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SENATE BILL 826

Short Title: Prosperity & Econ. Opportunity for All NC Act. (Public)

Sponsors: Senators Gunn, Brown, Hise (Primary Sponsors); Ballard, Curtis, Daniel, Ford, McInnis, Pate, Rabin, Tucker, and Woodard.

Referred to: Commerce

May 11, 2016

A BILL TO BE ENTITLED
AN ACT TO ENACT THE PROSPERITY AND ECONOMIC OPPORTUNITY FOR ALL OF NORTH CAROLINA ACT OF 2016.

The General Assembly of North Carolina enacts:

PART I. PROVIDING ACCESS TO ENTREPRENEURS

SECTION 1.(a) G.S. 78A-17 is amended by adding a new subdivision to read:

“(20) Any offer or sale of a security by an issuer if the offer or sale is conducted in accordance with G.S. 78A-17.1.”

SECTION 1.(b) Article 3 of Chapter 78A of the General Statutes is amended by adding a new section to read:

“§ 78A-17.1. Invest NC exemption.

(a) Exemption. – Except as otherwise provided in this Chapter, an offer or sale of a security by an issuer is exempt from G.S. 78A-24 and G.S. 78A-49(d) if the offer or sale is conducted in accordance with each of the following requirements:

(1) The issuer of the security is a business entity formed under the laws of the State and registered with the Secretary of State.

(2) The transaction meets the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), and SEC rule 147, 17 C.F.R. § 230.147.

(3) The sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption does not exceed the cap provided in this subdivision.

a. One million dollars ($1,000,000), less the aggregate amount received for all sales of securities by the issuer made in reliance upon this exemption within the 12 months before the first offer or sale made in reliance upon this exemption, if the issuer has not undergone and made available to each prospective investor and the Administrator the documentation resulting from a financial audit or review with respect to its most recently completed fiscal year and meeting generally accepted accounting principles.

b. Two million dollars ($2,000,000), less the aggregate amount received for all sales of securities by the issuer made in reliance upon this exemption within the 12 months before the first offer or sale made in reliance upon this exemption, if the issuer has undergone and made
available to each prospective investor and the Administrator the
documentation resulting from a financial audit or review with respect to
its most recently completed fiscal year and meeting generally accepted
accounting principles.

(4) The issuer has not accepted more than five thousand dollars ($5,000) from any
single purchaser in an offering made in reliance upon this exemption in any
12-month period unless the purchaser is an accredited investor as defined by

(5) Not less than 10 days prior to the commencement of an offering of securities in
reliance on this exemption or the use of any publicly available Web site in
connection with any such offering, the issuer shall file a notice with the
Administrator, in writing or in electronic form as specified by the
Administrator, containing the following:

a. A notice of claim of exemption from registration, specifying that the
issuer will be conducting an offering in reliance upon this exemption,
accompanied by the filing fee as specified in this section.

b. A copy of the disclosure statement to be provided to prospective
investors in connection with the offering, containing the following:

1. A description of the company, its type of entity, the address and
telephone number of its principal office, its history, its business
plan, and the intended use of the offering proceeds, including
any amounts to be paid, as compensation or otherwise, to any
owner, executive officer, director, managing member, or other
person occupying a similar status or performing similar
functions on behalf of the issuer.

2. The identity of all persons owning more than ten percent (10%)
of the ownership interests of any class of securities of the
company.

3. The identity of the executive officers, directors, managing
members, and other persons occupying a similar status or
performing similar functions in the name of and on behalf of the
issuer, including their titles and their prior experience.

4. The terms and conditions of the securities being offered and of
any outstanding securities of the company, the minimum and
maximum amount of securities being offered, if any, and either
the percentage ownership of the company represented by the
offered securities or the valuation of the company implied by the
price of the offered securities.

5. The identity of any person who has been or will be retained by
the issuer to assist the issuer in conducting the offering and sale
of the securities, including any Web sites, but excluding persons
acting solely as accountants or attorneys and employees whose
primary job responsibilities involve the operating business of the
issuer rather than assisting the issuer in raising capital, and for
each person identified in response to this paragraph, a
description of the consideration being paid to such person for
such assistance.

6. A description of any litigation or legal proceedings involving the
company or its management.

7. The names and addresses, including URL, of any Web sites that
will be used in connection with the offering.
c. An escrow agreement with a bank or other depository institution located within this State in which the investor funds will be deposited, providing that all offering proceeds will be released to the issuer only when the aggregate capital raised from all investors is equal to or greater than the minimum target offering amount specified in the disclosure document provided to the Administrator pursuant to sub-subdivision (a)(5)b. of this section and that all investors may cancel their commitments to invest if that target offering amount is not raised by the time stated in the disclosure document.

(6) The issuer is not, either before or as a result of the offering, an investment company, as defined in section 3 of the Investment Company Act of 1940, 15 U.S.C. § 8a-3, or an entity that would be an investment company but for the exclusions provided in section 3(c) of the Act, or subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m and 78o(d).

(7) The issuer shall inform all prospective purchasers under this section that the securities have not been registered under federal or State securities law and that the securities are subject to limitations on resale. The issuer shall display the following legend conspicuously on the cover page of the disclosure document:

"IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (E) OF SEC RULE 147, 17 C.F.R. § 230.147(E) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

(8) The issuer shall require each purchaser to certify in writing "I understand and acknowledge that:

a. I am investing in a high-risk, speculative business venture. I may lose all of my investment, and I can afford the loss of my investment.

b. This offering has not been reviewed or approved by any state or federal securities commission or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.

c. The securities I am acquiring in this offering are illiquid, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment, and that, accordingly, I may be required to hold this investment indefinitely."
d. I may be subject to tax on my share of the taxable income and losses of 
the company, whether or not I have sold or otherwise disposed of my 
investment or received any dividends or other distributions from the 
company."

(9) If the offer or sale of securities is made through an Internet Web site, the 
following requirements apply:

a. Prior to the offer of an investment opportunity to residents of this State 
through a Web site, the issuer shall provide to the Web site and to the 
Administrator evidence that the issuer is organized under North 
Carolina law and that it is authorized to do business within the State.

b. The issuer shall obtain from each purchaser of a security under this 
section evidence that the purchaser is a resident of North Carolina and, 
if applicable, an accredited investor.

c. The Web site operator shall register with the Administrator by filing a 
statement that it is a business entity that is organized under North 
Carolina law and that it is authorized to do business within the State and 
that it is being utilized to offer and sell securities pursuant to this 
exemption. As part of the registration, the Web site shall notify the 
Administrator of its and the issuer's identity, location, and contact 
information.

d. The issuer and the Web site must keep and maintain records of the 
offers and sales of securities effected through the Web site and must 
provide ready access to the records to the Administrator, upon request. 
The Administrator may access, inspect, and review any Web site and its 
records.

