



HOUSE BILL 807: Championship NC Act.

2019-2020 General Assembly

Committee:		Date:	October 12, 2020
Introduced by:		Prepared by:	Dan Ettefagh Staff Attorney
Analysis of:	S.L. 2020-96		

OVERVIEW: *Session Law 2020-96 (i) modifies the Site Infrastructure Development Fund (SIDF) to permit businesses meeting eligibility criteria as a sports championship employer to be eligible for a site development award for a project and (ii) reallocates \$3.6M from funds available in the One NC Fund (\$3.5M) and the JDIG Special Revenue fund (\$100k). The act became effective September 4, 2020.*

CURRENT LAW: The SIDF may provide a restricted grant or forgivable loan for a project to offset costs of acquiring land, improving land, or both. The award may go directly to the business or to one or more State agencies, nonprofits, or local government units for land acquisition or improvement to lease back to the business. Eligibility for an award requires the business to invest at least \$100M of private funds in the project and employ at least 100 new employees. Eligibility requires compliance with safety and health programs, environmental requirements, and tax laws, and the agreement must set forth the required performance and remedies and safeguards, including clawbacks, to secure the State's investment. The Department of Commerce ("Department") must monitor compliance with performance criteria and annually report on the expenditure of funds.

BILL ANALYSIS: The act maintains the existing eligibility requirement set for manufacturers and creates a new set of eligibility criteria for sports championship employers. A sports championship employer is eligible for a site infrastructure award if the following requirements are met:

1. The business invests at least \$5M of private funds in the project for at least two buildings of at least 30,000 square feet for an equipment and testing center, a museum and visitor center, and departments and associated support staff of the employer.
2. The project has an estimated total economic benefit of \$800M over the term of the agreement.
3. The project creates at least 35 new jobs and maintains a total of at least 50 jobs over a continuous period of at least 10 years.
4. The business holds championship events at a location in this State with an aggregate economic benefit of at least \$500M. Of those championship events, there must be at least one men's major professional championship event every five to seven years, each having an economic benefit of \$90M, at least one women's major professional championship event every 10 years, and at least 13 other championship events.
5. The business provides a hospitality pavilion to the Department or to the EDPNC capable of accommodating at least 40 people at no cost (not including staffing and catering).

The act requires all new SIDF agreements to encourage a recipient to partner with and use the University and Community College system for research needs pertaining to the business. Finally, the act limits the Department's ability to make SIDF awards by capping the programmatic contracts to two total contracts with a combined cost of \$42M and a total annual cost of \$3.6M. Availability under the program, as

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modified by the act, allows for one additional agreement with a total liability of \$18M. Finally, Section 2 of the act transfers \$3.6M to the SIDF from the One NC Fund (\$3.5M) and Job Development Investment Grant Special Revenue Fund (\$100,000) to be used for purposes consistent with the act.

EFFECTIVE DATE: The act became effective September 4, 2020.

BACKGROUND: The SIDF was created in 2003. To date, one award has been made from the fund to Merck Pharmaceuticals in the amount of \$24M. That award has been fully paid out.