

#### **04 NCAC 01I .0102        DEFINITIONS**

(a) These definitions apply to all parts of the Industrial Development Fund including the Basic Emergency Economic Development Assistance, Utility Account and Clean Water Bonds for Economic Development:

- (1) "Department" means the North Carolina Department of Commerce, or its Secretary.
- (2) "Applicant" means a North Carolina unit of government that applies for IDF funds.
- (3) "Industrial Development Fund" as referenced in G.S. 143B-437.01 means the fund within the Department's fiscal structure in which the appropriation of monies for industrial development projects is received and disbursed.
- (4) "IDF" means the Industrial Development Fund.
- (5) "Eligible tier areas" means the aggregation of North Carolina counties into groups in which certain economic benefits apply, as currently authorized by G.S. 105-129.3.
- (6) "Unit of Government" means a town, city or county of the state.
- (7) "Full-time Job" means a job that requires at least 1600 hours of work in a year.
- (8) "Infrastructure" means utilities, typically referred to as "public utilities," or a rail spur where there is public ownership of the rail property.
- (9) "Grant" means money given to a unit of government to pay for an economic development project and does not have to be repaid, if the terms of the grant are fulfilled, i.e. the jobs commitment is met.
- (10) "Loan" means money loaned to a unit of government to pay for an economic development project, to be repaid by the borrower.
- (11) "Project" means an activity proposed for IDF funding. It shall be described narratively in an application and accompanied by a preliminary set of drawings, or sketches, or other data that present the project in factual detail, together with a schedule or itemization of costs from an engineer or contractor. The schedule of costs shall constitute the ability to complete a project with no more than a 10 percent contingency.
- (12) Project expenditures means:
  - (A) For basic IDF -
    - (i) the construction of, or improvements to water, sewer, gas or electrical utility systems, distribution lines, or required storage facilities, or a rail spur when either is publicly owned and operated, and or;
    - (ii) the renovation of buildings including structural repairs, repairs, addition of docks, erection of walls, structural supports for heavy equipment, electrical upgrades, or HVAC upgrades;
    - (iii) improvements that are necessary to make a building suitable for occupancy by the operator of the project. Such improvements may include mechanical equipment such as heating and air conditioning equipment, plumbing, pipes or trenching to handle effluents or process water, special electrical additions and lighting. If an improvement is critical to the operation of a or is critical to the decision making process pertinent to the creation of jobs, the actual improvement need not be located on the site of the main project building. If, however, a grant of funds is involved, the improvement must be constructed on public right-of-ways or on property which the unit of government has an easement to treat as it normally would do as if it owned the property. However, when extending infrastructure to a firm, IDF assistance ends at the private property line. In either situation, the application must document the exact relationship between the jobs and the project. An example of a fundable project would be where the unit of government must construct an elevated water tank and service lines to provide water to a building where such service is directly required to operate an industrial-business. An example of an unfundable project would be where a unit of government seeks to expand or to repair its water utility (or other infrastructure) system and where the relationship to the creation of jobs is fairly general or vague. The project shall be described from the perspective of employment to be created and its impact to the project.
    - (iv) the purchase and installation of equipment that is associated with the industrial classification of the project.
  - (B) For Emergency Economic Development Assistance -

Loans to local units of government for economic development projects designed to create jobs, lead to the creation of jobs, or save jobs, and to assist in alleviating the economic dislocation created by the loss of jobs.

(C) For the Utility Account -

- (i) the construction of, or improvements to water, sewer, gas or electrical utility systems, distribution lines, or required storage facilities, or a rail spur or rail line when either is publicly owned and operated, and/or
- (ii) equipment for existing or proposed industrial buildings for operations in the industrial classifications that are currently eligible to receive Utility Account.

(D) For Clean Water Bonds -

- (i) the construction of or improvements to new or existing water or sewer distribution lines or equipment,
- (ii) the construction or improvements to new or existing wastewater treatment facilities, or
- (iii) improvements that will expand the capacity of existing wastewater treatment facilities or water supply systems.

(13) "State" means the State of North Carolina.

(14) "Application" means the pages of documents in which an applicant for IDF funds identifies itself, describes a project, specifies the funds required, provides a breakdown of project costs, and submits the benefiting firm's commitment to create jobs and evidence of its credit worthiness.

(15) "Local Matching Funds" means funds of a unit of government contributed to an economic development project for the purpose of assisting in a total financing package and earning (or winning) other funds by doing so. Matching is usually expressed as a ratio, i.e. one local dollar for three state dollars, or one for three.

(16) "Participation Loan" means a loan among at least three parties, including: A bank or financial institution, the private firm, and the unit of government. The essence of a participation loan is that the bank, or financial institution, and the unit of government shall share at least equally in the lending arrangements, meaning the money loaned and the risk involved and collateral shared.

(17) "Borrower" means the private firm identified in a participation loan for building improvement or equipment in the basic IDF, or the unit of government when the money is spent for emergency economic dislocation assistance or when the money is reloaned in a utility account project. Additionally, the unit of government shall be the borrower when IDF is used to assist local matching, or in other cases when the Department believes the project can be more prudently structured as a loan rather than a grant.

(18) "Preapplication Conference" means a meeting held at the Department to discuss a proposed IDF application and includes: a representative of Commerce Finance Center; the applicant; an official of the benefiting firm; and a banker, if a participation loan is involved. A preapplication conference may be waived when the total IDF expenditures are expected to be fifty thousand dollars (\$50,000) or less.

(19) "Clean Water Objectives of the State" include:

- (A) Reducing the reliance on wells, septic tanks and similar facilities;
- (B) Allowing residences, businesses, or local governments not otherwise served by water or sewer or wastewater infrastructure to connect into a distribution line or system (for water supply, sewer, or wastewater) being furnished in an economic development project for new or expanding industry.

(b) "Local Matching Requirement." The Department requires local matching in grant projects except for Emergency Economic Development Assistance projects and those located in a tier area that has been exempted from matching by NC General Statutes. The required rate shall be one for three, or one local dollar for each three state dollars.

*History Note: Authority G.S. 143B-437.01; 105-129.3;  
Temporary Rule Eff. November 16, 1987 for a Period of 180 Days to Expire on May 15, 1988;  
Eff. May 1, 1988;  
Temporary Amendment Eff. January 11, 1990 for a Period of 180 Days to Expire on July 9, 1990;  
Amended Eff. September 1, 1990;  
Temporary Amendment Eff. January 11, 1999;  
Codifier determined that agency findings did not meet criteria for temporary rule;*

*Temporary Amendment Eff. October 6, 1999;  
Amended Eff. August 1, 2000;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September  
6, 2016.*