(10) All payments for purchase of securities must be directed to and held by the 
bank or depository institution subject to the provisions of sub-subdivision 
(a)(5)c. of this section. The bank or depository institution shall notify the 
Administrator of the receipt of payments for securities and the identity and 
residence of the investors. The information shall be confidential and considered 
trade secrets within the scope of G.S. 132-1.2 while in the possession of the 
Administrator.

(11) No offers or sales of a security shall be made through an Internet Web site 
unless the Web site is registered with the Administrator pursuant to 
sub-subdivision (a)(9)c. of this section. The Web site shall not be subject to the 
registration provisions of G.S. 78A-36 provided that all of the following apply:

a. It does not offer investment advice or recommendations.

b. It does not solicit purchases, sales, or offers to buy the securities offered 
or displayed on the Web site.

c. It does not compensate employees, agents, or other persons for the 
solicitation or based on the sale of securities displayed or referenced on 
the Web site.

d. It is not compensated based on the amount of securities sold, and it does 
not hold, manage, possess, or otherwise handle investor funds or 
securities.

e. It does not engage in such other activities as the Administrator, by rule, 
determines appropriate.

(12) An executive officer, director, managing member, or person occupying a 
similar status or performing similar functions in the name of and on behalf of 
the issuer shall be exempt from the registration provisions of G.S. 78A-36, 
provided that the person does not receive, directly or indirectly, any
commission or remuneration for offering and selling securities of the issuer pursuant to this exemption.

(13) The issuer must provide a copy of the disclosure document provided to the Administrator pursuant to sub-subdivision (a)(5)b. of this section to each prospective investor at the time the offer of securities is made to the prospective investor. In addition to the information described in sub-subdivision (a)(5)b. of this section, the disclosure document provided to the Administrator and to prospective investors should include additional information material to the offering, including, where appropriate, a discussion of significant factors that make the offering speculative or risky. This discussion must be concise and organized logically and should not present risks that could apply to any issuer or any offering.

(b) Indexing. – The dollar limitations provided in subdivision (a)(3) of this section shall be cumulatively adjusted every fifth year by the Administrator to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting each dollar limitation to the nearest fifty thousand dollars ($50,000).

(c) Report. – An issuer of a security, the offer and sale of which is exempt under this section, shall provide a quarterly report to the issuer's investors until no securities issued under this section are outstanding. The report required by this subsection shall be free of charge. An issuer may satisfy the reporting requirement of this subsection by making the information available on an Internet Web site if the information is made available within 45 days of the end of each fiscal quarter and remains available until the succeeding quarterly report is issued. An issuer shall file each such quarterly report with the Administrator and must provide a written copy of the report to any investor upon request. The report must contain each of the following:

(1) Compensation received by each director and executive officer, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received.

(2) An analysis by management of the issuer of the business operations and financial condition of the issuer.

(d) Offers and Sales to Controlling Persons. – The exemption provided in this section shall not be used in conjunction with any other exemption under this Chapter, except offers and sales to controlling persons shall not count toward the limitations in subdivision (3) or (4) of subsection (a) of this section. A controlling person is an officer, director, partner, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning ten percent (10%) or more of the outstanding shares of any class or classes of securities of the issuer.

(e) Disqualification. – The exemption allowed by this section shall not apply if an issuer or person affiliated with the issuer or offering is subject to any disqualification contained in 18 NCAC 06A .1207(a)(1) through (a)(6) or contained in rule 262 as promulgated under the Securities Act of 1933 (17 C.F.R. § 230.262). The provisions of this subsection shall not apply if (i) upon a showing of good cause and without prejudice to any other action by the Administrator, the Administrator determines that it is not necessary under the circumstances that an exemption be denied and (ii) the issuer establishes that it made factual inquiry into whether any disqualification existed under this subsection but did not know, and in the exercise of reasonable care could not have known, that a disqualification existed under this subsection. The nature and scope of the requisite inquiry will vary based on the circumstances of the issuer and the other offering participants.

(f) Rules. – The Administrator may adopt rules to implement the provisions of this section and to protect investors who purchase securities under this section.

(g) Fee. – The Administrator shall charge a nonrefundable filing fee of one hundred fifty dollars ($150.00) for filing an exemption notice required by subsection (a) of this section. The fees
paid to the Administrator pursuant to this subsection shall be used to pay the costs incurred in
administering and enforcing this Chapter. The revenue derived from the fee shall be credited to a
nonreverting agency revenue account."

SECTION 1.(c) G.S. 78A-49(d) reads as rewritten:
"(d) The Administrator may by rule or order require the filing of any prospectus, pamphlet,
circular, form letter, advertisement, or other sales literature or advertising communication
addressed or intended for distribution to prospective investors, unless the security or transaction is
exempted by G.S. 78A-16 or 78A-17 (except 78A-17(9), (17), and (19)) G.S. 78A-16 and
G.S. 78A-17 (except G.S. 78A-17(9), (17), (19), and (20)) and such exemption has not been
denied or revoked under G.S. 78A-18 or the security is a security covered under federal law or the
transaction is with respect to a security covered under federal law."

SECTION 1.(d) Notwithstanding any provision of Article 2A of Chapter 150B of the
General Statutes, within 12 months of the effective date of this act, the Secretary of State shall
adopt rules to implement the provisions of this act in accordance with the following procedure:

(1) At least 15 business days prior to adopting a rule, submit the rule and a notice
of public hearing to the Codifier of Rules. The Codifier of Rules shall publish
the proposed rule and the notice of public hearing on the Internet within five
business days.

(2) At least 15 business days prior to adopting a rule, notify persons on the mailing
list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties
of the Secretary's intent to adopt a rule and of the public hearing.

(3) Accept written comments on the proposed rule for at least 15 business days
prior to adoption of the rule.

(4) Hold at least one public hearing on the proposed rule no less than five days
after the rule and notice have been published.

A rule adopted in accordance with this section becomes effective on the first day of the
month following the month the Secretary adopts the rule and submits the rule to the Codifier of
Rules for entry into the North Carolina Administrative Code.

SECTION 1.(e) Any rule adopted more than 12 months after the effective date of this
act shall comply with the requirements of Article 2A of Chapter 150B of the General Statutes.

SECTION 1.(f) Subsection (d) of this section is effective when this act becomes law
and expires 12 months after that date. Subsection (e) of this section becomes effective 12 months
after the effective date of this act. The remainder of this Part is effective when it becomes law.

PART II. NEW MARKETS TAX CREDIT

SECTION 2.(a) Chapter 105 of the General Statutes is amended by adding a new
Article to read:

"Article 3L

"North Carolina New Markets Jobs Act."

