

1 of this section. The Secretary of Commerce shall provide a certified list identifying these
2 enterprise zones to any person who requests one.

3 **"§ 158-51. Incentives available for zones.**

4 The following incentives are available to encourage business development within
5 enterprise zones:

- 6 (1) Income tax exclusion for gain from appreciation of zone property, as
7 provided in G.S. 105-130.5(b) and G.S. 105-134.6(b).
- 8 (2) Income tax credit for property tax increase due to improvements within
9 zone, as provided in G.S. 105-130.43 and G.S. 105-151.25.
- 10 (3) Income tax credit for installation of business equipment within zone, as
11 provided in G.S. 105-130.44 and G.S. 105-151.26.
- 12 (4) State sales tax refund for zone corporations' purchases, as provided in
13 G.S. 105-164.14.
- 14 (5) Income tax credit for creating jobs in zone, as provided in G.S. 105-
15 130.40 and G.S. 105-151.17.
- 16 (6) Industrial Development Fund funding for local government projects
17 within zone, as provided in G.S. 143B-437A."

18 Sec. 2. G.S. 105-228.90(b) is amended by adding a new subdivision to read:

19 "(4) Enterprise zone. – Defined in G.S. 158-50."

20 Sec. 3. G.S. 105-130.5(b) is amended by adding a new subdivision to read:

21 "(17) That part of the gain realized on the disposition of real property located
22 in an enterprise zone that is attributable to increases in the value of the
23 property that occur on or after January 1, 1997."

24 Sec. 4. G.S. 105-134.6(b) is amended by adding a new subdivision to read:

25 "(11) That part of the gain realized on the disposition of real property located
26 in an enterprise zone that is attributable to increases in the value of the
27 property that occur on or after January 1, 1997."

28 Sec. 5. Division I of Article 4 of Chapter 105 of the General Statutes is
29 amended by adding the following new sections to read:

30 **"§ 105-130.43. Credit for property tax increase due to improvement of enterprise**
31 **zone property.**

32 (a) Credit. – A taxpayer is allowed a credit against the tax imposed by this
33 Division equal to the increase in the amount of property taxes the taxpayer paid at par
34 during the taxable year attributable to an increase in value of real property located in an
35 enterprise zone due to improvements the taxpayer made to the property the immediately
36 preceding year. The taxpayer may not take the entire credit for the taxable year the
37 increased taxes were paid, but may take up to twenty percent (20%) of the aggregate
38 credit allowed under this section for that taxable year and for each succeeding taxable
39 year until the entire credit has been used.

40 The credit allowed under this section may not exceed the amount of tax imposed by
41 this Division for the taxable year reduced by the sum of all credits allowed, except
42 payments of tax made by or on behalf of the taxpayer. Subject to the twenty percent

1 (20%) limitation, any unused portion of the credit may be carried forward to succeeding
2 taxable years.

3 To claim the credit, the taxpayer shall provide with the return a copy of the tax receipt
4 for the property taxes for which credit is claimed and any other documentation required
5 by the Secretary. The tax receipt must indicate that the taxes have been paid and the
6 amount and date of the payment.

7 (b) Definitions. The following definitions apply in this section:

8 (1) Property taxes. – The principal amount of taxes levied and assessed by a
9 taxing unit under Subchapter II of this Chapter. The term does not
10 include costs, penalties, interest, or other charges that may be added to
11 the principal amount.

12 (2) Taxing unit. – Defined in G.S. 105-273.

13 (c) Adjustment. – If a taxing unit gives a taxpayer a credit or refund for any of the
14 property taxes for which the taxpayer claimed a credit under this section, the taxpayer
15 shall notify the Secretary within 90 days. The Secretary shall then recompute the credit
16 allowed under this section and make any resulting adjustment of income tax for the
17 taxable years for which the credit was claimed.

