

NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD



Minutes Raleigh, North Carolina June 27, 2002

The Economic Development Board met in Room 755 of the New Education Building on June 27, 2002. Chairman Gordon Myers called the meeting to order at 9:15 a.m.

Chairman Myers called for a motion to approve the minutes of the May 30 meeting. A motion was made and seconded to approve the minutes as submitted. The motion carried without opposition.

KPMG representatives Tammy Propst and Hartley Powell, reported on the Scope of Work as outlined in the consultant's contract. Their overall review is that most of the recommendations made to improve economic development efforts in the state can be implemented internally and rectified with little additional revenue.

There was discussion regarding the findings from the KPMG report.

Chairman Myers called for reports from each committee as follows (reports are appended to the minutes as Exhibit I):

Robert Stolz reported for the Community Readiness and Urban Development Committee by reviewing Goal 1 of the Strategic Plan, which included four committee objectives and action steps for each objective. There was discussion regarding Goal I, but no substantive changes to the report as submitted.

Mac Everett suggested that for those recommendations being made by the Committees, there should be a summary of funding needs, if there are costs associated with the project.

Chairman Myers said that the staff would be assigned the responsibility of projecting the financial outlook for each recommendation.

Scott Satterfield, standing in for Chair Bill Coley, reported for the Infrastructure, Transportation and Environment Committee, Goal 2. He said the Committee outlined four objectives with appropriate action steps for each. There were questions and discussion regarding Goal 2, but no changes to the report as submitted.

Watts Carr reported for the Recruitment and Retention Committee, Goal 3, which had four objectives with action steps. On Objective 3.1, *Develop and maintain North Carolina's nationally superior business climate that consists of affordable business costs, fair regulation, and an equitable tax system*, it was suggested that the wording be changed as follows: "Develop and maintain North Carolina's ~~nationally superior~~ regionally competitive business climate that consists..." There was much discussion, but no further changes to the objectives as submitted.

Chairman Myers asked Watts Carr to talk about incentive recommendations for the Short Session of the General Assembly. Mr. Carr called on Don Hobart, Legislative Liaison and Legal Counsel, to outline the recommendations.

Mr. Hobart said that a bill is being introduced in the Legislature in both the House and Senate that should serve as the vehicle for a series of recommendations from the Recruitment and Retention Committee that address some of the issues mentioned by KPMG. These recommendations include reexamining North Carolina's incentive structure for corporate headquarters, in particular looking at North Carolina's incentive programs, both from a grant standpoint and a loan standpoint, tax incentives, etc. as they apply to the new economy industries such as biotechnology and high technology, research intensive industries.

The particular bill introduced by Senator David Hoyle on the Senate side (SB1397) and Representative Bill Owens on the House side (HB1734) is somewhat complete but is still being worked on by Bill Drafting and will eventually include the Job Development Investment grant program.

The four primary recommendations from the Recruitment and Retention Committee for the Short Session are as follows:

1. To dedicate a permanent source of funding to replenish the One North Carolina grant program.
2. Renewal of qualified business venture tax credit.
3. Streamline the William S. Lee Act.
4. Creation of the new Job Development Investment grant program.

Bill Forsyth reported for the Rural Development Committee, which is Goal 4 with five objectives and numerous action steps associated with the objectives. With regard to Objective 4.1, *Increase Ability to Pay* and 4.3, *Build Social Capacity to Enhance Community Livability*, John Chaffee suggested that the Southeast Crescent Authority be added as a funding source to assist communities in Eastern North Carolina in overcoming economic challenges. Mr. Forsyth said that staff would gather information regarding this Authority and the Committee at its next meeting would take a look at incorporating this suggestion into the recommendations. Andrea Harris suggested that the Committee look at this as a recommendation for a regional commission for the Southeast. In addition, regarding Objective 4.1 *Ability to Pay*, Andrea Harris asked if any consideration or discussion regarding offering incentives to rural communities that have challenges with ability to pay to encourage them to consolidate. Mr. Forsyth said that the committee would take a look at the suggestions to see if they can be incorporated into the recommendations.

John Crumpler and President Molly Broad reported for the Science, Technology & University Outreach Committee and explained Goal 5 of the Strategic Plan. Goal 5 has four objectives with the action steps necessary to ensure accountability. There were questions and much discussion regarding Goal 5, but no changes to the overall recommendations.

Bob Winston reported for the Tourism, Film, Sports, Arts and Cultural Resources Committee, Goal 6. There were four objectives with progress measures and action steps for each. Regarding Objective 6.2, Action Step 5, "*Oppose new taxes targeted at all components of the travel and tourism industry*," several Board members expressed concern about the language of this particular action step; therefore, Mr. Winston said he would ask the Committee to take another look at this issue. There was discussion regarding Objective 6.2, Action Step 6. Bill Batchelor asked if this issue, "*Oppose ownership or subsidy by state or any state agency of new hotels and conference centers that compete with private sector facilities*," could be put on hold until the feasibility study of the NCSU project has been completed. Finally, it was determined that the issue would be returned to Committee for further consideration.

Phil Kirk reported for the Workforce Development and Education Committee, Goal 7. There were five objectives with appropriate action steps. There was discussion, but no changes to the report as submitted.

Chairman Myers informed the Board that he had met with the Governor, John Merritt, Phil Kirk and Secretary Fain regarding workforce development issues and that Mac Everett had agreed to chair a subcommittee on workforce development issues, such as consolidation, job training and Community Colleges, to determine how these issues relate to the needs of the current marketplace. He says that the Governor supports this initiative and understands the importance of job training as an economic development tool.

Randall Kaplan asked where within the Board's strategic plan could there be a study of tax competitiveness of North Carolina and how it impacts our ability to recruit business and industry.

Watts Carr responded that the Recruitment and Retention Committee has Commerce staff in place to monitor and to red-flag issues of concern regarding tax competitiveness with other states, but that additional measures should be considered for more in-depth monitoring and to produce results in a timely manner.

Mr. Kaplan also stated that he did not feel that the issue of global competitiveness was addressed sufficiently in the goals specified in the strategic plan.

Secretary Fain said that he would try to supply information about global competitiveness to be considered as an addition to the strategic plan.

Chairman Myers said that meetings would continue on a quarterly basis and that the full Board would not meet again until the fall. He said that committees would meet on an as-needed basis in the interim.

