

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2001**

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**HOUSE BILL 1753**  
**Committee Substitute Favorable 10/1/02**

Short Title: Bond and Incentive Act of 2002.

(Public)

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Sponsors:

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Referred to:

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June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO AMEND THE FILM INDUSTRY DEVELOPMENT ACCOUNT; TO AMEND THE CONDEMNATION AUTHORITY OF NORTH CAROLINA RAILROADS; TO ESTABLISH A GRADUATED RATE STRUCTURE FOR THE CORPORATE INCOME TAX; AND TO AMEND PROVISIONS RELATING TO INDUSTRIAL AND POLLUTION CONTROL FACILITIES FINANCING.

The General Assembly of North Carolina enacts:

**PART 1. FILM INDUSTRY INCENTIVES**

**SECTION 1.1.** G.S. 143B-434.3(a) reads as rewritten:

"(a) Creation and Purpose of Account. – There is created in the Department of Commerce, Division of Tourism, Film, and Sports Development, the Film Industry Development Account to provide annual grants as incentives to production companies that engage in production activities in this State. The Division of Tourism, Film, and Sports Development shall administer this program in accordance with the following provisions:

- (1) To be eligible for a grant, a production company must engage in production activities in this ~~State~~State with expenditures in this State of at least one million dollars (\$1,000,000). A grant may not be used for political or issue advertising.
- (2) A grant may not exceed fifteen percent (15%) of the amount the production company spends for goods and services in this State during the calendar year.
- (3) A grant may not exceed two hundred thousand dollars (\$200,000) per production."

**SECTION 1.2.** The Revenue Laws Study Committee created in Article 12L of Chapter 120 of the General Statutes shall study options for additional economic

1 incentives for the film industry and shall make a report to the 2003 General Assembly  
2 on its findings, including any recommendations for legislative action.

3 **SECTION 1.3.** This part is effective when it becomes law.  
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## 5 **PART 2. NORTH CAROLINA RAILROAD CONDEMNATION AUTHORITY**

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7 **SECTION 2.1.** G.S. 40A-3(a)(4) reads as rewritten:

8 "(a) Private Condemnors. – For the public use or benefit, the persons or  
9 organizations listed below shall have the power of eminent domain and may acquire by  
10 purchase or condemnation property for the stated purposes and other works which are  
11 authorized by law.

12 ...

13 (4) Any railroad company has the power of eminent domain for the  
14 purposes of: constructing union depots; maintaining, operating,  
15 improving or straightening lines or of altering its location; constructing  
16 double tracks; constructing and maintaining new yards and terminal  
17 facilities or enlarging its yard or terminal facilities; connecting two of  
18 its lines already in operation not more than six miles apart; or  
19 constructing an industrial siding ~~ordered by the Utilities Commission~~  
20 ~~as provided in G.S. 62-232.siding."~~

21 **SECTION 2.2.** This part is effective when it becomes law.  
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## 23 **PART 3. CORPORATE INCOME TAX RATE CHANGE**

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25 **SECTION 3.1.** G.S. 105-130.3 reads as rewritten:

### 26 **"§ 105-130.3. Corporations.**

27 A tax is imposed on the State net income of every C Corporation doing business in  
28 this State. An S Corporation is not subject to the tax levied in this section. The tax is a  
29 percentage of the taxpayer's State net income computed as follows:

30 <del>Income Years Beginning</del>	30 Tax
31 <del>In 1997</del>	31 <del>7.5%</del>
32 <del>In 1998</del>	32 <del>7.25%</del>
33 <del>In 1999</del>	33 <del>7%</del>
34 <del>After 1999</del>	34 <del>6.9%</del>

- 35 (1) On State net income up to three thousand dollars (\$3,000), one percent  
36 (1%).  
37 (2) On State net income over three thousand dollars (\$3,000) and up to six  
38 thousand dollars (\$6,000), two percent (2%).  
39 (3) On State net income over six thousand dollars (\$6,000) and up to nine  
40 thousand dollars (\$9,000), three percent (3%).  
41 (4) On State net income over nine thousand dollars (\$9,000) and up to  
42 twelve thousand dollars (\$12,000), four percent (4%).  
43 (5) On State net income over twelve thousand dollars (\$12,000) and up to  
44 fifteen thousand dollars (\$15,000), five percent (5%).

1           (6) On State net income over fifteen thousand dollars (\$15,000) and up to  
2           thirty thousand dollars (\$30,000), six percent (6%).

3           (7) On State net income over thirty thousand dollars (\$30,000), six and  
4           nine-tenths percent (6.9%)."

5           **SECTION 3.2.** This part is effective for taxable years beginning on or after  
6 January 1, 2004.