§ 105-129.100. Short title.
The provisions of this Article shall be known and may be cited as the "North Carolina New
Markets Jobs Act."

§ 105-129.101. Definitions.
The following definitions apply in this Article:

(1) Affiliate. – An entity that directly, or indirectly through one or more
intermediaries, controls, is controlled by, or is under common control with
another entity. For purposes of this Article, an entity is "controlled by" another
entity if the controlling person holds, directly or indirectly, the majority voting
or ownership interest in the controlled person or has control over the day-to-day
operations of the controlled person by contract or law.
Applicable percentage. – Twelve and one-half percent (12.5%) for the first and second credit allowance dates and zero percent (0%) for all other credit allowance dates.

Credit allowance date. – With respect to any qualified equity investment, the following:
   a. The date on which the investment is initially made.
   b. Each of the six anniversary dates following the date on which the investment is initially made.

Department. – The Department of Commerce.

Principal business operations of a business. – Located at the place or places where at least sixty percent (60%) of its employees work or where employees that are paid at least sixty percent (60%) of the payroll work. An out-of-state business that has agreed to relocated employees using the proceeds of qualified low-income community investment to establish its principal business operations in a rural area in this State shall be deemed to have its principal business operations in this new location provided it satisfies this definition within 180 days after receiving the qualified low-income community investment, unless the Department agrees to a later date.

Purchase price. – The amount paid to the qualified community development entity of a qualified equity investment for the qualified equity investment.

Qualified active low-income community business. – Defined in Section 45D of the Code and 26 C.F.R. § 1.45D-1.

Qualified community development entity. – Defined in Section 45D of the Code; provided that such entity has entered into, for the current year or any prior year, an allocation agreement with the Community Development Financial Institutions Fund of the United States Treasury Department with respect to credits authorized by Section 45D of the Code, which includes the State of North Carolina within the service area set forth in the allocation agreement. The term shall include qualified community development entities that are controlled by or are under common control with the qualified community development entity.

Qualified equity investment. – Any equity investment in a qualified community development entity that meets each of the following requirements:
   a. Is acquired after the effective date of this act at its original issuance solely in exchange for cash or, if not so acquired, was a qualified equity investment in the hands of a prior holder.
   b. Has the full purchase price used by the qualified community development entity to make qualified low-income community investments in qualified active low-income community businesses located in this State by the first anniversary of the initial credit allowance date.
   c. Is designated by the qualified community development entity as a qualified equity investment under this subdivision and as a federal qualified equity investment with the Community Development Financial Institutions Fund.

Qualified low-income community investment. – Any capital or equity investment in or loan to a qualified active low-income community business. With respect to any one qualified active low-income community business, the maximum amount of qualified low-income community investments made in that business, on a collective basis with all of the businesses' affiliates, that may be counted toward satisfaction of the requirements of sub-subdivision b. of
subdivision (9) of this section is seven million dollars ($7,000,000), whether
issued by one or several qualified community development entities. Any
amounts returned or repaid by such qualified active low-income community
business to a qualified community development entity may be reinvested in
such qualified active low-income community business by such qualified
community development entity and not be counted against the dollar limit
provided for in this subdivision.

(11) Rural area. – A county designated as a development tier 1 or 2 area by the
Department of Commerce pursuant to G.S. 143B-437.08 on or after 2016.

(13) Secretary. – The Secretary of Commerce.

(14) State tax liability. – The State premium tax liability on a premium tax report
filed under Article 8B of this Chapter.

"§ 105-129.102. Reduction for qualified equity investment.

(a) An entity that makes a qualified equity investment is vested with an earned credit
against tax liability that may be utilized as follows:

(1) On each credit allowance date of such qualified equity investment, the entity or
subsequent holder of the qualified equity investment shall be entitled to utilize a
portion of the credit during the taxable year, including the credit allowance
date.

(2) The credit reduction amount is equal to the applicable percentage for the credit
allowance date multiplied by the purchase price paid.

(b) The amount of the credit claimed by an entity shall not exceed the amount of such
entity's State tax liability for the tax year for which the credit is claimed. Any amount of tax credit
that the entity is prohibited from claiming in a taxable year as a result of this section may be
carried forward for use for five years.

"§ 105-129.103. Restrictions on transfer.

No tax credit may be sold or transferred, except to an affiliate. Tax credits earned by or
allocated to a partnership, limited liability company, corporation, or other pass-through entity may
be allocated to the partners, members, or shareholders of such entity for their direct use in
accordance with the provisions of any agreement among such partners, members, or shareholders,
provided the qualified community development entity provides notice to the Department of the
allocation.

"§ 105-129.104. Application and award.

(a) A qualified community development entity that seeks to have an equity investment
designated as a qualified equity investment and eligible for tax credits under this Article shall
apply to the Department on a form prescribed by the Department. The form shall include each of
the following:

(1) Evidence of the applicant's certification as a qualified community development
entity, including evidence that North Carolina is included in the service area of
the entity.

(2) A copy of the allocation agreement executed by the applicant or its controlling
entity and the Community Development Financial Institutions Fund.

(3) A certificate executed by an executive officer of the applicant attesting that the
allocation agreement remains in effect and has not otherwise been revoked or
cancelled by the Community Development Financial Institutions Fund.

(b) Within 30 days after receipt of a completed application containing the information set
forth in subsection (a) of this section, the Department shall grant or deny the application in full or
in part. If the Department denies any part of the application, it shall inform the qualified
community development entity of the grounds for the denial and the qualified community
development entity shall have 15 days from the notice of denial to correct the application. If the
qualified community development entity fails to correct its application within the 15-day period, the application remains denied and must be resubmitted in full with a new submission date.

(c) If the application is granted, the Department shall certify the proposed equity investment as a qualified equity investment that is eligible for tax credits under this Article in writing, subject to the limitations provided in subsection (e) of this section.

(d) The Department shall certify qualified equity investments in the order in which applications are received by the Department. Applications received on the same day shall be deemed to have been received simultaneously. For applications that are complete and received on the same day, the Department shall certify, consistent with remaining qualified equity investment capacity, qualified equity investments in proportionate percentages based upon the ratio of the amount of qualified equity investment requested in an application to the total amount of qualified equity investments requested in all applications received on the same day.

(e) A total of one hundred million dollars ($100,000,000) in qualified equity investment authority pursuant to this section shall be available for certification and allocation each fiscal year. The Department shall accept applications beginning on November 1, 2016, and each November 15 thereafter, for allocation and certification up to the limitation provided in this subsection. If a pending request cannot be fully certified due to the limitation provided in this subsection, the Department shall certify the portion that may be certified unless the qualified community development entity elects to withdraw its request rather than receive partial certification.