As there was no further business to come before the Board, the meeting adjourned at 4:10 p.m.

Exhibit I

**Economic Development Strategic Plan
Community Readiness and Urban Development Committee**

Goal 1: Create strong metropolitan growth centers that generate regional business development, shared prosperity, and a high quality of life, in partnership with surrounding areas.

Objective 1.1 - Promote a state growth framework that stimulates urban development ~~with a beneficial~~ having regional economic influence.

Progress Measures

1. Report to Board on progress, beginning in November 2002.
2. By July 2003, a system to coordinate State investments to strengthen downtowns and promote sound urban and regional development will be implemented.
3. By July 2003, legislation and funding to support urban hubs with regional significance will be in place.
4. By July 1, 2002, the Office of Urban Development will be established; by January 1, 2004 it will be fully staffed and funded.

Action Steps:

1. Advise the Joint Legislative Growth Oversight Committee on ways to promote strong downtowns, urban and regional economic development patterns in the state's growth framework.
 - a. Responsibility: DCA, with support from ED Board and Sec. Fain
 - b. Deadline: when Oversight Committee convenes after 2002 session
 - c. Funding: no funding, but staff time will be required
 - d. Expected Outcome: stronger emphasis on developing urban areas, less sprawl
2. Coordinate state investments in ways that strengthen existing downtowns and promote sound urban and regional development.
 - a. Responsibility: Sec. Fain and Chief of Staff
 - b. Deadline: Design system by November 15, 2002; implement through Cabinet and Office of State Budget beginning July 1, 2003
 - c. Funding: no new funds needed, but staff time will be required
 - d. Expected Outcome: less state-supported sprawl, more robust downtowns, more consistent investments
3. Identify urban hubs with regional significance, beyond the three largest metropolitan areas, and strengthen them to make them more competitive.
 - a. Responsibility: Commerce Policy and Research, with input from universities and others, to identify hubs. State agencies and legislature identify and allocate or reallocate resources to strengthen hubs.
 - b. Deadline: January 2003 to identify hubs. July 2003 for any needed legislation and funding.
 - c. Funding Source: potentially Golden Leaf Foundation to fund study. State agencies reallocate existing resources and legislature appropriate new funds.
 - d. Expected Outcome: Strengthened "economic engines" in mid-sized urban areas that will generate more jobs for multi-county regions that they serve.
4. Establish an "Office of Urban Development" in the Department of Commerce that will: 1) be an advocate for urban areas and urban development, 2) identify and coordinate public, private, and non-profit resources to affect urban issues, 3) deliver services through its Main Street and Small Towns development programs, 4) apply cluster analysis to enhance urban-rural linkages, 5) serve as point of contact for downtown developments needing help with state agencies, and 6) work with Commerce business recruitment and retention teams on marketing downtown buildings and sites.
 - a. Responsibility: DCA Director and staff
 - b. Deadline: Office can be put in place immediately; full operations contingent upon legislative funding in 2003 legislative session or alternate source.
 - c. Funding: Funds needed for two additional staff for Small Towns program support plus operations.

- d. Funding Source: Legislative appropriation, possibly supplemented with foundation and/or corporate support.
- e. Expected Outcome: More effective support for large and small city downtown development, more efficient delivery of state services in support of downtown development, improved marketing of available properties in downtowns.

Objective 1.2 - Promote more efficient use of existing buildings, sites, facilities, and infrastructure.

Progress Measures

1. By October 31, 2002, a system for State one-stop permitting centers will be designed and implementation will begin.
2. By 2004 the number of brownfield cleanup and brown building reuse projects will double over 2002 numbers.
3. By 2004 the number of communities qualifying to use the new rehabilitation sub-code will double and the number of buildings rehabilitated using this code will grow by forty percent.
4. Proposals developed for consideration by January 2003; report to Board on progress by April 2003.
5. Office of Urban Development and Dept. of Cultural Resources report to Board on coordination and steps to increase activity by April 2003.

Action Steps:

1. Establish state one-stop permitting centers to ease regulatory burdens for development and redevelopment projects.
 - a. Responsibility: Governor's Office
 - b. Deadline: Design system by October 31, 2002; implement immediately; quarterly reports to Urban Development Committee of Economic Development Board.
 - c. Funding: Start-up funds may be needed for design, initial permit centers of 'user-friendly reputation.
2. Provide additional State incentives and local options to promote brownfields redevelopment under the Brownfields Property Reuse Act of 1997 [G.S. 130A-310.30], redevelopment of brown buildings, and productive reuse of "White Elephant" buildings.
 - a. Responsibility: Commerce and DENR staff jointly develop proposals and proposed legislation for 2003 session of General Assembly.
 - b. Deadline: January 2003
 - c. Funding: Depending on nature of new incentives, funding could come from tax credits (Lee Act or other), fees, insurance surcharges, or enhanced local property tax deferments.
 - d. Expected Outcome: Higher numbers of rehabilitated buildings and reused sites than would be expected without the enhancements, thereby reducing public costs of developing infrastructure for "Greenfield sites."
3. Expand the use of the building rehabilitation sub-code beyond the limited number of cities that may currently use it under S.L 2001-372.
 - a. Responsibility: Department of Insurance, Building Code Council, Office of Urban Development
 - b. Deadline: July 1, 2003
 - c. Funding: No new State funds needed but some staff time required; communities interested in meeting the threshold for eligibility may need to expend local funds to get their inspectors upgraded.
 - d. Expected Outcome: More buildings rehabilitated more quickly and less expensively.
4. Direct state resources to enable and encourage municipalities to upgrade aging physical infrastructure, including water, sewer and high-speed telecommunications in urban areas.
 - a. Responsibility: Governor and cabinet secretaries place more program emphasis on upgrading and rehabilitating existing infrastructure
 - b. Deadline: July 2003
 - c. Funding: No additional resources anticipated
 - d. Expected outcome: Make central city areas more attractive for new investments due to upgraded infrastructure.
5. Link historic tax credits more effectively to spur development.

- a. Responsibility: Office of Urban Development, Division of Archives and History
- b. Deadline: October 1, 2002
- c. Funding: Underwriting for a series of workshops and support material to promote availability of tax credits and answer questions.
- d. Funding Source: Foundation and corporate grants.
- e. Expected Outcome: Increased demand for historic district nominations and tax credit applications.

Objective 1.3 - Strengthen central cities to reestablish their role as the economic core and engine of metropolitan areas.