18 **"§ 105-130.44. Credit for business equipment in enterprise zones.**

19 A taxpayer that purchases and installs business equipment in an enterprise zone is
20 allowed a credit against the tax imposed by this Division equal to fifteen percent (15%)
21 of its expenses during the taxable year to purchase and install the equipment. For the
22 purpose of this section, business equipment means an item described in G.S. 105-
23 164.4(a)(1d) that, after installation, is taxed as personal property under Subchapter II of
24 this Chapter.

25 The credit allowed under this section may not exceed the amount of tax imposed by
26 this Division for the taxable year reduced by the sum of all credits allowed, except
27 payments of tax made by or on behalf of the taxpayer. Any unused portion of the credit
28 may be carried forward for the succeeding five taxable years."

29 Sec. 6. Division II of Article 4 of Chapter 105 of the General Statutes is
30 amended by adding the following new sections to read:

31 **"§ 105-151.25. Credit for property tax increase due to improvement of enterprise
32 zone property.**

33 (a) Credit. – A taxpayer is allowed a credit against the tax imposed by this
34 Division equal to the increase in the amount of property taxes the taxpayer paid at par
35 during the taxable year attributable to an increase in value of real property located in an
36 enterprise zone due to improvements the taxpayer made to the property the immediately
37 preceding year. The taxpayer may not take the entire credit for the taxable year the
38 increased taxes were paid, but may take up to twenty percent (20%) of the aggregate
39 credit allowed under this section for that taxable year and for each succeeding taxable
40 year until the entire credit has been used.

41 The credit allowed under this section may not exceed the amount of tax imposed by
42 this Division for the taxable year reduced by the sum of all credits allowed, except
43 payments of tax made by or on behalf of the taxpayer. Subject to the twenty percent

1 (20%) limitation, any unused portion of the credit may be carried forward to succeeding
2 taxable years.

3 To claim the credit, the taxpayer shall provide with the return a copy of the tax receipt
4 for the property taxes for which credit is claimed and any other documentation required
5 by the Secretary. The tax receipt must indicate that the taxes have been paid and the
6 amount and date of the payment.

7 (b) Definitions. – The following definitions apply in this section:

8 (1) Property taxes. – The principal amount of taxes levied and assessed by a
9 taxing unit under Subchapter II of this Chapter. The term does not
10 include costs, penalties, interest, or other charges that may be added to
11 the principal amount.

12 (2) Taxing unit. – Defined in G.S. 105-273.

13 (c) Adjustment. – If a taxing unit gives a taxpayer a credit or refund for any of the
14 property taxes for which the taxpayer claimed a credit under this section, the taxpayer
15 shall notify the Secretary within 90 days. The Secretary shall then recompute the credit
16 allowed under this section and make any resulting adjustment of income tax for the
17 taxable years for which the credit was claimed.

18 **§ 105-151.26. Credit for business equipment in enterprise zones.**

19 A taxpayer that purchases and installs business equipment in an enterprise zone is
20 allowed a credit against the tax imposed by this Division equal to fifteen percent (15%)
21 of the taxpayer's expenses during the taxable year to purchase and install the equipment.
22 For the purpose of this section, business equipment means an item described in G.S. 105-
23 164.4(a)(1d) that, after installation, is taxed as personal property under Subchapter II of
24 this Chapter.

25 The credit allowed under this section may not exceed the amount of tax imposed by
26 this Division for the taxable year reduced by the sum of all credits allowed, except
27 payments of tax made by or on behalf of the taxpayer. Any unused portion of the credit
28 may be carried forward for the succeeding five taxable years."

29 Sec. 7. G.S. 105-164.14 is amended by adding a new subsection to read:

30 "(g) Enterprise Zone Corporations. – A corporation that is located in an enterprise
31 zone is allowed an annual refund of sales and use taxes paid by it under this Article on
32 direct purchases of tangible personal property for use within the zone. Sales and use tax
33 liability indirectly incurred by a corporation on building materials, supplies, fixtures, and
34 equipment that become a part of or annexed to any building or structure within the zone
35 that is owned or leased by the corporation is considered a sales or use tax liability
36 incurred on direct purchases by the corporation. The annual refund period is the fiscal
37 year of the State. A request for a refund must be in writing and must include any
38 information and documentation required by the Secretary. A request for a refund is due
39 January 1 following the end of the fiscal year for which the refund is claimed.
40 Notwithstanding the provisions of G.S. 105-467, the refund allowed under this subsection
41 does not apply to local sales and use taxes levied by units of local government."