(f) An approved applicant may transfer all or a portion of its certified qualified equity investment authority to its controlling entity or any qualified community development entity that is controlled by or under common control with the applicant, by providing notice to the Department in writing, and the Department shall acknowledge such transfer in writing.

(g) Within 30 days of receiving certification of qualified equity investment authority, the qualified community development entity shall issue the qualified equity investment, receive cash in the amount of the certified amount, and designate an amount equal to the certified amount as a federal qualified equity investment with the Community Development Financial Institutions Fund. The qualified community development entity shall provide the Department with evidence of the receipt of the cash investment and designation of the qualified equity investment as a federal qualified equity investment within five business days after receipt. If the qualified community development entity does not receive the cash investment or designate the equity investment as a federal qualified equity investment within 30 days following receipt of the certification notice, the certification shall lapse and the entity may not issue the qualified equity investment without reapplying to the Department for certification. Lapsed certifications revert back to the Department and shall be reissued, first, pro rata to other applicants whose qualified equity investment allocations were reduced pursuant to subsection (d) of this section and thereafter in accordance with the application process.

§ 105-129.105. Recapture.

The Department shall recapture and revoke the tax credit allowed pursuant to this Article if any of the following occur:

(1) Any amount of a federal tax credit available with respect to a qualified equity investment that is eligible for a credit under this Article is recaptured under Section 45D of the Code. In such case, the recapture by the Department of Insurance shall be proportionate to the federal recapture with respect to such qualified equity investment.

(2) The qualified community development entity fails to make qualified low-income community investments in an amount equal to the purchase price in North Carolina non-real estate qualified active low-income community businesses within 12 months of the issuance of the qualified equity investment with at least seventy-five percent (75%) of its qualified equity investment
authority initially invested in qualified active low-income community
businesses whose principal business operations are located in rural areas.

(3) After satisfying subdivision (2) of this section, the qualified community
development entity fails to maintain qualified low-income community
investments in North Carolina non-real estate qualified active low-income
community businesses equal to one hundred percent (100%) of its qualified
equity investment authority until the last credit allowance date for the qualified
equity investment.

For purposes of this Article, an investment shall be considered held by a qualified community
development entity even if the investment has been sold or repaid if the qualified community
development entity reinvests an amount equal to the capital returned to or recovered by the
qualified community development entity from the original investment, exclusive of any profits
realized, in another qualified low-income community investment within 12 months of the receipt
of such capital. Periodic amounts received during a calendar year as repayment of principal on a
loan that is a qualified low-income community investment shall be treated as continuously
invested in a qualified low-income community investment if the amounts are reinvested in another
qualified low-income community investment by the end of the following calendar year. A
qualified community development entity shall not be required to reinvest capital returned from
qualified low-income community investments after the sixth anniversary of the issuance of the
qualified equity investment, and the qualified low-income community investment shall be
considered held by the qualified community development entity through the seventh anniversary
of the qualified equity investment.

"§ 105-129.106. Cure period.
Enforcement of the recapture provisions of G.S. 105-129.105 of this Article shall be subject to
a six-month cure period. No recapture shall occur until the qualified community development
entity has been given notice of noncompliance by the Department of Insurance and afforded six
months from the date of such notice to cure the noncompliance.

An entity claiming a credit under this Article is not required to pay any additional retaliatory
tax levied under G.S. 105-228.8 as a result of claiming the credit. It is the intent of the General
Assembly that an entity claiming a reduction under this Article is not required to pay any
additional tax that may arise as a result of claiming that reduction.

"§ 105-129.108. Annual report.
(a) Qualified community development entities that issue qualified equity investments shall
submit a report to the Department within the first five business days after the first anniversary of
the initial credit allowance date that provides documentation of the investment of the full amount
of the purchase price in qualified low-income community investments in qualified active
low-income community businesses located in North Carolina. The report shall include all of the
following:

(1) A bank statement of such qualified community development entity evidencing
each qualified low-income community investment.

(2) Evidence that such business was a qualified active low-income community
business located at the time of such qualified low-income community
investment.

(3) Evidence that the qualified community development entity invested at least
seventy-five percent (75%) of the purchase price in qualified active low-income
community businesses located in rural areas.

(b) Thereafter, the qualified community development entity will submit an annual report to
the Department with 45 days of the beginning of the calendar year during the compliance period.
No annual report shall be due prior to the first anniversary of the initial credit allowance date. The
report shall include, but is not limited to, the following:
(1) Number of employment positions created and retained as a result of qualified low-income community investments.

(2) Average annual salary of positions described in subdivision (1) of this subsection.

(c) The qualified community development entity is not required to provide the annual report set forth in subsection (b) of this section for qualified low-income community investments that have been redeemed or repaid.

"§ 105-129.109. Rules; advisory letters.

The Department may promulgate rules and issue advisory letters under this Article. The Department shall look for guidance in rule making and issuing guidelines from Section 45O of the Code and the rules and regulations issued thereunder.

"§ 105-129.110. New capital requirement.

No qualified active low-income community business that receives a qualified low-income community investment from a qualified community development entity that issues qualified equity investments under this Article, or any affiliates of such a qualified active low-income community business, may directly or indirectly (i) own or have the right to acquire an ownership interest in a qualified community development entity or member or affiliate of a qualified community development entity, including, but not limited to, a holder of a qualified equity investment issued by the qualified community development entity, or (ii) loan to or invest in a qualified community development entity or member or affiliate of a qualified community development entity, including, but not limited to, a holder of a qualified equity investment issued by a qualified community development entity, where the proceeds of such loan or investment are directly or indirectly used to fund or refinance the purchase of a qualified equity investment hereunder. For purposes of this Article, a qualified community development entity shall not be considered an affiliate of a qualified active low-income community business solely as a result of its qualified low-income community investment in such business.

"§ 105-129.111. Net benefit test.

Prior to making a qualified low-income community investment, a qualified community development entity shall provide a revenue impact assessment prepared using a nationally recognized third-party independent economic forecasting method and that projects State and local tax revenue to be generated by project that receives qualified low-income community investment will result in a positive economic impact over a 10-year period that exceeds one hundred ten percent (110%) of the cumulative amount of tax credits the qualified low-income community investment will generate. The Department shall have 15 days to review the assessment and provide notice of approval. Any assessment not approved or denied within 15 days shall be deemed approved. The requirements of this section shall not apply to any reinvestments that may be required with respect to capital returned or repaid from a qualified community development entity's initial qualified low-income community investments."

SECTION 2.(b) This Part becomes effective July 1, 2016, and applies to qualified equity investments made on or after that date.

PART III. SMALL BUSINESS VENTURE FUND

SECTION 3.(a) G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values,
ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter.