Progress Measures

1. By the end of the 2003 legislative session, State Development Zone incentives will be improved and the number of SDZ projects will increase by 20%.
2. By the end of the 2004 legislative session, the Main Street Financial Incentive Fund will be re-capitalized.
3. By 2004 the number of communities receiving downtown development assistance from the Department of Commerce will grow by twenty-five percent over 2002 numbers.
4. NCHFA reports to Board by November 2002.
5. Proposal designed and reported to Board by November 2002.
6. By 2004 the DOT will spend a minimum of \$5.0 million in central city (downtown) projects; by 2005 that number will grow to \$7.5 million.
7. By 2002 DPI will begin to actively promote school site guidelines, through workshops and other promotional tools, making it easier to build new schools in central city areas and to rehabilitate older schools. By 2004 the number of schools in these two categories will have shown measurable growth. (Base data needs to be defined before a quantifiable number can be assigned.)

Action Steps:

1. Expand and improve State Development Zone (SDZ) incentives.
 - Add central administrative offices to those eligible for tax credits
 - Provide enhanced tax credits for high poverty portions of SDZ's
 - Market incentives available in SDZ's more actively
 - a. Responsibility: Commerce Finance Center-DCA team, Don Hobart
 - b. Deadline: Evaluate data by September 2002; propose legislative changes by November 2002 for consideration in 2003 session.
 - c. Funding: \$5,000 for UNC-CH to evaluate data, from Lee Act fees
 - d. Expected Outcomes: More investment and jobs attracted to target areas.
2. Provide new funding to recapitalize the Main Street Financial Incentive Fund with its 10:1 leverage.
 - a. Responsibility: DOC, DCA
 - b. Deadline: July 1, 2003 (contingent upon General Assembly budget)
 - c. Funding: \$1.0 million
 - d. Funding Source: General Assembly and/or private sources.
 - e. Expected Outcome: Increased number of buildings being rehabilitated in Main Street community downtowns, increased job creation, business development.
3. Design and implement a small towns improvement program, modeled on the successful Handmade in America program.
 - a. Responsibility: Office of Urban Development, DCA
 - b. Deadline: July 1, 2003 (contingent upon General Assembly appropriation or alternate source of funds)
 - c. Funding: Two positions needed to provide added services, plus operating funds
 - d. Funding Source: Legislative appropriation, possibly supplemented with foundation and/or corporate support.
 - e. Expected Outcome: A greater number of small towns involved with downtown development, increased reinvestment within small town downtowns, improved timeliness of service to smaller towns.
4. Provide tax credits for homeowners to renovate and/or buy downtown housing.
 - a. Responsibility: NCHFA and Housing Coordination and Policy Council

- b. Deadline: Design credits by October 2002; introduce legislation for consideration in 2003 session
 - c. Funding: fiscal note to be calculated
 - d. Expected Outcome: more housing investment in state's downtowns
5. Make accelerated depreciation available to induce central city investments.
 - a. Responsibility: General Assembly study committee or Commerce-Revenue staff team
 - b. Deadline: January 2003 for proposal, 2003 General Assembly action
 - c. Funding Source: General fund
 - d. Expected Outcome: Greater volume of central city projects and enhanced economic activity and tax base in the city.
 6. Establish an Urban Development Incentive Fund within the NCDOT, similar to the Industrial Access Fund, to provide for parking, sidewalks, and other public improvements necessary to solidify private development commitments.
 - a. Responsibility: Sec. Fain and DOT Sec. Tippet
 - b. Deadline: January 1, 2003
 - c. Funding: \$5.0 million available to leverage private investments in 2003-04
 - d. Funding Source: NC DOT
 - e. Expected Outcome: Increased number of private projects in urban areas.
 7. Promote school site standards to make it easier to build and rehabilitate public schools in central cities.
 - a. Responsibility: DPI, DOC, Office of Urban Development
 - b. Deadline: January 1, 2003
 - c. Funding: Underwriting for a series of workshops and support material to promote rehabilitation and new construction within central cities. [DPI publication, *Making Current Trends in School Design Feasible*, is sound basis for workshops.]
 - d. Funding Source: DPI
 - e. Expected Outcome: More rehabilitation of older schools, more new construction in central cities, fewer new schools in 'greenfield' sites.

Objective 1.4 - Provide local governments with a more complete set of development tools.

Progress Measures for Objective 1.4

1. By 2003 a draft proposal for tax increment financing will have been presented to the General Assembly and by 2005, 5-8 cities will be using tax increment financing.
2. By 2004, more redevelopment projects in central cities will be initiated.
3. By 2004, more cities will initiate downtown housing programs due to legislation giving them explicit authority to do so.
4. Report to Board by November 2002.

Action Steps

1. Allow local governments the option to use Tax Increment Financing and other tax deferral measures as a downtown economic development tool.
 - a. Responsibility: KPMG to report on results from other states. Commerce to convene working team of Metropolitan Coalition, NCLM, IOG, NCDDA to review history, models and propose legislation.
 - b. Deadline: draft for 2003 session, in consultation with NCLM and others
 - c. Funding: no state fiscal impact, impact for localities using the option.
 - d. Expected Outcome: 5-8 cities using TIF for major projects within 3 years.
2. Enact legislation giving local governments broader authority to defer increases in tax value for redeveloped property beyond that currently available for brownfields projects [S.L. 2000-158].
 - a. Responsibility: Department of Commerce develop recommendations in collaboration with League of Municipalities and Association of County Commissioners. General Assembly enact proposed legislation.

- b. Deadline: January 2003 for recommendations. July 2003 for legislation
 - c. Funding Source: None required.
 - d. Expected Outcome: Greater number of redevelopment projects – both buildings and sites – in central cities. Greater tax base as enhanced tax value is phased in.
3. Enact legislation giving local governments explicit authority to use local funds for downtown housing.
- a. Responsibility: Institute of Government to prepare brief, draft legislation
 - b. Deadline: Committee to review IOG brief by October 2002; draft legislation by January 2003.
 - c. Funding: no state funds required
 - d. Expected Outcome: a few more cities initiating housing programs in 2004
4. Enact legislation to clarify authority for tax base or services sharing among local governments participating in multi-jurisdictional economic development or service ventures.
- a. Responsibility: Commerce to convene working team with NCLM, NCACC
 - b. Deadline: draft legislation for 2003 session
 - c. Funding: no state financial impact
 - d. Expected outcome: 3-5 inter-local projects by end of 2004

**Economic Development Strategic Plan
Infrastructure, Transportation and Environment Committee**

Goal 2: A competitive regionally based infrastructure and environmentally sustainable economic Development.