42 Sec. 8. G.S. 105-164.14(d) reads as rewritten:

1 "(d) Penalties for Late Applications. – Refunds made pursuant to applications filed
2 after the dates specified in subsections ~~(b) and (c) above~~ (b), (c), and (g) of this section are
3 subject to the following penalties for late filing: applications filed within 30 days after the
4 due date, twenty-five percent (25%); applications filed after 30 days but within six
5 months after the due date, fifty percent (50%). Refunds applied for more than six months
6 after the due date are barred."

7 Sec. 9. G.S. 105-130.40 reads as rewritten:

8 **"§ 105-130.40. Credit for creating jobs in ~~severely distressed county~~ distressed area.**

9 (a) Credit. – A corporation that (i) for at least 40 weeks during the year has at least
10 nine employees and (ii) is located, for part or all of its taxable year, in a ~~severely distressed~~
11 ~~county~~ distressed area may qualify for a credit against the tax imposed by this Division by
12 creating new full-time jobs with the corporation in the ~~severely distressed county~~ distressed
13 area during that year. A corporation that hires an additional full-time employee during
14 that year to fill a position located in a ~~severely distressed county~~ distressed area is allowed
15 a credit of two thousand eight hundred dollars (\$2,800) for the additional employee. A
16 position is located in a ~~county~~ if (i) an area if at least fifty percent (50%) of the employee's
17 duties are performed in the ~~county~~, or (ii) area or the employee is a resident of the ~~county~~.
18 area. The credit may not be taken in the income year in which the additional employee is
19 hired. Instead, the credit shall be taken in equal installments over the four years
20 following the income year in which the additional employee was hired and shall be
21 conditioned on the continued employment by the corporation of the number of full-time
22 employees the corporation had upon hiring the employee that caused the corporation to
23 qualify for the credit. If, in one of the four years in which the installment of a credit
24 accrues, the number of the corporation's full-time employees falls below the number of
25 full-time employees the company had in the year in which the corporation qualified for
26 the credit or the position filled by the employee is moved to another ~~county~~, area, the
27 credit expires and the corporation may not take any remaining installment of the credit.
28 The corporation may, however, take the portion of an installment that accrued in a
29 previous year and was carried forward to the extent permitted under subsection (e) of this
30 section.

31 For the purposes of this section, a full-time job is a position that requires at least 1,600
32 hours of work per year and is intended to be held by one employee during the entire year.
33 A full-time employee is an employee who holds a full-time job.

34 (b) Repealed by Session Laws 1989, c. 111, s. 1.

35 (b1) Eligibility. – A corporation is eligible for the tax credit allowed by this section
36 only if it obtained a credit under this section for taxable year 1988 or the Department of
37 Commerce determines that it engages in the manufacturing of ~~goods~~, or that it engages
38 goods or in an industrial activity such as the processing of foods, raw materials,
39 chemicals and process agents, goods in process, or finished products.

40 (c) County Area Designation. – A ~~severely distressed county~~ is a county designated as
41 severely distressed area is an area designated as distressed by the Secretary of Commerce.
42 Each year, on or before December 31, the Secretary of Commerce shall designate which
43 ~~counties are considered severely distressed~~, areas are distressed and shall provide that

1 information to the Secretary of Revenue. ~~A county is considered severely distressed if its~~
2 An area is distressed if it is an enterprise zone or it is a county whose distress factor is
3 one of the fifty highest in the State. The Secretary shall assign to each county in the State
4 a distress factor that is the sum of the following:

- 5 (1) The county's rank in a ranking of counties by rate of unemployment
6 from lowest to highest.
- 7 (2) The county's rank in a ranking of counties by per capita income from
8 highest to lowest.
- 9 (3) The county's rank in a ranking of counties by percentage growth in
10 population from ~~lowest to highest.~~ highest to lowest.