...  
(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to ten percent (10%) of such assets may be invested in the investments authorized under subdivisions (6c) through (9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions.

b. The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount available for the funding of scholarships, loans, and grants from the Fund. The annual report shall be presented no later than December 31 of each year.

c. The State Treasurer shall invest, in addition to those investments authorized by subdivision (12) of this subsection, ten percent (10%) of the net assets of the Escheat Fund as authorized under G.S. 147-69.2A.

d. With respect to assets of the Escheat Fund, in addition to those investments otherwise authorized by this subdivision, up to one hundred million dollars ($100,000,000) of such assets may be invested as authorized under G.S. 147-69.2B."

SECTION 3.(b) G.S. 147-69.2A reads as rewritten:

"§ 147-69.2A. Investments; special funds held by the State Treasurer.  
(a) Firm to Administer Fund.—Following a public procurement process, a designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly and unanimously select a third-party professional investment management firm, registered with the U.S. Securities and Exchange Commission, to administer the Fund and select investment opportunities appropriate for receiving allocations from the Fund on the basis of potential return on investment and the risks attendant thereto.  
Funds; Administration.—The State Treasurer shall assign professional and clerical staff to assist in the oversight of the Fund. All costs for the third-party investment management firm and the professional and clerical staff shall be borne by the Fund pursuant to G.S. 147-69.3(f). The State Treasurer shall discharge his or her duties with respect to the Fund as a fiduciary consistent with the provisions of applicable law, including, without limitation, G.S. 36E-3. Administration of Fund shall be as follows:

(1) With the exception of assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., following a public procurement process, a
designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly and unanimously select a third-party professional investment management firm, registered with the U.S. Securities and Exchange Commission, to administer the Fund and select investment opportunities appropriate for receiving allocations from the Fund on the basis of potential return on investment and the risks attendant thereto.

(2) For assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., following a public procurement process, a designee of the Governor, a designee of the State Treasurer, a designee of the Secretary of Commerce, a designee of the Speaker of the House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly and unanimously select a third-party professional investment management firm, registered with the U.S. Securities and Exchange Commission as an Investment Advisor and an exempt entity, to administer the Fund and select investment opportunities appropriate for receiving allocations from the Fund on the basis of the limitations provided in subsections (c) and (c1) of this section.

(b) Organization and Reporting.—All public records. — With the exception of assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., all documents of the Governor or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information. For assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., all documents of the Governor, the Secretary of Commerce, or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information.

(b1) The Investment Policy. — With the exception of assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., the State Treasurer and the Governor shall jointly develop and adopt an investment policy statement for the Fund. For assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., the State Treasurer, the Secretary of Commerce, and the Governor shall jointly develop and adopt an investment policy statement for the Fund.

(b2) The Conflict of Interest. — With the exception of assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., the State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts of interests such that interests. For assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d., the State Treasurer, the Secretary of Commerce, and the Governor shall jointly develop and adopt an investment policy statement for the Fund. A policy adopted pursuant to this subsection shall ensure, at a minimum, that (i) the designees of the State Treasurer and Governor designees who selected the third-party investment management firm, firm pursuant to this section, (ii) the staff of the State Treasurer overseeing the Fund, and (iii) the third-party investment management firm's employees selecting or overseeing Fund investments do not provide services for compensation (as an employee, consultant, or otherwise), within two years after the end of their service to the Fund, to any entity in which an investment from the Fund was made.

(b3) Investment Report. — By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a report to the Governor, the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on investments made from the Fund and any return on investment. This report shall be made for the Fund in lieu of the reports required by G.S. 147-69.1(e), 147-69.2(b)(10a), 147-69.3(h), 147-69.3(i), and 147-69.8.

(c) Types of Investments. Limitation. — Assets of the Fund may be invested in those types of investments authorized for the North Carolina Retirement Systems by G.S. 147-69.2(b),
notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions.

(c1) Additional Limitations. – For assets of the Fund made available for investment pursuant to G.S. 147-69.2(b)(12)d. only, the following additional limitations apply:

(1) Such assets shall be allocated to small business ventures (i) with a North Carolina nexus; (ii) of various sizes, growth potential, and industry classifications to maximize opportunities for reasonable return on investment, accounting for risks associated with similar types of investment, and to provide capital and growth opportunities for small business enterprises typically underserved by ordinary venture capital and investment funds; and (iii) that diversify investment risk and maximize the number of business ventures that may benefit from the Fund. The following definitions apply in this subdivision:

a. North Carolina nexus. – A business has a North Carolina nexus if it is headquartered or domiciled in this State; has a demonstrable and significant portion of its affiliated operations or contractual service operations in this State; or deploys a demonstrable and significant amount of investable capital to acquire, license, or otherwise commercialize intellectual property developed in this State, including through public or private university technology transfer programs.

b. Small business. – A small business is a business whose annual receipts, combined with the annual receipts of all related persons, for the applicable period of measurement did not exceed five million dollars ($5,000,000).

(2) No more than thirty-three percent (33%) of such assets may be allocated to business ventures located in urban regions in the State, including the counties of Wake, Durham, Mecklenburg, and Orange.

(3) The maximum amount for total annual investments, excluding rollover investments, made in any single calendar year is twenty million dollars ($20,000,000). No investment may be made that, when considered together with other investments made during a single calendar year, excluding rollover investments, could cause the State's total annual investments during a single calendar year to exceed twenty million dollars ($20,000,000). A rollover investment equals the difference between the maximum allowed investment amount for a single calendar year and the amount actually invested for such year.

(4) At least twenty percent (20%) of such assets shall be invested in business ventures started and owned, in at least majority part, by a veteran of any branch of the Armed Forces of the United States (i) whose character of service at separation was honorable or under honorable conditions and (ii) who has not been convicted of a felony offense or who has been convicted of one or more felonies but each conviction has been expunged.

(d) Report on Escheat Fund Valuation. – Valuation Report. – The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount
available for the funding of scholarships, loans, and grants from the Fund. The annual report shall
be presented no later than December 31 of each year."

SECTION 3.(c) This Part becomes effective July 1, 2016.

PART IV. ENCOURAGE INTER-TIER COOPERATION FOR JDIG

SECTION 4.(a) G.S. 143B-437.53 reads as rewritten:

"§ 143B-437.53. Eligible projects.

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one development tier area, the location with the highest development tier area designation determines the minimum number of eligible positions that must be created follows:

<table>
<thead>
<tr>
<th>Development Tier Area</th>
<th>Number of Eligible Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier One</td>
<td>10</td>
</tr>
<tr>
<td>Tier Two</td>
<td>20</td>
</tr>
<tr>
<td>Tier Three</td>
<td>50</td>
</tr>
</tbody>
</table>

...

SECTION 4.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-437.56A. Multilocation projects.