Objective 2.1: Streamline environmental permitting process for economic development projects to ensure competitiveness with neighboring states.

The Infrastructure, Transportation, and Environment Committee strongly recognize economic development requires that North Carolina's environmental permitting process be streamlined in order to effectively compete with neighboring states.

Progress Measures for Objective 2.1

1. By 2003, the Department of Environment and Natural Resources (DENR), the Department of Transportation (DOT), and the Department of Commerce (DOC) have developed an interagency task force to coordinate legislative and policy changes to make the environmental permitting process more efficient for new and expanding industries.
2. By 2004, DOC, DENR, and DOT will have developed and implemented a world class Geographic Information System (GIS) that utilizes interagency resources for economic development purposes.
3. By 2005, North Carolina's environmental permitting process will be a competitive with neighboring states.

Action Steps

1. Develop a systematic process to coordinate environmental reviews/permitting for economic development projects
 - a. Responsibility: DENR, DOT, and DOC
 - b. Deadline: January 2003
 - c. Funding Source: Existing
 - d. Expected Outcome/Return on Investment: A revised environmental permitting process that enhances North Carolina's competitive position in economic development.
2. Develop methods to improve interagency communication relating to economic development
 - a. Responsibility: Department Secretaries of DENR, DOT, and DOC
 - b. Deadline: June 2002
 - c. Funding Source: Existing
 - d. Expected Outcome: A seamless interagency approach to addressing economic development related issues.
3. Develop an interagency Geographic Information System (GIS) database to aid in the site selection process by identifying the optimum amalgamation of infrastructure needs and environmentally compatible buildings and sites.
 - a. Responsibility: DOC, DENR and DOT
 - b. Deadline: July 2003
 - c. Funding Source: State funding will not be available, Golden Leaf Foundation being pursued as possible funding source.
 - d. Expected Outcome: Essential GIS based database that coordinates state resources relating to economic development.
4. Address Wildlife Resources Commission's role in the environmental review process for economic development projects.
 - a. Responsibility: Infrastructure, Transportation, and Environment Committee
 - b. Deadline: 2003
 - c. Funding Source: Existing
 - e. Expected Outcome: A recommendation to the North Carolina General Assembly on revising the role and responsibilities of the Wildlife Resources Commission in the environmental review process.

5. Encourage use for wetland banking program for economic development projects
 - a. Responsibility: DENR and DOC
 - b. Deadline: mid 2003
 - c. Funding Source: Existing
 - d. Expected Outcome: DOC will utilize existing programs at DENR and DOT to maximize the economic development benefits of the wetland-banking program.

Objective 2:2: Support a system of regionally based inter-modal transportation that promotes economic development throughout North Carolina.

The Infrastructure, Transportation, and Environment Committee strongly recognizes that for economic development to thrive in North Carolina, a process must be developed that port, air, rail, and highway based transportation systems work efficiently together to transport goods through all regions of North Carolina.

Progress Measures for Objective 2.2

1. By 2003, Passage of the Turnpike Authority Bill by the North Carolina General Assembly
2. By 2004, the amount of tonnage shipped through the North Carolina Ports has increased and the State's competitive position in the Southeast United States has increased.
3. By 2004, regional economic development needs are addressed in the transportation planning process.
5. By 2006, North Carolina will have increased the miles of rail, highway, and the number of air carriers serving the state to enhance economic development.

Action Steps

1. Improve "connectivity" of state's freight transportation intermodal system (i.e. better connections between North Carolina's seaports, airports, rail ramps and interstate highway system) in order to enhance economic development by improving efficiency of freight transportation and enhancing highway safety.
 - a. Responsibility: DOT and NC Port Authority
 - b. Deadline: Spring 2005
 - c. Funding Source: Existing state resources as well as allocated State and Federal sources
 - e. Expected Outcome: Identify and improve critical intermodal linkages in order to develop a more efficient integrated freight transportation system that better facilitates economic development in North Carolina.
2. Support NC Senate passage of the Turnpike Authority Bill
 - a. Responsibility: Economic Development Board
 - b. Deadline: May 2002
 - c. Funding Source: Existing
 - e. Expected Outcome: Successful passage of the Turnpike Authority Bill by the NC General Assembly that accelerate the building of highways essential for economic development.
3. Expand air carrier service to support economic development in all regions of North Carolina.
 - a. Responsibility: DOT Aviation Division, DOC B&I Division
 - b. Deadline: Spring 2005
 - c. Funding Source: Existing and allocated State and Federal resources
 - e. Expected Outcome: Expanded air carrier service to regional airports across North Carolina.
4. Expand ocean carrier service in order to enhance economic development opportunities and support North Carolina business and industry in the import and export of goods.
 - a. Responsibility: NC Port Authority
 - b. Deadline: Fall 2004
 - c. Funding Source: Existing as well as allocated State resources
 - e. Expected Outcome: Increase number of ocean carriers serving North Carolina ports in particular carriers serving European markets.

5. Support DOT's efforts to accelerate regional approach to highway construction to meet regional economic development needs.
 - a. Responsibility: DOT
 - b. Deadline: 2005
 - c. Funding Source: Existing State and allocated Federal sources.
 - d. Expected Outcome: A defined regional approach to the highway construction process.

Objective 2:3: Support policy initiative to stimulate multi-county business/industrial parks supported by regional infrastructure with shared tax revenues.

The Infrastructure, Transportation and Environment Committee strongly recognizes that economic development needs vary by region and therefore support where feasible the development of multi-county industrial parks served by regional infrastructure with revenue sharing by all participating local units of government.

Progress Measures for Objective 2.3

1. By 2003, DENR, DOT, and DOC will revise policies relating to the award of grants/loans to emphasize regional based infrastructure.
2. By 2004, North Carolina will have a policy of coordinating the location of public/private utility infrastructure in DOT right of way.
3. By 2005, North Carolina will have investment financing options for local governments that are comparable to other Southeastern states.
4. By 2005, North Carolina will have a state of the art telecommunications infrastructure in all regions of the state.