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8 **PART 4. INDUSTRIAL AND POLLUTION CONTROL FACILITIES**  
9 **FINANCING**

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11           **SECTION 4.1.** The General Assembly finds that there are small  
12 manufacturing companies in the State that are eligible for industrial development bond  
13 financing for capital improvements and expansions, but are not able to take advantage  
14 of that financing because of the administrative costs involved. This problem can be  
15 addressed by reviving the composite bond program under Chapter 159D of the General  
16 Statutes, under which the North Carolina Capital Facilities Finance Agency could  
17 combine several series of bonds into a single bond offering, thereby reducing  
18 transaction costs and permitting eligible small manufacturers to access tax exempt  
19 financing for capital investments. The composite bond program would be facilitated by  
20 the changes proposed to Chapter 159D in this part that will streamline the procedures  
21 for composite issues by requiring only one public hearing and align the review standard  
22 for bonds issued as part of a composite bond program with the standard for bonds issued  
23 by county industrial development projects.

24           **SECTION 4.2.** G.S. 159D-7(d) reads as rewritten:

25           "~~(d) Public Hearing-Hearing, Generally.~~ – The Secretary of Commerce shall not  
26 approve any proposed project pursuant to this section unless the governing body of the  
27 county in which the project is located has first conducted a public hearing and, at or  
28 after the public hearing, approved in principle the issuance of bonds under this Article  
29 for the purpose of paying all or part of the cost of the proposed project. Notice of the  
30 public hearing shall be published at least once in at least one newspaper of general  
31 circulation in the county not less than 14 days before the public hearing. The notice  
32 shall describe generally the bonds proposed to be issued and the proposed project,  
33 including its general location, and any other information the governing body considers  
34 appropriate or the Secretary of Commerce prescribes for the purpose of providing the  
35 Secretary with the views of the community. The notice shall also state that following the  
36 public hearing the agency intends to file an application for approval of the proposed  
37 project with the Secretary of Commerce.

38           (d1) Public Hearing, Multiple Projects. – Notwithstanding subsection (d) of this  
39 section, in the event the bonds proposed to be issued are to finance more than one  
40 project, the public hearing shall be conducted by the agency or by a hearing officer  
41 designated by the agency to conduct public hearings. The public hearing may be held at  
42 any location designated by the agency. Notice of the public hearing shall be published at  
43 least once in at least one newspaper of general circulation in each county in which a  
44 proposed project is to be located not less than 14 days before the public hearing. The

1 notice shall describe generally the bonds proposed to be issued and any proposed  
2 project in that county, including its general location, and any other information the  
3 agency considers appropriate or the Secretary of Commerce prescribes for the purpose  
4 of providing the Secretary with the views of the community. A copy of the notice of  
5 public hearing must be mailed to the board of county commissioners of any county in  
6 which a proposed project is to be located and to the governing body of any municipality  
7 in which a proposed project is to be located."

8 **SECTION 4.3.** G.S. 159D-8(b) reads as rewritten:

9 "(b) In determining whether a proposed bond issue should be approved, the Local  
10 Government Commission may consider, without limitation, the following:

- 11 (1) Whether the proposed operator and obligor have demonstrated or can  
12 demonstrate the financial responsibility and capability to fulfill their  
13 obligations with respect to the financing agreement. In making such  
14 determination, the commission may consider the operator's experience  
15 and the obligor's ratio of current assets to current liabilities, net worth,  
16 earnings trends and coverage of fixed charges, the nature of the  
17 industry or business involved and its stability and any additional  
18 security such as credit enhancement, insurance, guaranties or property  
19 to be pledged or secure such bonds.
- 20 (2) Whether the political subdivisions in or near which the proposed  
21 project is to be located have the ability to cope satisfactorily with the  
22 impact of such project and to provide, or cause to be provided, the  
23 public facilities and services, including utilities, that will be necessary  
24 for such project and on account of any increase in population which  
25 are expected to result therefrom.
- 26 (3) Whether the proposed date and manner of sale will have an adverse  
27 effect upon any scheduled or anticipated sale of obligations by the  
28 State or any political subdivision or any agency of either of them."

29 **SECTION 4.4.** This part becomes effective January 1, 2003.

## 30 **PART 5. GENERAL PROVISIONS**

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33 **SECTION 5.1.** The provisions of this act are severable. If any provision of  
34 this act is held invalid by a court of competent jurisdiction, the invalidity does not affect  
35 other provisions of the act that can be given effect without the invalid provision.

36 **SECTION 5.2.** Except as otherwise provided, this act is effective when it  
37 becomes law.