



# HOUSE BILL 258: Expand Eligibility for Utility Account.

2019-2020 General Assembly

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<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	May 6, 2019
<b>Introduced by:</b>	Reps. Boles, McNeill	<b>Prepared by:</b>	Greg Roney
<b>Analysis of:</b>	PCS to Third Edition H258-CSTM-7		Staff Attorney

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**OVERVIEW:** *The Proposed Committee Substitute (PCS) for House Bill 258 would expand the counties eligible for grants from the Utility Account from the 80 most-distressed counties under the tier system to any county with total employment of less than 500,000 in the following priority:*

- *First priority given to tier-one or tier-two counties.*
- *Second priority given to rural census tracts in tier-three counties where rural census tract means a population density of less than 500 people per square mile.*

**[As introduced, this bill was identical to S158, as introduced by Sen. McInnis, which is currently in Senate Rules and Operations of the Senate.]**

**CURRENT LAW:** G.S. 143B-437.08 ranks counties into 3 tiers based on 4 factors: (1) average unemployment rate for the most recent 12 months for which data are available; (2) median household income for the most recent 12 months for which data are available; (3) percentage growth in population for the most recent 36 months for which data are available; and (4) adjusted property tax base per capita for the most recent taxable year.

Counties are assigned to a tier where the 40 most-distressed counties are designated Tier One; the next 40 counties are Tier Two; and the 20 least-distressed counties are Tier Three.

G.S. 143B-437.01 creates the Industrial Development Fund Utility Account (Utility Account) to provide funds to assist the local government units of the 80 most economically distressed counties (i.e., development tier one or two area under G.S. 143B-437.08) in creating jobs. The funds must be used for construction of or improvements to new or existing water, sewer, gas, telecommunications, high speed broadband, electrical utility distribution lines or equipment, or transportation infrastructure for existing or new or proposed buildings. The funds may not be used for any retail, entertainment, or sports projects. The program is governed by additional statutory rules and also by regulations adopted by the Department of Commerce.

G.S. 143B-437.56 diverts a percentage of a Job Development Investment Grant Program (JDIG) award to the Utility Account as follows: 25% of the award in tier three area, 10% of the award in a tier two area. Special rules apply to certain JDIG awards.

G.S. 143B-437.52 allocates the general \$35 million available JDIG grants as follows: maximum of \$20 million for projects in counties with total employment of 500,000 or more and \$5 million reserved for projects in counties ranked under G.S. 143B 437.08 in the highest 50%. Currently, only Wake and Mecklenburg counties have employment of over 500,000.

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# House PCS 258

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**BILL ANALYSIS:** The PCS for House Bill 258 would, subject to priorities discussed below, expand the counties eligible for grants from the Utility Account from the 80 most-distressed counties (i.e., 40 tier-one counties plus 40 tier-two counties) to any county with total employment of less than 500,000. Currently, only Wake and Mecklenburg counties have employment of over 500,000.

The PCS for House Bill 258 would prioritize counties as follows:

- First priority given to counties that are defined as a development tier one or two area under G.S. 143B-437.08.
- Second priority given to rural census tracts in counties that are defined as development tier three areas under G.S. 143B-437.08. A rural census tract is a tract with a population density less than 500 people per square mile according to the most recent decennial federal census.

**EFFECTIVE DATE:** The PCS for House Bill 258 would be effective when it becomes law.