured by the distress factors of the

18 counties in each partnership.

19 **"§ 158-50. Duties of the Department of Commerce.**

20 (a) The Department shall actively assist each partnership in organizing and

21 carrying out activities specified in its business plan. The Department shall also ensure

22 that each partnership is linked to the Economic Development Information System. The

23 Department shall develop procedures that ensure that each region has maximum

24 opportunity to attract new jobs and investment, that all inquiries from companies

25 concerning location in North Carolina are fairly and equitably handled within the

26 confines of the inquiring company's requirements and needs, and that all inquiries and

27 prospective investments are handled efficiently and effectively.

28 (b) The Department shall institute a process to organize programs and services in

29 a manner that will assist each region in taking maximum advantage of potential

30 development opportunities. This process shall include all of the following:

- 31 (1) Integrating each regional economic development partnership into the
- 32 Economic Development Information System and the Geographic
- 33 Information System.
- 34 (2) Developing joint marketing strategies and materials for targeted
- 35 industries, services, or promotional markets based on each region's
- 36 strengths and priorities.
- 37 (3) Assigning an economic development specialist to work with each
- 38 regional economic development partnership.
- 39 (4) Providing technical assistance and training, if needed, to help build
- 40 regional capacity.
- 41 (5) Developing cooperative marketing and advertising campaigns to
- 42 ensure consistency of image and quality and to secure discounts on
- 43 media presentations.

1           (6) Customizing the services and programs within the Department, where  
2           practicable, to better link departmental resources with the diverse  
3           needs and opportunities within the boundaries of each partnership."

4           Sec. 2. It was the finding of the Economic Development Board created in  
5 G.S. 143B-434 that numerous regional organizations receive State funds to conduct  
6 economic development activities. The Government Performance Audit Committee  
7 recommended that duplication and fragmentation in economic development activities be  
8 reduced at the State level. It is the intent of the General Assembly that any duplication  
9 and fragmentation of State-funded economic development activities at the regional level  
10 also be reduced or eliminated.

11           Sec. 3. The Legislative Research Commission may work in cooperation with  
12 the appropriate executive agencies and boards and representatives of local government  
13 to study and recommend a strategy to reduce duplication and fragmentation in State-  
14 funded regional economic development organizations. The Legislative Research  
15 Commission may report its findings and recommendations to the 1995 General  
16 Assembly.

17           Sec. 4. There is appropriated from the General Fund to the Department of  
18 Commerce the sum of two million four hundred thousand dollars (\$2,400,000) for the  
19 1994-95 fiscal year to be allocated to regional economic development partnerships  
20 certified under Article 5 of Chapter 158 of the General Statutes, as enacted by this act.  
21 These funds shall not revert at the end of the fiscal year but shall remain available until  
22 used for this purpose.

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