Action Steps:

1. Coordinate and co-locate utility and telecommunications infrastructure to facilitate more efficient use of limited funding that meets economic development needs.
 - a. Responsibility: DOT and NC utility companies
 - b. Deadline: Spring 2005
 - c. Funding Source: Existing
 - d. Expected Outcome: Coordination of utilities infrastructure and DOT right of way to promote cost savings to North Carolina taxpayers.
2. Initiate policy changes to provide incentives for funding of infrastructure to multi-county industrial sites
 - a. Responsibility: DOC and DENR
 - b. Deadline: January 2004
 - c. Funding Source: Existing
 - d. Expected Outcome: Policy changes to incent regional infrastructure development.
3. Create additional infrastructure financing sources by supporting tax increment financing of infrastructure for economic development projects
 - a. Responsibility: Association of County Commissioners and the League of Municipalities in conjunction with DOC.
 - b. Deadline: Spring of 2003
 - c. Funding Source: Existing
 - d. Expected Outcome: Legislative and voter approval of tax increment financing capability for local units of government that improves North Carolina's competitiveness with neighboring states.
4. Develop legislative framework for county cooperation and a local option taxing authority for regional infrastructure and economic development financing needs.
 - a. Responsibility: Association of County Commissioners and the League of Municipalities in conjunction with DOC.

- b. Deadline: Spring 2003
 - c. Funding Source: Existing
 - d. Expected Outcome: Legislative approval of local taxing authority for infrastructure development that supports regional (multi-county) industrial parks.
5. Encourage private investment in advanced telecommunications infrastructure and services through changes in state and local tax policies and regulations
- a. Responsibility: DOC, telecommunication utility companies, and the Rural Internet Access Authority (RIAA)
 - b. Deadline: December 2003
 - c. Funding Source: Existing and RIAA
 - d. Expected Outcome: A regionally based high-speed telecommunications system and a plan for deployment that maximizes economic development opportunity.

Objective 2.4: Foster sustainable economic development through maximum utilization of existing by-products and smart growth strategies.

The Infrastructure, Transportation, and Environment Committee recognizes that North Carolina's successful participation in the 21st Century economy requires that the transfer of technologies from universities to industry must take place for by-product utilization in marketable end products.

Progress Measures for Objective 2.4

1. By 2003 the University of North Carolina will establish a liaison with the Department of Commerce to identify and market technology transfer opportunities
2. 2004, the University of North Carolina will establish a liaison with the Department of Agriculture to identify and expedite technology transfer opportunities.
3. By 2006, North Carolina will be recognized as a national leader in by-product utilization.

Action Steps:

1. Recruit and support companies that utilize agriculture/industry-generated by-products in manufacturing value added products by marketing the market wastetrader.org web site
 - a. Responsibility: DOC, DENR, and the Department of Agriculture
 - b. Deadline: Fall 2004
 - c. Funding Source: Existing
 - d. Expected Outcome: Fully developed waste trading web site and focused development efforts to recruit and retain industry seeking to utilize by-products.
2. Establish task force with university and community college representatives to expedite technology transfer initiatives relative to by-product utilization with ITE to work with the Science, Technology and University Outreach Committee to facilitate active involvement of all Board committees
 - a. Responsibility: DOC, UNC, Community Colleges, and the Department of Agriculture
Deadline: June 2004
 - b. Funding Source: Existing
 - c. Expected Outcome: Significant investment created through the transfer of technologies from the UNC System.
3. Develop a plan to reduce private sector employee vehicular miles traveled (VMT) that preserves a high quality of life for future economic development opportunity.
 - a. Responsibility: DOT, DOC, and DENR
 - b. June of 2003
 - c. Funding Source: Existing
 - d. Expected Outcome: A plan that reduces VMT by the private sector and in turn makes more efficient use of existing roadways, reduces air emissions, and preserves a high quality of life for future economic development.

**Economic Development Strategic Plan
Infrastructure and Retention Committee**

Goal 3: Ensure a Competitive Environment for the Recruitment and Retention of Businesses, Capital Investments and Jobs Creation.

Provide economic developers across North Carolina with the climate and the most effective tools possible to recruit and retain businesses in order to promote capital investment, jobs creation and to boost the per capita income of all North Carolinians while improving an overall quality of life.

Develop and maintain North Carolina's nationally superior business climate that consists of affordable business costs, fair regulation, and an equitable tax system.

Objective 3.1 –

Progress Measures for Objective 3.1

1. In 2003, NCEDA/NCPED/NCDOC will commission biennial reviews of North Carolina's business climate as it compares to key competitive states, focusing on targeted industry sectors.
2. In 2004, North Carolina will return to the top 3 states as outlined in the annual rankings by Site Selection's Governor's Cup.
3. In 2005, North Carolina's marginal income tax rates will be more in line with its competitors. The state's overall state-local tax burden will be competitive in the Southeast and remain below the national average.

Action Steps:

1. Review the recent studies on the W.S. Lee Act to determine effectiveness of the Act and its incumbent shortcomings found during implementation.
 - a. Responsibility: R&R Committee
 - b. Deadline: May Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Prepared synopsis and corresponding analysis on Lee study findings
2. Review recent tax and incentive analyses (i.e. Ernst & Young) on North Carolina's tax burden as it compares to other Southeast states.
 - a. Responsibility: R&R subcommittee on incentives (Ken Atkins, Watts Carr, Stewart Dickinson, Jim Fain, Dan Gerlach, Jim Haag, Charles Hayes, Don Hobart, Ernie Pearson, Norris Tolson)
 - b. Deadline: May 2002
 - c. Funding Source to accomplish step: Existing Resources
 - d. Expected Outcome: Recommendations for needed legislative action put before the Economic Development Board for a vote.
3. Develop legislative proposals for effective incentives (N.C. Economic Recovery and Competitiveness Act)
 - a. Responsibility: R&R subcommittee on incentives
 - b. Deadline: June 2002
 - c. Funding Source to accomplish step: Existing Resources
 - d. Expected Outcome: Recommendations for needed legislative action put before the Economic Development Board for a vote.

4. Develop and share recommendations on tax structure and related regulation relative to economic development issues with the Governor's Commission to Modernize State Finances.
 - a.. Responsibility: R&R committee
 - b. Deadline: September 2002
 - c. Funding Source to accomplish step: Existing Resources
 - d. Expected Outcome: Active dialogue with Commission – specifically, the business taxation subcommittee – to ensure a continued focus on a healthy, competitive business climate.

