

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 1271**

Short Title: Travel and Tourism Incentive Grants. (Public)

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Sponsors: Representatives Earle, McMahan, McComas (Primary Sponsors); B. Allen, G. Allen, Barbee, Bell, Bowie, Carney, Culp, Daughtry, Dockham, England, Glazier, Haire, Hall, Jones, Lucas, McLawhorn, Nye, Preston, Ray, Rayfield, Saunders, Sutton, Tolson, Walend, Warner, Warren, West, A. Williams, and G. Wilson.

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Referred to: Finance.

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May 6, 2003

A BILL TO BE ENTITLED  
AN ACT TO CREATE A TRAVEL AND TOURISM CAPITAL INCENTIVE  
GRANT PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-434.4. Travel and Tourism Capital Incentive Grant Program.**

(a) Program Established. – The Travel and Tourism Capital Incentive Grant Program is established in the Department of Commerce. Under the program, the Travel and Tourism Grant Committee established in subsection (d) of this section may award grants to the owners of qualified projects for the purpose of inducing the creation of new or the expansion or renovation of existing travel and tourism projects. Grant proceeds may not be distributed to any private individual or entity. The Committee shall develop guidelines to be used in determining whether the conditions in this section are satisfied and whether the project described in the application is consistent with the grant program.

(b) Owner. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, the owner of a qualified project is the unit of local government that will own the qualified project in whole or in partnership with a private individual or entity. If the qualified project is located in an enterprise tier one, two, or three area, then the local government must own at least twenty-five percent (25%) of the qualified project. If the qualified project is located in an enterprise tier four or five area, then the local government must own at least fifty percent (50%) of the qualified project.

1       (c) Unit of Local Government Defined. – For the purpose of the Travel and  
2 Tourism Capital Incentive Grant Program, a unit of local government means a county or  
3 municipality in the State.

4       (d) Committee. – The Travel and Tourism Grant Committee shall consist of the  
5 Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State  
6 Budget and Management, the Chair of the North Carolina Travel and Tourism Board,  
7 and three elected local government officials. One elected local government official shall  
8 represent the Piedmont and shall be appointed by the General Assembly upon the  
9 recommendation of the Speaker of the House of Representatives. One elected local  
10 government official shall represent the Mountains and shall be appointed by the  
11 Governor. One elected local government official shall represent the Coastal Plain and  
12 shall be appointed by the General Assembly upon the recommendation of the President  
13 Pro Tempore of the Senate. The elected local government officials may not be  
14 associated with or employed by the travel and tourism industry or an entertainment  
15 enterprise or be in any contractual relationship regarding the qualified project. The  
16 appointed members shall serve two-year terms. The Committee may act only upon a  
17 majority vote of its members.

18       It is unlawful for a member of the Committee to provide, during or within two years  
19 after the end of service on the Committee, services for compensation, as an employee,  
20 consultant, or otherwise, to any project that was awarded a grant under this section  
21 while the former member was serving on the Committee or to provide services for  
22 compensation to any person or entity that contracts with the project. Violation of this  
23 subsection is a Class 1 misdemeanor.

24       Meetings of the Committee are subject to the open meetings requirements of Article  
25 33C of Chapter 143 of the General Statutes. All documents of the Committee, including  
26 applications for grants, are public records governed by Chapter 132 of the General  
27 Statutes, including applicable provisions of the General Statutes protecting confidential  
28 information.

29       (e) Application and Fee. – The owner of a qualified project may apply for a grant  
30 no later than one year after the qualified project is opened to the public. When filing an  
31 application under this section, the applicant must pay the Committee a fee of five  
32 thousand dollars (\$5,000). The fee is due at the time the application is filed. The  
33 Committee shall determine the allocation of the fee imposed by this subsection among  
34 the agencies whose heads are ex officio members of the Committee. The proceeds of the  
35 fee are receipts of the agency to which they are credited.