(a) Except as provided in subsection (b) of this section, if a project will be located in more than one development tier area, the location with the highest area designation determines the standards applicable under this Part to the project.

(b) For purposes of G.S. 143B-437.56(d), if a project will be located in more than one development tier area, the location with the lowest area designation determines the percentage of the annual grant approved for disbursement payable to the Utility Account pursuant to G.S. 143B-437.61 if (i) the project will have at least one location in a development tier three area, (ii) the project will have at least one location in a development tier one or two area, and (iii) at least sixty-six percent (66%) of the number of eligible positions created or the total benefits of the project to the State, as calculated pursuant to G.S. 143B-437.52, or both are located in the lowest area designation."
PART VI. DOT/PERMIT PROCESS REVISIONS

SECTION 6.(a) Uniform Process for Issuing Permits; Report. – For each type of permit issued by the Highway Divisions under Chapter 136 of the General Statutes, the Department of Transportation shall make uniform all processes and procedures followed by the Highway Divisions when issuing that type of permit. The Department shall report no later than February 1, 2017, to the Joint Legislative Transportation Oversight Committee on the implementation of this section, including (i) what processes and procedures were adjusted, (ii) how were the identified processes and procedures adjusted, and (iii) a comparison of the average length of time for obtaining each type of permit before and after implementation of this section.

SECTION 6.(b) Allow Electronic Submission of Permits. – Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-93.01. Electronic submission of permits authorized.

Except as otherwise prohibited under federal law, an application submitted for a permit issued by the Department of Transportation or its agents under this Chapter may be submitted electronically in a manner approved by the Department. If submitted electronically, a paper copy of the application shall not be required."

SECTION 6.(c) G.S. 136-19.5(c) reads as rewritten:

"(c) Whenever the Department of Transportation requires the relocation of utilities, including cable service as defined in G.S. 105-164.3, located in a right-of-way for which the utility owner contributed to the cost of acquisition, the Department of Transportation shall reimburse the utility owner for the cost of moving those utilities."

SECTION 6.(d) Notwithstanding G.S. 150B-21.1(a), the Department of Transportation may adopt temporary rules to implement the provisions of this section.

SECTION 6.(e) Subsection (a) of this section becomes effective July 1, 2016. The remainder of this Part is effective when it becomes law.

PART VII. INNOVATION TO JOBS INITIATIVE

RALLYING INVESTORS AND SKILLED ENTREPRENEURS OF NC (RISE NC)

SECTION 7.1.(a) Purpose. – In order to increase the number of high-tech start-up companies and enhance job creation, the Rallying Investors and Skilled Entrepreneurs of North Carolina (RISE NC) initiative creates a statewide network that develops and leverages existing North Carolina entrepreneurial management talent and recruits world-class investors, skilled entrepreneurs, and managers to North Carolina.

SECTION 7.1.(b) Grant. – The Office of Science, Technology, and Innovation in the Department of Commerce shall establish a competitive award process to provide funding to one or more North Carolina nonprofit corporations to perform the following:

1. The development of a statewide entrepreneurial network to connect serial entrepreneurs to university start-ups; and

2. The development of an entrepreneurship fellowship program.

Grant funds shall be matched on the basis of one dollar ($1.00) in grant funds for every two dollars ($2.00) of nongrant funds. Matching funds shall not include other State funds.

SECTION 7.1.(c) Reports. – The Office of Science, Technology, and Innovation in the Department of Commerce and the nonprofit corporation selected in subsection (b) of this section shall provide an annual report to the Office of State Budget and Management and the Fiscal Research Division no later than January 1 of each fiscal year. The report shall detail expenditures and grants made from these funds and provide evidence of return on investment, including the number of new companies founded and data on jobs created, including occupational classifications and salary ranges.
SECTION 7.1.(d) Oversight. – The Department of Commerce, in consultation with the Office of State Budget and Management, shall provide monitoring and oversight of the performance of a contract entered into pursuant to this section with a North Carolina nonprofit corporation.

SECTION 7.1.(e) Public Funds. – A North Carolina nonprofit corporation with which the Department contracts pursuant to this section shall use interest earned on State funds after receipt of the funds by the nonprofit corporation only for the same purposes identified in subsection (b) of this section.

SECTION 7.1.(f) Appropriation. – There is appropriated from the General Fund to the Office of State Budget and Management the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2016-2017 fiscal year to be allocated to a reserve to be used for the purposes set forth in this section. Funds appropriated in this section shall not revert at the end of the fiscal year but shall remain available until expended. The Department of Commerce may use up to five percent (5%) of the reserve funds to administer the initiative.

SECTION 7.1.(g) Effective Date. – This section becomes effective July 1, 2016.

UNIVERSITY INNOVATION COMMERCIALIZATION GRANT PROGRAM

SECTION 7.2.(a) Purpose. – In order to increase the number of high-tech start-up companies and enhance job creation resulting from research conducted by North Carolina’s universities and research-focused nonprofit corporations, the University Innovation Commercialization Grant Program is established.

SECTION 7.2.(b) Grants. – The Office of Science, Technology, and Innovation in the Department of Commerce (Department) shall establish a competitive award process to provide funding to develop and implement processes for technology proof of concept, validation, Internet protocol protection, early- and mid-stage product development and production, commercialization, and translation for technologies developed by North Carolina universities.

SECTION 7.2.(c) Administration. – The Department of Commerce may use up to ten percent (10%) of grant funds appropriated in this act to contract with one or more nonprofit corporations to assist with the following:

1. Select university technologies for development based on commercial potential.
2. Create a development plan of key activities to make the technologies more attractive to investors.
3. Guide implementation of these activities to assure efficient deployment of funds and commercial-quality results.

Each nonprofit organization must demonstrate expertise in life science technologies, such as medical, biological, and agricultural technologies or nonlife sciences technologies, such as information technology, materials technology, and cyber security.

SECTION 7.2.(d) Eligibility. – Upon recommendation and guidance from a nonprofit corporation with which the Department contracts pursuant to subsection (c) of this section, the Department of Commerce may make grant awards only to the following:

1. A constituent institution of The University of North Carolina.
2. A private college or university located in North Carolina.

SECTION 7.2.(e) Reports. – The Office of Science, Technology, and Innovation in the Department of Commerce and the nonprofit corporation selected under subsection (c) of this section shall provide an annual report to the Office of State Budget and Management and the Fiscal Research Division no later than January 1 of each fiscal year. The report shall detail expenditures and grants made from these funds and provide evidence of return on investment, including (i) the number of technologies brought to market; (ii) the number of new companies founded; and (iii) data on jobs created, including occupational classifications and salary ranges.

SECTION 7.2.(f) Oversight. – The Department of Commerce, in consultation with the Office of State Budget and Management, shall provide monitoring and oversight of the
performance of any contract entered into pursuant to this section with a North Carolina nonprofit corporation and of the funds granted to institutes of higher education.