Objective 3.2 – Enable effective recruitment of both new economy and enduring traditional companies to North Carolina

The Recruitment and Retention Committee recognizes the need for new methods to identify and target “right fit” industries for North Carolina and to optimize the marketing and recruitment efforts of Commerce, regional partnerships and local development agencies.

Progress Measures for Objective 3.2

1. In 2003, the NC Department of Commerce will significantly improve the economic development research capabilities, matching best practice states when compared on a percentage basis.
2. In 2003, NCPED/NCDOC will create/institute/support a methodology for tracking project creations as tied to the (marketing) efforts of those groups receiving inquiries.
3. In 2004, North Carolina will achieve a 10% increase in the number of industries located annually, as compared with the 2001 baseline data.

Action Steps:

1. Review results of the KPMG consultant study, including:
 - The evaluation and comparison of North Carolina's economic development program with competitor states. This should, by definition, include a review of economic development privatization efforts in these competitor states.
 - The results from the study of the current health and effectiveness of the working relationship between state and partnership economic development efforts.
 - a. Responsibility: R&R Committee
 - b. Deadline: September 2002 (following completion of study)
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Identify recommendations for change resulting from consultant study and take outlined changes to the full Board.
2. Support Commerce plan to establish a partnership with UNC-Chapel Hill to create and effectively employ industry cluster analysis. The analyses will be used by state, regional and local economic development professionals to increase and enhance effective competitiveness and ultimately to undertake coordinated statewide planning of target industries to bring to or grow in NC.
 - a. Responsibility: Commerce Policy, Research & Strategic Planning Division, UNC-CH, Dr. Ed Feser
 - b. Deadline: June Board Meeting, 2002
 - c. Funding Source: Existing resources to establish partnership, possible expenditures to be incurred during implementation phase
 - d. Expected Outcome: Establishment of DOC resources to provide cluster studies and related analysis.
3. Review effectiveness of current economic development new project handling guidelines and their implementation.
 - a. Responsibility: R&R Committee
 - b. Deadline: September Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Based on recommendations outlined in the KPMG study, current guidelines will

- be improved where necessary to ensure better communication and cooperation. The implementation of the resulting guidelines will include clarification and enforcement.
4. Encourage Commerce and partnerships' staff to work with local level development groups and local area educational institutions, seeking ways to identify existing and needed economic development resources in their areas that can be used to attract and support new economy companies.
 - a. Responsibility: R&R Committee
 - b. Deadline: September Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Develop and put in place a consistent communication effort to connect local areas and necessary resources to new economy companies.

 5. Evaluate the competitiveness of the Department of Commerce's research and analysis function relative to other states and support funding for comparable staffing and operations.
 - a. Responsibility: KPMG, R&R Committee
 - b. Deadline: January 2003, prior to legislative session
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Recurring appropriation adequate to make this function comparable to that of competitor states.

Objective 3.3 – Develop a Model Program of Existing Industry Services.

Progress Measures for Objective 3.3

1. In 2003, the North Carolina Existing Industry ServiCenter will be operational.
2. In 2004, efforts of the Existing Industry ServiCenter will outline and make available annual reports to include statistics on the number of inbound and outbound phone and electronic company contacts to serve as a benchmark for future growth analysis.
4. In 2004, North Carolina will increase by 20% the number of contacts currently made with existing industries.

Action Steps:

1. Review mission, goals and activities of the Existing Industry ServiCenter and examine opportunities for collaboration with other agencies and organizations as outlined in the Existing Industry Task Force white paper.
 - a. Responsibility: R&R Committee, Commerce
 - b. Deadline: June Board Meeting, 2002
 - c. Funding Source: Existing resources
 - e. Expected Outcome: Familiarization of existing industry efforts, both current and planned.
2. Actively support the request of additional state and alternative funding, including but not limited to funds from the Appalachian Regional Commission and others to fund the efforts of the Existing Industry ServiCenter.
 - a. Responsibility: R&R Committee
 - b. Deadline: October Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Develop recommendation supporting funding requests for full Board review/vote.
3. Commission a benchmark study of other states' existing industry efforts, obtaining data to reveal the impact of various communication methodologies and their outcomes.
 - a. Responsibility: R&R Committee
 - b. Deadline: September Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Develop recommendation supporting requested ARC and other funding for full Board review and vote.
4. Work with the Existing Industry Section to develop effective existing industry project handling guidelines.
 - a. Responsibility: R&R Committee

- b. Deadline: September Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Work to communicate and implement agreed-upon guidelines to section staff as well as state, regional and local economic development professionals.
5. Consider additional ways to get message out that Existing Industry is important, appreciated and will be supported by this administration. The efforts to increase awareness can include tools like toll-free numbers, pro bono billboard advertising and public service announcements, communications efforts with ServiCenter partners and their audiences.
- a. Responsibility: R&R Committee, Existing Industry Section
 - b. Deadline: September Board Meeting, 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Marketing/PR plan, with costs, to implement statewide awareness of DOC, economic development services.

Objective 3.4 – Develop an Effective, Coordinated Statewide Marketing/Branding Program.

The Recruitment and Retention Committee, possibly working with the Tourism, Film, Sports, Arts and Cultural Resources Committee of the Economic Development Board, will study, make recommendations and advocate for resources for an initiative to market and brand North Carolina more effectively to companies, to economic development consultants, to tourists, to retirees and to North Carolina's citizens. This program will seek to optimize and improve the marketing efforts both domestically and internationally.

Progress Measures for Objective 3.4

1. In 2003, North Carolina will embark on the creation of a consistent and effective branding campaign, identifying and including all appropriate entities.
2. In 2004, NC Department of Commerce Business & Industry Division, through marketing and advertising efforts, will generate a 10% increase in traffic as measured through web activity and related statistics.
3. In 2005, North Carolina will commission a third-party assessment survey to obtain benchmark data on branding awareness and on current perceptions of NC by the business community.

