



# SENATE BILL 378: Local Economic Development Modifications.

2019-2020 General Assembly

<b>Committee:</b>	House State and Local Government. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 17, 2019
<b>Introduced by:</b>	Sen. Johnson	<b>Prepared by:</b>	Erika Churchill Staff Attorney
<b>Analysis of:</b>	PCS to Second Edition S378-CSST-44		

**OVERVIEW:** *The proposed committee substitute would clarify that if an appropriation or expenditure for economic development under Chapter 158 is included in the budget for the unit of government, no further public hearing on the appropriation or expenditure is needed beyond the public hearing on the annual budget.*

**CURRENT LAW:** G.S. 158-7.1 authorizes cities and counties to make expenditures for economic development, by general grant of authority (G.S. 158-7.1(a)) and express authority for eight types of economic development projects (G.S. 158-7.1(b)). For all appropriations and expenditures for economic development, that same statute requires a public hearing, after at least 10 days-notice. The statute also places additional requirements on the eight types of expressly authorized projects, as well as imposing reporting rules, funding limits, and other requirements.

Specifically, G.S. 158-7.1(a) authorizes cities and counties to make appropriations for economic development that "increase the population, taxable property, agricultural industries and business prospects of any city or county." Without limiting that general grant of authority, G.S. 158-7.1(b) contains special rules for eight types of economic development projects:

1. Industrial parks to be used for manufacturing, assembly, fabrication, processing, warehousing, research and development, office use, or similar industrial or commercial purposes.
2. Holding land for resale that is suitable for industrial or commercial use.
3. Options for the acquisition of land that is suitable for industrial or commercial use.
4. Acquisition or construction of a building suitable for industrial or commercial use.
5. Construction or assistance in the extension of utility services to industrial facilities, whether the utility is publicly or privately owned.
6. Construction or assistance in the extension of water and sewer lines to industrial facilities, whether the industrial facility is publicly or privately owned.
7. Site preparation for industrial facilities, whether the industrial facility is publicly or privately owned.
8. Rehabilitation of commercial or noncommercial historic structures, whether the structure is publicly or privately owned.

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In 2015, the General Assembly required that all appropriations and expenditures for economic development projects listed above are subject to a public hearing requirement. Prior to that, only the eight types of expressly authorized projects required a public hearing.

All appropriations and expenditures for economic development are subject to the Local Government Budget and Fiscal Control Act and public disclosure in the local government's annual financial report under the requirements of G.S. 158-7.1(e). Under the Local Government Budget and Fiscal Control Act, each unit of local government is to adopt an annual balanced budget, after publication and a public hearing.

**BILL ANALYSIS:** The PCS would amend the requirement for holding a public hearing for each appropriation or expenditure for economic development by providing that if the appropriation or expenditure is included in the annual budget, no public hearing other than the one required for the budget is necessary. If the appropriation or expenditure is not included in the annual budget, a public hearing with at least 10 days-notice is required.

**EFFECTIVE DATE:** Effective when it becomes law, and applies to appropriations and expenditures approved on or after that date.