11 In measuring rates of unemployment and per capita income, the Secretary shall use
12 the latest available data published by a State or federal agency generally recognized as
13 having expertise concerning the data. In measuring population growth, the Secretary
14 shall use the most recent estimates of population certified by the State Planning Officer.
15 A designation as a ~~severely distressed county~~ distressed area is effective only for the
16 calendar year following the designation.

17 (d) Planned Expansion. – A corporation that, during the year in which ~~a county an~~
18 area is designated as a ~~severely distressed county, distressed,~~ signs a letter of commitment
19 with the Department of Commerce to create at least twenty new full-time jobs in that
20 ~~distressed county area~~ within two years of the date the letter is signed qualifies for the
21 credit allowed by this section even though the employees are not hired that year. The
22 credit shall be available in the income year after at least twenty employees have been
23 hired if ~~such the~~ hirings are within the two-year commitment period. The conditions
24 outlined in subsection (a) apply to a credit taken under this subsection except that if the
25 ~~county is no longer designated a severely distressed county area~~ area is no longer designated a
26 distressed area after the year the letter of commitment was signed, the credit is still
27 available. If the corporation does not hire the employees within the two-year period, the
28 corporation does not qualify for the credit. However, if the corporation qualifies for a
29 credit under subsection (a) in the year any new employees are hired, it may take the credit
30 under that subsection.

31 (e) Limitations. – The sale, merger, acquisition, or bankruptcy of a business, or
32 any other transaction by which an existing business reformulates itself as another
33 business, does not create new eligibility in a succeeding business with respect to jobs for
34 which the predecessor was not eligible under this section. A successor corporation may,
35 however, take any installment of or carried-over portion of a credit that its predecessor
36 could have taken if it had taxable income. Jobs transferred from one ~~county area~~ in the
37 State to another ~~county area~~ in the State shall not be considered new jobs for purposes of
38 this section. A credit taken under this section may not exceed fifty percent (50%) of the
39 tax imposed by this Division for the taxable year, reduced by the sum of all other credits
40 ~~allowed under this Division,~~ allowed, except tax payments made by or on behalf of the
41 corporation. Any unused portion of the credit may be carried forward for the succeeding
42 five years.

1 (f) Substantiation. – Every corporation claiming the credit provided in subsection
2 (a) shall maintain and make available for inspection by the Secretary of Revenue ~~or his~~
3 ~~agent such records as may be~~ any records the Secretary considers necessary to determine
4 and verify the amount of the credit to which it is entitled. The burden of proving
5 eligibility for the credit and the amount of the credit shall rest upon the corporation, and
6 no credit shall be allowed to a corporation that fails to maintain adequate records or to
7 make them available for inspection."

8 Sec. 10. G.S. 105-151.17 reads as rewritten:

9 "**§ 105-151.17. Credit for creating jobs in ~~severely distressed county.~~ distressed area.**

10 (a) Credit. – A person who (i) for at least 40 weeks during the year has at least
11 nine employees and (ii) whose business is located, for part or all of his taxable year, in a
12 ~~severely distressed county~~ distressed area may qualify for a credit against the tax imposed
13 by this Division by creating new full-time jobs with the business in the ~~severely distressed~~
14 ~~county~~ distressed area during that year. A person who hires an additional full-time
15 employee during that year to fill a position located in a ~~severely distressed county~~
16 distressed area is allowed a credit of two thousand eight hundred dollars (\$2,800) for the
17 additional employee. A position is located in a ~~county~~ if (i) an area if at least fifty percent
18 (50%) of the employee's duties are performed in the ~~county~~, or (ii) area or the employee is
19 a resident of the ~~county~~. area. The credit may not be taken in the income year in which
20 the additional employee is hired. Instead, the credit shall be taken in equal installments
21 over the four years following the income year in which the additional employee was hired
22 and shall be conditioned on the continued employment by the taxpayer of the number of
23 full-time employees the taxpayer had upon hiring the employee that caused the taxpayer
24 to qualify for the credit. If, in one of the four years in which the installment of a credit
25 accrues, the number of the taxpayer's full-time employees falls below the number of full-
26 time employees the taxpayer had in the year in which the taxpayer qualified for the credit
27 or the position filled by the employee is moved to another ~~county~~, area, the credit expires
28 and the taxpayer may not take any remaining installment of the credit. The taxpayer
29 may, however, take the portion of an installment that accrued in a previous year and was
30 carried forward to the extent permitted under subsection (e) of this section.

