

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SENATE BILL 379
RATIFIED BILL

AN ACT AUTHORIZING ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS TO UTILIZE FUNDS TO SUPPORT NEW AND EXPANDED NATURAL GAS SERVICE AND TO SUPPORT PROPANE GAS SERVICE FOR AGRICULTURAL PROJECTS.

The General Assembly of North Carolina enacts:

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

"§ 143B-437.020. Utilization of economic development incentive programs to support new and expanded natural gas service and to support propane gas service for agricultural projects.

(a) Definitions.

- (1) Agriculture. – Activities defined in G.S. 106-581.1, whether performed on or off the farm.
- (2) Economic development incentive programs. – All economic development incentives set forth in G.S. 143B-437.07(c).
- (3) Eligible project. – A discrete and specific economic development project that would expand agricultural production or processing capabilities that requires new or expanded natural gas or propane gas service.
- (4) Excess infrastructure costs. – Any project carrying costs incurred by a natural gas local distribution company to provide new or expanded natural gas service to an eligible project that exceed the income the infrastructure generates for the local natural gas distribution company, including any standard rates, special contract rates, minimum margin agreements, and contributions in aid of construction collected by the natural gas local distribution company.
- (5) Project carrying costs. – All costs, including depreciation, taxes, operation and maintenance expenses, and, for a natural gas local distribution company, a return on investment equal to the rate of return approved by the Utilities Commission in the natural gas local distribution company's most recent general rate case under G.S. 62-133.

(b) Facilitation of New and Expanded Natural Gas Service to Agricultural Projects. Economic development incentive programs may utilize funds for agricultural projects for the following purposes:

- (1) To allow the owner of an eligible project to pay for excess infrastructure costs associated with the eligible project.
- (2) To allow the owner of an eligible project to pay for cost-effective alternatives that would reduce excess infrastructure costs, including:
 - a. Relocating equipment that uses natural gas to a different location on the property nearer existing natural gas lines to reduce or eliminate the project carrying costs.
 - b. Adding supplemental uses of natural gas to increase annual volume throughput and enhance the feasibility of new natural gas service, including fuel for tractors and equipment, greenhouses, plant or animal production, feed grain drying, and natural gas powered irrigation pumps.

(c) Facilitation of New and Expanded Propane Gas Service to Agricultural Production. – Economic development incentive programs may utilize funds for agricultural projects to



allow the owner of an eligible project to pay for cost-effective alternatives that would reduce infrastructure costs or that would increase energy efficiency by adding supplemental uses of propane gas to increase annual volume throughput, reduce energy consumption, reduce energy costs, or to enhance the feasibility of the project or the provision of propane gas service, including the conversion or repowering of tractors, trucks, vehicles, and mowers to use propane gas, or to provide propane gas powered tractors, equipment, appliances, irrigation pumps, and dryers to service agricultural production facilities or operations, or to provide a dispensing station for the project owner's use.

(d) Use of Incentive Funds. – Incentive funds utilized in accordance with subsections (b) and (c) of this section shall be paid directly to the owner of the eligible project.

(e) Termination. – Incentive funds utilized in accordance with subsection (b) of this section shall terminate when there are no longer excess infrastructure costs.

(f) Reimbursement. – The owner of an eligible project who receives incentive funds in accordance with subsections (b) or (c) of this section shall be responsible for reimbursing the incentive funds if, for any reason, the eligible project does not maintain business operations for a period of at least five years from the date of the initial utilization of incentive funds.

(g) Limits on Eligible Project Incentive Funds. – Total incentive funds for all eligible projects under subsections (b) and (c) of this section shall not cumulatively exceed five million dollars (\$5,000,000) per biennium. The managers of economic development incentive programs shall promptly report payments made in accordance with subsections (b) and (c) of this section to the Department of Commerce, and the Department of Commerce shall promptly notify the managers of economic development incentive programs when the limitation provided by this subsection has been reached for the biennium.

(h) Mechanism not Exclusive. – The utilization of incentive funds in accordance with subsections (b) or (c) of this section is intended to supplement other available mechanisms for the extension of service to new or expanding customers and may be used in conjunction with special contract arrangements, minimum margin agreements, and contributions in aid of construction."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 22nd day of July, 2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____,m. this _____ day of _____, 2013