36       The application must contain all information required by the Committee, including a  
37 certification of the nature and cost of the tourism project, the estimated revenues to be  
38 generated by the project, the estimated economic benefit to the community, and the  
39 purposes for which the applicant will use the grant funds. If the tourism project is the  
40 result of a public-private partnership, the grant application must set forth in detail the  
41 respective rights and obligations of the parties and the specific terms of the agreement.  
42 The application must be signed by the finance officer and the chair of the governing  
43 body of the owner.

1 (f) Qualification. – A qualified project is a newly created travel and tourism  
 2 project or expansion or renovation of a travel and tourism project that the Committee  
 3 determines, pursuant to a feasibility study under this section, meets all of the following  
 4 conditions:

5 (1) At least twenty-five percent (25%) of the project will be financed and  
 6 owned by a unit of local government in which it is located if the  
 7 project is located in an enterprise tier one, two, or three area. At least  
 8 fifty percent (50%) of the project will be financed and owned by a unit  
 9 of local government in which it is located if the project is located in an  
 10 enterprise tier four or five area.

11 (2) A project located in an enterprise tier one, two, or three area will target  
 12 at least twenty-five percent (25%) of its visitors from among persons  
 13 who reside outside the State or more than 50 miles from the project. A  
 14 project located in an enterprise tier four or five area will target at least  
 15 thirty-five percent (35%) of its visitors from among persons who  
 16 reside outside the State or more than 50 miles from the project.

17 (3) The project has a business plan that demonstrates a positive economic  
 18 impact on the community in which the project is located.

19 (4) The applicant has provided impact projections regarding estimated  
 20 State and local tax revenues with respect to the project.

21 (5) The project will have a significant and positive economic impact on  
 22 the community in which the project is located, considering among  
 23 other factors the extent to which the tourism project will compete  
 24 directly with existing tourism attractions in the area and the amount by  
 25 which tax revenues from the tourism project will exceed the amount of  
 26 the grant provided.

27 (6) The applicant has provided a cost-benefit analysis of the project.

28 (7) The applicant has provided an economic impact analysis, certified by a  
 29 certified public accountant, which demonstrates the employment, gross  
 30 State product, and personal income effects of the project over a  
 31 10-year period.

32 (8) The project will be available to the public for a minimum of 100 days  
 33 per year.

34 (9) The project will generate at least 10 new jobs in the community in  
 35 which the project is located.

36 (10) The project will have the following minimum cost based on the  
 37 enterprise tier in which it is located:

<u>Enterprise Tier</u>	<u>Minimum Cost</u>
<u>1 and 2</u>	<u>\$ 500,000</u>
<u>3</u>	<u>\$ 2,000,000</u>
<u>4</u>	<u>\$ 5,000,000</u>
<u>5</u>	<u>\$ 10,000,000</u>

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 43 (11) The governing body of the unit of local government has passed a  
 44 resolution stating the need for the project and the positive economic

1 impact and enhancement of travel and tourism revenues from the  
 2 project.

3 (12) The applicant has demonstrated by clear and convincing evidence the  
 4 following:

5 a. The project will not result in unnecessary duplication of  
 6 existing services.

7 b. The project will generate new visitors to the area rather than  
 8 drawing visitors away from other existing tourism attractions.

9 (g) Feasibility Study. – The applicant must fund a feasibility study certified by a  
 10 certified public accountant and coordinated solely by the Committee. The Committee  
 11 shall develop a list of qualified firms to conduct the study. The Committee shall  
 12 prescribe the scope of the study to cover all of the qualifications established in this  
 13 section.

14 (h) Amount. – Subject to the maximums provided in this section, the amount of a  
 15 grant with respect to a qualified project is calculated as a percentage of the total amount  
 16 of the following taxes collected and retained by the State each year:

17 (1) The net State sales tax collected on sales by or within the qualified  
 18 project, as determined by the Department of Revenue.

19 (2) The net privilege tax paid by the qualified project under G.S. 105-37.1,  
 20 as determined by the Department of Revenue.

21 (i) Maximums. – The maximum term of a grant is 10 years. No project may  
 22 receive any grant proceeds for a year that is more than 10 years beyond the date of the  
 23 initial grant award.