31 For the purposes of this section, a full-time job is a position that requires at least 1,600
32 hours of work per year and is intended to be held by one employee during the entire year.
33 A full-time employee is an employee who holds a full-time job.

34 (b) Repealed by Session Laws 1989, c. 111, s. 2.

35 (b1) Eligibility. – A taxpayer is eligible for the tax credit allowed by this section
36 only if the taxpayer obtained a credit under this section for taxable year 1988 or the
37 Department of Commerce determines that the taxpayer engages in the manufacturing of
38 ~~goods, or that he engages goods~~ or in an industrial activity such as the processing of foods,
39 raw materials, chemicals and process agents, goods in process, or of finished products.

40 (c) County Area Designation. – A ~~severely distressed county is a county designated as~~
41 ~~severely distressed area is an area designated as~~ distressed by the Secretary of Commerce.
42 Each year, on or before December 31, the Secretary of Commerce shall designate which
43 ~~counties are considered severely distressed,~~ areas are distressed and shall provide that

1 information to the Secretary of Revenue. ~~A county is considered severely distressed if~~ An
2 area is distressed if it is an enterprise zone or it is a county whose ~~its~~ distress factor is one
3 of the fifty highest in the State. The Secretary shall assign to each county in the State a
4 distress factor that is the sum of the following:

5 (1) The county's rank in a ranking of counties by rate of unemployment
6 from lowest to highest.

7 (2) The county's rank in a ranking of counties by per capita income from
8 highest to lowest.

9 (3) The county's rank in a ranking of counties by percentage growth in
10 population from ~~lowest to highest.~~ highest to lowest.

11 In measuring rates of unemployment and per capita income, the Secretary shall use
12 the latest available data published by a State or federal agency generally recognized as
13 having expertise concerning the data. In measuring population growth, the Secretary
14 shall use the most recent estimates of population certified by the State Planning Officer.
15 A designation as a ~~severely distressed county~~ distressed area is effective only for the
16 calendar year following the designation.

17 (d) Planned Expansion. – A person who, during the year in which ~~a county~~ an area
18 is designated as ~~a severely distressed county,~~ distressed, signs a letter of commitment with
19 the Department of Commerce to create at least twenty new full-time jobs in that
20 ~~distressed county~~ area within two years of the date the letter is signed qualifies for the
21 credit allowed by this section even though the employees are not hired that year. The
22 credit shall be available in the income year after at least twenty employees have been
23 hired if ~~such~~ the hirings are within the two-year commitment period. The conditions
24 outlined in subsection (a) apply to a credit taken under this subsection, except that if the
25 ~~county is no longer designated a severely distressed county~~ area is no longer designated a
26 distressed area after the year the letter of commitment was signed, the credit is still
27 available. If the taxpayer does not hire the employees within the two-year period, he
28 does not qualify for the credit. However, if the taxpayer qualifies for a credit under
29 subsection (a) in the year any new employees are hired, he may take the credit under that
30 subsection.

31 (e) Limitations. – The sale, merger, acquisition, or bankruptcy of a business, or
32 any other transaction by which an existing business reformulates itself as another
33 business, does not create new eligibility in a succeeding business with respect to jobs for
34 which the predecessor was not eligible under this section. A taxpayer may, however,
35 take any installment of or carried-over portion of a credit that ~~his~~ the predecessor could
36 have taken if ~~he~~ the predecessor had taxable income. Jobs transferred from one ~~county~~
37 area in the State to another ~~county~~ area in the State shall not be considered new jobs for
38 purposes of this section. A credit taken under this section may not exceed fifty percent
39 (50%) of the tax imposed by this Division for the taxable year, reduced by the sum of all
40 other credits ~~allowed under this Division,~~ allowed, except tax payments made by or on
41 behalf of the taxpayer. Any unused portion of the credit may be carried forward for the
42 succeeding five years.