SECTION 7.2.(g) Public Funds. – A North Carolina nonprofit corporation or institute of higher education with which the Department contracts or grants funds pursuant to this section shall use interest earned on State funds after receipt of the funds by the nonprofit corporation only for the same purposes authorized by subsection (c) of this section.

SECTION 7.2.(h) Appropriation. – There is appropriated from the General Fund to the Office of State Budget and Management the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2016-2017 fiscal year to be allocated to a reserve to be used for the purposes set forth in this section. Funds appropriated in this section shall not revert at the end of the fiscal year but shall remain available until expended. The Department of Commerce may use up to five percent (5%) of the reserve funds to administer the initiative.

SECTION 7.2.(i) Effective Date. – This section becomes effective July 1, 2016.

PART VIII. FOOD MANUFACTURING

SECTION 8.1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of two hundred thirty thousand dollars ($230,000) in recurring funds for the 2016-2017 fiscal year to be allocated to the North Carolina Food Manufacturing Task Force established pursuant to Executive Order 73 issued by the Governor on April 9, 2015, to be used for the creation of a new Science, Technology, and Policy Director position. The Director shall have at least all of the following responsibilities:

(1) Providing technical, regulatory, and policy training for current and newly recruited food companies and food entrepreneurs.

(2) Leading coordination with the North Carolina Food Manufacturing Leadership Team and the Food Manufacturers' Industry Advisory Committee or similar entities when and if established.

(3) Creating and maintaining a North Carolina food manufacturing network.

(4) Conducting annual meetings with food manufacturing stakeholders to foster an exchange of education, training, and innovation in the industry.

(5) Providing Food Safety Modernization Act and other relevant training.

SECTION 8.2.(a) The Department of Agriculture and Consumer Services shall create marketing and communication programs consisting of, at a minimum, the following:

(1) The coordination of existing branding and the highlighting and expansion of the marketing of North Carolina food manufacturing to new markets.

(2) The use of media and advertising strategies to highlight North Carolina raw and manufactured goods in online, print, and purchased media, as well as expanding to interactive mobile applications and advertising to enable strategic targeting of industry needs and maximize opportunities for North Carolina commodity associations, growers, and food manufacturers.

(3) The organization of summit meetings to bring together interested seed- and early-stage investors and venture capital firms for exposure to food manufacturing investment opportunities in this State. The summit meetings are intended to allow collaboration among farmers, producers, and food manufacturers to highlight market needs and match potential investors with funding opportunities in the North Carolina food manufacturing industry.

SECTION 8.2.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2016-2017 fiscal year to be used for the purposes set forth in this section. Funds appropriated in this section shall not revert at the end of the fiscal year but shall remain available until expended pursuant to this section.

SECTION 8.3. This Part becomes effective July 1, 2016.
PART IX. TOURISM AND MARKETING EXPANSION

SECTION 9.(a) There is appropriated from the General Fund to the Department of Commerce the sum of twelve million dollars ($12,000,000) in nonrecurring funds for the 2016-2017 fiscal year to be used to promote tourism and expansion of foreign investment and interest in this State by investing domestically and internationally in promotion of sports events, film tourism, retirement destination advertising, and other activities designed to increase the effective geographic reach of activities positioning the State as a preferred destination for travelers. Funds shall be used primarily for media purchases for marketing and advertising campaigns on television, online video, and print; expansion of direct-to-consumer promotion in established markets; and international marketing; however, permissible uses also include contracting with research firms to assess image and awareness and identify the anticipated return on investment for advertising campaigns; ongoing analytics activities to track efficiency of owned and paid digital media investment in generating arrivals in the State; identification and prioritization of geographic areas and audience segmentation by interest showing greatest growth potential for tourism in the State; efforts directed towards retirement, sports events recruitment, and film tourism; and additional development and deployment of online tourism efforts of the State, including social media strategy. Of the funds appropriated in this section, the Department shall ensure the funds are allocated as follows:

<table>
<thead>
<tr>
<th>Amount of funds</th>
<th>Use of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,500,000</td>
<td>Domestic marketing and advertising</td>
</tr>
<tr>
<td>$2,500,000</td>
<td>International marketing and advertising</td>
</tr>
<tr>
<td>$500,000</td>
<td>Sports events marketing and advertising</td>
</tr>
<tr>
<td>$250,000</td>
<td>Retiree attraction marketing and advertising</td>
</tr>
<tr>
<td>$250,000</td>
<td>Film tourism marketing and advertising</td>
</tr>
</tbody>
</table>

SECTION 9.(b) The Department of Commerce shall report on the use of all funds appropriated in this section. The report shall include an executive summary of any research or analytics performed, including resultant changes in strategy, and all identified returns on investment, including (i) tourism gains itemized by geographic area, audience segmentation by market, and use of funds designations given in subsection (a) of this section and (ii) gains in efficiency of tourism advertising in generating arrivals in the State. The report is due no later than October 1, 2017 and must be submitted to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division of the General Assembly.

SECTION 9.(c) This Part becomes effective July 1, 2016.

PART X. EXTEND RESEARCH AND DEVELOPMENT TAX CREDIT

SECTION 10.(a) G.S. 105-129.51 reads as rewritten:

"§ 105-129.51. Taxpayer standards and sunset.
(a) A taxpayer is eligible for a credit allowed in this Article if it satisfies the requirements of G.S. 105-129.83(c), (d), (e), (f), and (g) relating to wage standard, health insurance, environmental impact, safety and health programs, and overdue tax debts, respectively.
(b) This Article is repealed for taxable years beginning on or after January 1, 2016.2020.
(c) Repealed by Session Laws 2004-124, s. 32D.4, effective for taxable years beginning on or after January 1, 2006."

SECTION 10.(b) This Part is effective for taxable years beginning on or after January 1, 2016.

PART XI. FUNDING FOR IDENTIFICATION OF UNDERUTILIZED STATE PROPERTY
SECTION 11.(a) There is appropriated from the General Fund to the Department of Administration the sum of six hundred thousand dollars ($600,000) in nonrecurring funds for the 2016-2017 fiscal year to be used in determining which existing, currently underutilized State property will be best suited for sale or lease by enabling the Department to conduct qualitative analysis on the cost and best use of such properties, including appraisals, surveys, environmental studies, and Phase I and II studies, and to hire third-party consultants to conduct comprehensive space and design planning for prospective office space so as to ensure efficient use of existing office square footage in light of future office needs.