Action Steps:

1. Review Current Marketing Efforts by Marketing & Customer Services, Tourism, B&I, seven regional partnerships and other state agencies.
 - a. Responsibility: R&R Committee, Tourism Committee
 - b. Deadline: September 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Provide recommendation (incl. current costs involved) to help kick start NC economy by promoting new, powerful message
2. Evaluate our Current Brand Strategy.
 - a. Responsibility: Marketing Agencies, R&R Committee and Tourism Committee
 - b. Deadline: September 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Review current branding efforts in light of new perspectives offered by GSD&M and others, identifying any suggested changes that may enhance the North Carolina brand.
3. Identify new funding sources, as well as underutilized current funding sources, for marketing.
 - a. Responsibility: R&R Committee and Tourism Committee
 - b. Deadline: September 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Monitor and track ongoing participation and partnerships with current and new funding sources to fully appreciate the value available.
4. Review and evaluate KPMG recommendations following analysis of statewide, regional and local marketing efforts.
 - a. Responsibility: R&R Committee and Tourism Committee

- b. Deadline: September 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Identify recommendation(s) to be presented to full Board. Recommendations should consider what levels of state marketing monies are appropriate to achieve the maximum return for exposure and effectiveness.
5. After reviewing State and Regional electronic resources currently available, make recommendations and advocate for resources as necessary to Commerce and the Regional Partnerships, ensuring the establishment and continued availability of state-of-the-art electronic systems competitive with any location on the globe.
- a. Responsibility: R&R Committee, Commerce, Partnership marketing officials
 - b. Deadline: September 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Provide report outlining results of electronic resource review to full board, along with a cost study that lists current and future needs.

**Economic Development Strategic Plan
Rural Development Committee**

Goal 4: Thriving Rural Areas That Maintain a High Quality of Life
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Achieve one North Carolina by mobilizing the state's resources to create real economic development opportunities in rural North Carolina.

Objective 4.1 – Increase ability to pay

Due to the uneven distribution of local economic development resources across North Carolina, many rural communities endure a diminished ability to bear the costs of needed improvements. Ability to pay recognizes that due to low population density, lack of industrial base, and other factors, some economically distressed communities are less able to finance seriously needed services and programs. These communities require assistance to increase their ability to pay. One solution is to work on improving the fiscal condition and management ability of each unit of municipal government “on the fiscal margin.” The Rural Development Issues Committee recommends training, technical assistance and enhanced communications between state government, local government, and non-governmental associations.

Progress Measures for Objective 4.1

1. Streamline and alter funding formulas – by 2003, complete an evaluation of ATP measures utilized in funding formulas and restructure problematic formulas as needed.
2. Establish outreach and technical assistance to local governments – by 2003, provide coordinated means to deliver knowledge and technical assistance
3. Establish method for alerting assistance providers to high priority needs – by 2002, establish roundtable or forum to communicate local assistance needs to providers of knowledge and technical assistance.

Action Steps:

1. Evaluate funding formulas that utilize ability to pay (ATP) measures and suggest how the General Assembly and local governments can streamline and alter programs with problematic funding formulas.
 - a. Responsibility: N.C. Department of Commerce (lead agency), Rural Center, Institute of Government, local and state economic developers.
 - b. Deadline: April 2003
 - c. Funding Source: existing resources
 - d. Expected Outcome: revised funding formulas with enhanced ATP measures
2. Provide outreach and technical assistance to municipal governments through the Local Government Commission via cash management workshops, fiscal management assessments, and recommendations for strengthening accountability and fiscal controls.
 - a. Responsibility: Local Government Commission, Institute of Government, Rural Center
 - b. Deadline: June 2003
 - c. Funding Source: existing resources
 - d. Expected Outcome: delivery of technical assistance and knowledge to local governments
3. Increase the capacity of local governments to effectively communicate with members of the General Assembly regarding needs and ability to pay.
 - a. Responsibility: League of Municipalities, Association of County Commissioners, Rural Center
 - b. Deadline: ongoing
 - c. Funding Source: existing resources
 - d. Expected Outcome: higher priority for need improvements in funding decisions
4. Increase the capacity of funders of major local investments to communicate with the League of Municipalities, Association of County Commissioners, Institute of Government, and Local Government Commission about fiscal management difficulties that are encountered when working with local governments.
 - a. Responsibility: Department of Commerce, Rural Center, USDA Rural Development, local and state

economic developers, and the above named organizations.

- b. Deadline: April 2003
- c. Funding Source: existing resources
- d. Expected Outcome: roundtable for identifying difficulties and expediting training and technical assistance for local governments

Objective 4.2 – Provide comparable infrastructure to make rural North Carolina competitive for economic development

Critical to comprehensive and sustainable economic development in North Carolina's rural communities is the need for a strong commitment to building a solid infrastructure. Although tremendous strides have been made in recent years, many of the State's rural communities lack the basic infrastructure that is essential to supporting long-term economic prosperity. The Rural Issues committee believes that through direct intervention on specific issues relating to, water/sewer, natural gas, transportation, technology and electricity, the State can significantly enhance the competitiveness of rural North Carolina.

Progress Measures for Objective 4.2

1. By 2007, North Carolina should have a completely updated inventory of rural water and sewer systems, and a dedicated funding source for system improvements.
2. By 2005, North Carolina should have extended natural gas service to all 100 counties.
3. By 2007, North Carolina should have constructed four-lane highways within 10 miles of 85 percent of the state's population.
4. By 2003, North Carolina should have made information/internet technology accessible to all rural counties.
5. By 2003, North Carolina should have revised NC Commerce grant programs to include electricity and related needs as fundable economic development components.

Action Steps:

1. Increase rural competitiveness and sustainability by creating a dedicated source of funding for rural water and sewer improvements, updating and maintaining the existing rural water and sewer database to assist with local planning, and establishing an incentive program for rural local governments to support regional water and sewer initiatives.
 - a. Responsibility: Dept. of Commerce/State Infrastructure Council/DENR/Rural Center
 - b. Deadline: 2004
 - c. Funding Source: Legislature/Commerce/DENR
 - d. Expected Outcome: A consistent source of funding for rural communities, local governments that have a stronger knowledge of their economic development strengths and weaknesses, and increased levels of collaboration between rural counties that yields more cost effective regional water and sewer initiatives.
2. Provide natural gas service to all remaining unconnected counties in North Carolina.
 - a. Responsibility: Utilities Commission
 - b. Deadline: 2005
 - c. Funding Source: Existing natural gas bond funds
 - d. Expected Outcome: Natural gas access in all 100 counties.
3. Increase access to rural areas by implementing the NC Department of Transportation's intrastate corridor system that ensures a four-lane highway within 10 miles of 96 percent of the State's population, and creating higher levels of commercial service to rural airports.
 - a. Responsibility: Dept. of Transportation
 - b. Deadline: TBD
 - c. Funding Source: Highway Trust Fund/Legislature/Dept. of Transportation
 - d. Expected Outcome: Increased access and more realistic opportunities for economic development.
4. Ensure that rural communities have affordable access to information/internet technology and other related advances.
 - a. Responsibility: RIAA/Dept. of Commerce

- b. Deadline: Dec. 2003
 - c. Funding Source: RIAA/Dept. of Commerce
 - d. Expected Outcome: Eliminate the digital divide
5. Ensure that rural communities have access to adequate electricity at competitive rates and that electricity is identified as a key component of infrastructure/economic development that is fundable under NC Commerce grant programs.
- a. Responsibility: Utilities Commission/Dept. of Commerce
 - b. Deadline: 2004
 - c. Funding Source: Legislature/Dept. of Commerce
 - d. Expected Outcome: Access to electricity at fair and competitive rates, and grants to rural areas based electricity related needs.