1 (f) Substantiation. – Every person claiming the credit provided in subsection (a)
2 shall maintain and make available for inspection by the Secretary of Revenue ~~or his agent~~
3 ~~such records as may be~~ any records the Secretary considers necessary to determine and
4 verify the amount of the credit to which the person is entitled. The burden of proving
5 eligibility for the credit and the amount of the credit shall rest upon the person, and no
6 credit shall be allowed to any person who fails to maintain adequate records or to make
7 them available for inspection."

8 Sec. 11. G.S. 143B-437A reads as rewritten:

9 "**§ 143B-437A. Industrial Development Fund.**

10 (a) Creation and Purpose of Fund. – There is created in the Department of
11 Commerce the Industrial Development Fund to provide funds to assist the local
12 government units of ~~the most economically depressed counties in the State~~ economically
13 distressed areas in creating jobs in qualified industries. ~~As used in this section, the term~~
14 ~~'qualified industry' means the manufacturing of goods or the processing of foods, raw materials,~~
15 ~~chemicals and process agents, goods in process, or finished products.~~ The Department of
16 Commerce shall adopt rules providing for the administration of the program. Those rules
17 shall include the following:

18 (1) The funds shall be used for (i) installation of or purchases of equipment
19 for qualified industries, (ii) structural repairs, improvements, or
20 renovations of existing buildings to be used for expansion of qualified
21 industries, or (iii) construction of or improvements to new or existing
22 water, sewer, gas, or electrical utility distribution lines or equipment for
23 existing or new or proposed industrial buildings to be used for qualified
24 industrial operations, ~~or (iv) in the case of counties designated as severely~~
25 ~~distressed counties under G.S. 105-130.40(e) or G.S. 105-151.17(e) or units of~~
26 ~~local government within those counties, construction of or improvement to~~
27 ~~new or existing water, sewer, gas, or electrical utility distribution lines or~~
28 ~~equipment to serve new or proposed industrial buildings to be used for~~
29 ~~qualified industrial operations.~~ operations. To be eligible for funding, the
30 water, sewer, gas, or electrical utility lines or facilities shall be located
31 on the site of the building or, if not located on the site, shall be directly
32 related to the operation of the specific qualified industrial activity.

33 (1a) The funds shall be used for projects located in economically distressed
34 areas except that ~~However,~~ the Secretary of Commerce may use up to
35 one hundred thousand dollars (\$100,000) to provide emergency
36 economic development assistance in any county ~~which~~ that is
37 documented to be experiencing a major economic dislocation.

38 (2) The funds shall be used by the city and county governments for projects
39 that will directly result in the creation of new jobs. The funds shall be
40 expended at a rate of two thousand four hundred dollars (\$2,400) per
41 new job created up to a maximum of two hundred fifty thousand dollars
42 (\$250,000) per project.

43 (a1) Definitions. – The following definitions apply in this section:

- 1 (1) Economically distressed area. – An enterprise zone defined in G.S. 158-
2 50 or a county designated as distressed pursuant to subsection (b) of this
3 section.
- 4 (2) Major economic dislocation. – The actual or imminent loss of 500 or
5 more manufacturing jobs in the county or of a number of manufacturing
6 jobs equal to at least ten percent (10%) of the existing manufacturing
7 workforce in the county.
- 8 (3) Qualified industry. – The manufacturing of goods or the processing of
9 foods, raw materials, chemicals and process agents, goods in process, or
10 finished products.

11 (b) Designation of Distressed Counties. – Each year, on or before December 31,
12 the Secretary of Commerce shall designate the most economically distressed counties in
13 the State; this designation shall remain effective for the following calendar year. The
14 Secretary of Commerce shall determine which counties are the most economically
15 distressed counties in the State based on (i) rate of unemployment, (ii) per capita income,
16 and (iii) relative population and work force growth or lack of growth, as determined by
17 the Secretary of Commerce.