SECTION 11.(b) G.S. 66-58(b) reads as rewritten:

"(b) The provisions of subsection (a) of this section shall not apply to:

(14) Nothing herein contained shall be construed to prohibit the engagement in any of the activities described in subsection (a) hereof by a firm, corporation or person who or which is a lessee for the following:

a. A lease of space only of from the State of North Carolina or any of its departments or agencies; provided the leases shall be awarded by the Department of Administration to the highest bidder, as provided by law in the case of State contracts and which lease shall be for a term of not less than one year and not more than five years.

b. A lease of parking spaces, whether surface parking or in a State-owned parking structure, in accordance with the procedures set forth for leases in Chapter 146 of the General Statutes for any period of time the Department of Administration determines the spaces to be in excess of need in accordance the Department's authority under Chapter 143 of the General Statutes.

c. A ground lease of State-owned land in accordance with the procedures set forth for leases in Chapter 146 of the General Statutes.

...

SECTION 11.(c) This Part becomes effective July 1, 2016.

PART XII. INCREASE FUNDING OF MAIN STREET SOLUTIONS FUND

SECTION 12.(a) There is appropriated from the General Fund to the Department of Commerce the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2016-2017 fiscal year to be allocated to the Main Street Solutions Fund and used for the purposes of Part 15 of Article 10 of Chapter 143B of the General Statutes.

SECTION 12.(b) This Part becomes effective July 1, 2016.

PART XIII. COMMUNITY PLANNER POSITION FUNDING

SECTION 13.(a) Section 4.1 of S.L. 2014-18, as amended by Section 14.1 of 2015-241 and Section 5.2A of S.L. 2015-268, reads as rewritten:

"SECTION 4.1. No later than January 1, 2015, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office. For purposes of this Part, the Department of Commerce may contract with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for each office in each of the Collaboration for Prosperity Zones, and the Department of Environment and Natural Resources shall fulfill the departmental liaison requirements from existing and funded positions. The Department of Commerce shall additionally have at least one employee from the Rural Economic Development
Division Main Street and Rural Planning Center physically located in each office in each of the Collaboration for Prosperity Zones, who shall be responsible for assisting communities in the Prosperity Zone with adding value to their economic and community development projects by assisting communities with solutions, including economic development strategic planning, land-use planning, implementation services, downtown economic revitalization, and technical support.

No later than January 1, 2015, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other educational agencies and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

No later than January 1, 2015, the State Board of Education shall designate at least one representative from a local school administrative unit or from the Department of Public Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school administrative units and other public schools within the zone. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

SECTION 13.(b) There is appropriated from the General Fund to the Department of Commerce the sum of three hundred thirty-six thousand dollars ($336,000) in recurring funds for the 2016-2017 fiscal year to fund the positions set forth in this section and to accomplish the purposes set forth in this section.

SECTION 13.(c) This Part becomes effective July 1, 2016.

PART XIV. COMMUNITY ECONOMIC DEVELOPMENT SUPPORT

SECTION 14.(a) The Department of Commerce is authorized to contract with a North Carolina foundation exempt under section 501(c)(3) of the Internal Revenue Code (nonprofit foundation) for the purpose of creating a public-private partnership to administer a program, in conjunction with North Carolina State University, to devise and implement a three-year plan to assist the most distressed rural counties in North Carolina by leveraging private economic development expertise and existing State economic development entities. It is the intent of the General Assembly to provide the support established in this section to at least 24 communities in the State over the next three years. The nonprofit foundation shall identify no more than eight communities per year; provided that, no more than one community comes from a single Collaboration for Prosperity Zone and that the nonprofit foundation selects recipient communities that are among the most distressed in each zone. The nonprofit foundation will deliver, at a minimum, the following to each selected community: (i) establishing a current economic reality, including conducting competitiveness assessments; (ii) developing realistic goals for future economic development, including identifying anticipated future economic opportunities, and implementing local strategic action agendas that move the community from its current position to a more economically competitive position; (iii) creating a local leadership structure for plan implementation, including coordinating relevant economic development leaders and expertise, and providing professional and technical support to local leadership; and (iv) providing other aid to ensure necessary specific actions that will improve local economic prosperity are identified and undertaken. The oversight framework of G.S. 143B-431.01(c) applies to the contract authorized by this subsection.

SECTION 14.(b) Any contract entered into under this section must include all of the following:

(1) A requirement that the nonprofit foundation provide the following:
   a. All support functions identified in subsection (a) of this section.
b. A consultant team to create and manage an action agenda to identify and develop strategies for progressive economic development and to provide support implementation.

c. An economic analysis of the community, including review of any identified economic development assets in the community identified by the most recent comprehensive strategic economic development plan required pursuant to G.S. 143B-434.01.

d. Local training on global trends, including how the trends impact the community.

e. Local leadership training and support to educate the leadership on all available State economic development aid, to identify areas of collaboration with surrounding communities that may be leveraged for economic benefit, to strengthen industrial recruitment skills and capacities, and to engage and align all groups within the community.

f. Public input collection and management.

g. A multiyear strategic action agenda.

h. A minimum of two years of active support for plan implementation from the nonprofit foundation, including continued procurement of support from various existing State organizations and private consultants, including, at a minimum, the following:

1. For small business assistance, community college small business centers.

2. For mid-sized and high-growth businesses and export promotion, the Small Business Technology and Development Center.

3. For support of agriculture and agribusiness, the North Carolina Cooperative Extension Service.

4. For support of manufacturing companies, NC State Industry Expansion Solutions.

5. For tourism planning, the Department of Commerce or a nonprofit foundation with which the Department contracts pursuant to G.S. 143B-431.01.

6. For research support, the Labor and Economic Analysis Division with the Department of Commerce.

7. For business engagement, local chambers with the North Carolina Chamber of Commerce.

i. At least two multiple-community, joint, learning and support meetings per year, in which the leadership teams of the selected communities for the year meet for joint training, best practice sharing, and support. Costs for and arrangement of the meetings shall be borne by the nonprofit foundation.

(2) A requirement for three years of services and support consistent with this section for each community, limiting compensation to no more than thirty-four thousand dollars ($34,000) per community for services performed in the first year, seven thousand dollars ($7,000) for services performed in year two, and seven thousand dollars ($7,000) for services performed in year three.

(3) A requirement that the nonprofit foundation provide, by September 1 of each year and more frequently as requested, a report to the Department on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures. The Department shall, by September 30 of each year and more frequently as requested, submit the report required by this
subdivision, along with an executive summary of the report, to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division.

SECTION 14.(c) There is appropriated from the General Fund to the Department of Commerce the sum of three hundred eighty-four thousand dollars ($384,000) in nonrecurring funds for the 2016-2017 fiscal year to be used for the contracting of functions provided in this section.

SECTION 14.(d) This Part becomes effective July 1, 2016.

PART XV. EFFECTIVE DATE

SECTION 15. Except as otherwise provided, this act is effective when it becomes law.