24 The Committee shall set the grant percentage at the time it awards the grant. The  
 25 percentage used to calculate a grant may not exceed the applicable percentage provided  
 26 in the table below based on the enterprise tier, as defined in G.S. 105-129.3, in which  
 27 the qualified project is located. In addition, the cumulative maximum amount of a grant  
 28 may not exceed the applicable percentage of the total project cost provided in the table  
 29 below based on the enterprise tier in which the qualified project is located.

<u>Enterprise Tier</u>	<u>Percentage</u>
<u>1 and 2</u>	<u>40</u>
<u>3 and 4</u>	<u>30</u>
<u>5</u>	<u>25</u>

34 (j) Use. – The proceeds of a grant may be used only for capital costs, including  
 35 debt service, with respect to the qualified project for which the grant was awarded.

36 (k) Disbursement. – In order to receive grant disbursements under this section,  
 37 the owner of the qualified project must provide the Department of Revenue with  
 38 periodic, verified accountings of the tax collections provided in subsection (h) of this  
 39 section. These reports must be made at the times and in the form prescribed by the  
 40 Department of Revenue. Each report must include the name, address, and tax  
 41 identification number of every taxpayer whose collections are included in the report and  
 42 any other information required by the Department of Revenue.

1        The Department of Revenue must disburse grants awarded under this section in  
2 accordance with G.S. 105-269.16. Upon awarding a grant under this section, the  
3 Committee must provide the following information to the Department of Revenue:

- 4            (1) The name, address, and other identifying information of the owner to  
5 whom the grant was awarded.  
6            (2) The name and address of any lessee or individual or entity who has  
7 entered into a contract with the owner of the qualified project.  
8            (3) The address and other identifying information of each facility that is  
9 part of the qualified project for which the grant was awarded.  
10           (4) The applicable percentage and the maximum cumulative amount of the  
11 grant as determined in accordance with this section.  
12           (5) Any other information included in the application, if required by the  
13 Department of Revenue.

14        (l) Reports. – The Committee must report annually to the Revenue Laws Study  
15 Committee concerning the applications made for grants, the grants awarded under this  
16 section, and the division and use of the fee collected by the Committee under this  
17 section.

18        (m) Cap. – The maximum number of projects that may be awarded grants each  
19 fiscal year is 15. No more than twenty million dollars (\$20,000,000) in grants shall be  
20 awarded each fiscal year. For the purpose of this maximum, the amount awarded is  
21 calculated as the cumulative maximum amount of the grant divided by the number of  
22 years in its term."

23            **SECTION 2.** Article 9 of Chapter 105 of the General Statutes is amended by  
24 adding a new section to read:

25 **"§ 105-269.16. Travel and tourism grants.**

26        The Department must annually disburse the travel and tourism grants awarded under  
27 G.S. 143B-434.4. Each annual disbursement must be made by October 1 for the  
28 preceding fiscal year. The amount of each grant must be calculated in accordance with  
29 G.S. 143B-434.4 based on information provided to the Department by the owner of the  
30 qualified project. If information necessary to calculate a portion of a grant is not  
31 available, the Department must disburse only that portion for which information is  
32 available. To pay for this program, the Department must draw from State sales and use  
33 tax collections under Article 5 of this Chapter an amount equal to the grant funds  
34 disbursed and the Department's costs of administering the grants. The Department must  
35 provide the Committee an annual accounting of grant funds disbursed under this  
36 section."

37            **SECTION 3.** G.S. 150B-1(d) is amended by adding a new subdivision to  
38 read:

39        "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to  
40 the following:

- 41            ...  
42            (12) The Travel and Tourism Grant Committee in developing guidelines for  
43 the Travel and Tourism Capital Incentive Grant Program under G.S.  
44 143B-434.4 of the General Statutes."

1                   **SECTION 4.** This act becomes effective January 1, 2004, and expires for  
2 grant applications filed on or after July 1, 2006.