18 (c) Reports. – The Department of Commerce shall report annually to the General
19 Assembly concerning the applications made to the fund and the payments made from the
20 fund and the impact of the payments on job creation in the State. The Department of
21 Commerce shall also report quarterly to the Joint Legislative Commission on
22 Governmental Operations and the Fiscal Research Division on the use of the moneys in
23 the fund, including information regarding to whom payments were made, in what
24 amounts, and for what purposes.

25 (d) ~~As used in this section, 'major economic dislocation' means the actual or~~
26 ~~imminent loss of:~~

- 27 ~~(1) 500 or more manufacturing jobs in the county; or~~
28 ~~(2) A number of manufacturing jobs which is equal to or more than ten~~
29 ~~percent (10%) of the existing manufacturing workforce in the county."~~

30 Sec. 12. G.S. 153A-376(f) reads as rewritten:

31 "(f) All program income from Economic Development Grants from the Small
32 Cities Community Development Block Grant Program may be retained by recipient
33 ~~'severely'~~economically distressed counties', as designated under G.S. ~~105-130.40(e), 143B-~~
34 ~~437A~~ for the purposes of creating local economic development revolving loan funds.
35 Such program income derived through the use by counties of Small Cities Community
36 Development Block Grant money includes but is not limited to: (i) payment of principal
37 and interest on loans made by the county using Community Development Block Grant
38 Funds; (ii) proceeds from the lease or disposition of real property acquired with
39 Community Development Block Grant Funds; and (iii) any late fees associated with loan
40 or lease payments in (i) and (ii) above. The local economic development revolving loan
41 fund set up by the county shall fund only those activities eligible under Title I of the
42 federal Housing and Community Development Act of 1974, as amended (P.L. 93-383),
43 and shall meet at least one of the three national objectives of the Housing and

1 Community Development Act. Any expiration of G.S. ~~105-130.40(e)~~-143B-437A shall
2 not affect this subsection as to designations of ~~severely~~-economically distressed counties
3 made prior to its expiration."

4 Sec. 13. G.S. 160A-456(e1) reads as rewritten:

5 "(e1) All program income from Economic Development Grants from the Small
6 Cities Community Development Block Grant Program may be retained by recipient cities
7 in '~~severely~~-economically distressed counties', as designated under G.S. ~~105-130.40(e)~~,
8 143B-437A, for the purposes of creating local economic development revolving loan
9 funds. Such program income derived through the use by cities of Small Cities
10 Community Development Block Grant money includes but is not limited to: (i) payment
11 of principal and interest on loans made by the county using Community Development
12 Block Grant Funds; (ii) proceeds from the lease or disposition of real property acquired
13 with Community Development Block Grant Funds; and (iii) any late fees associated with
14 loan or lease payments in (i) and (ii) above. The local economic development revolving
15 loan fund set up by the city shall fund only those activities eligible under Title I of the
16 federal Housing and Community Development Act of 1974, as amended (P.L. 93-383),
17 and shall meet at least one of the three national objectives of the Housing and
18 Community Development Act. Any expiration of G.S. ~~105-130.40(e)~~-143B-437A shall
19 not affect this subsection as to designations of ~~severely~~-economically distressed counties
20 made prior to its expiration."

21 Sec. 14. Sections 3 through 6 and 9 and 10 of this act become effective for
22 taxable years beginning on or after January 1, 1997. Sections 7 and 8 of this act become
23 effective January 1, 1997, and apply to purchases made on or after that date. The
24 remainder of this act is effective upon ratification. The provisions of this act expire on
25 January 1, 2003. The expiration of this act does not affect the rights or liabilities of the
26 State or a taxpayer arising under it before its expiration nor does it affect a taxpayer's
27 right to any portion of an installment of a credit that accrued, or to a carryforward of any
28 portion of a credit that was permitted before the act's expiration.