Objective 4.3 – Build Social Capacity to enhance community livability

Helping poor people and places transcend closed networks to access material and informational resources remains a particular challenge for the development of rural areas. Yet increasing evidence shows that social capital – the civic value created by fostering civic connections among individuals and institutions – stimulates creative thinking, meaningful discussion and innovative action in communities. This civic “glue” is a critical precondition to economic prosperity.

Progress Measures for Objective 4.3

1. By 2007, the General Assembly should provide \$2 million dollars to be available on a competitive basis to rural, community-based organizations statewide to promote citizen involvement in economic development project design and implementation.
2. By 2007, the General Assembly should appropriate \$2 million dollars to be made available to specifically fund technical assistance to rural, local governments.

Action Steps:

1. Promote citizen involvement in the design and implementation of economic development projects by providing statewide access to programs that support broad-based collaboration. The Civic Ventures Fund, which is offered by the Rural Center, is an example of an existing program that facilitates forums in which different interest groups work together on specific projects aimed at overcoming a community’s economic challenges. The Fund is sponsored by the Appalachian Regional Commission, and thereby limited to communities within the ARC’s territory.
 - a. Responsibility: Rural Center
 - b. Deadline: August 2003
 - c. Funding Source: Legislature
 - d. Expected Outcome: Innovative approaches to economic development in rural areas.
2. Promote participative and comprehensive approaches to economic development by making a refined 21st Century Communities Initiative available to 50% of rural communities.
 - a. Responsibility: Dept. of Commerce
 - b. Deadline: 2007
 - c. Funding Source: Legislature/Dept. of Commerce
 - d. Expected Outcome: Improved coordination among the public, private and non-profit sectors in economic development planning projects.
3. Increase funding for technical assistance to enhance the organizational capacity of rural local governments to engage in economic development. Programmatic efforts would include infrastructure, small town development (e.g. the Mainstreet Program) and leadership development.
 - a. Responsibility: Rural Center/Dept of Commerce
 - b. Deadline: 2004
 - c. Funding Source: Legislature/Rural Center
 - d. Expected Outcome: More sustainable economic development in rural communities.

4. Develop a core set of community livability/readiness indicators that can be used to inventory and benchmark rural communities.
 - a. Responsibility: Rural Center/Golden Leaf Foundation
 - b. Deadline: December 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: a more consistent basis for internal and external assessment.

Objective 4.4 – Stimulate and support entrepreneurial activities

Entrepreneurship education and small business development initiatives are vital components of economic development strategies if we aim to diversify rural economies and allow them to prosper. As rural communities struggle to replace jobs lost from industry closures and agricultural woes, small business and entrepreneurial development is more and more becoming a vital job creation strategy for rural communities in NC and the nation. Yet, this aspect of economic development is virtually ignored as a viable strategy to create jobs and wealth by local and state governments. Even though 81% of North Carolina's business community is made up of small businesses, few resources have been devoted to nurturing and growing this sector of the economy. Yes, small business and entrepreneurial development programs do exist in the state, but they are under funded and not readily accessible to all citizens in all communities. In order to transition from economies dependent on traditional manufacturing and tobacco production, rural communities across NC must increase the supply of entrepreneurial talent through education, training and support mechanisms that will spur entrepreneurial and small business activity.

Progress Measures for Objective 4.4

1. By 2004, North Carolina should have completed a statewide inventory of vacant manufacturing space that is suitable for entrepreneurial use.
2. By 2007, North Carolina should have established a Micro-enterprise State Association/Network that enhances the capacity of existing agencies to serve rural communities and conduct research on the impact of small business on the State's economy.

Action Steps:

Building statewide capacity

1. Create and support a Micro enterprise State Association/Network that would serve to enhance existing agencies' capacity to serve rural communities and conduct research on the impact of small business on the state's economy.
 - a. Responsibility: Rural Center/NC REAL/NCIMED
 - b. Deadline: Ongoing
 - c. Funding Source: Public and Private Sector sources
 - d. Expected Outcome: Increased capacity at the local and state levels to spur entrepreneurial activity. Standardization for service delivery and continued data collection to monitor impact.
2. Utilize technology applications to make entrepreneurial training and assistance available on-line.
 - a. Responsibility: Community Colleges/University System/NC REAL/Rural Internet Access Authority/ NC Agriculture
 - b. Deadline: December 2002
 - c. Funding Source: Foundations or Private Sector
 - d. Expected Outcome: Increase reach and options for education and technical assistance leading to increased entrepreneurial and small business activity.

Marketing entrepreneurship

1. Leverage Regional Economic Development Partnerships as entrepreneurship awareness vehicles.
 - a. Responsibility: Dept. of Commerce/Community Colleges
 - b. Deadline: Ongoing
 - b. Funding Source: Existing Resources
 - c. Expected Outcome: Increased knowledge of local, regional and state resources to assist

- entrepreneurs with small business development.
2. Enlist organizations like NCCBI and/or state universities to examine and circulate information related to the role of and impact that small and microenterprise organizations contribute to the economies of rural NC communities.
 - a. Responsibility: Rural Center/NCCBI/University System
 - b. Deadline: March 2003
 - c. Funding Source: Private Sector Partners
 - d. Expected Outcome: Base-line data that can be used to detail the role and impact that small and micro-enterprise organizations contribute to the economies of North Carolina's rural communities. Create value that can lead to additional investment in entrepreneurial activities.

Providing training opportunities

1. The State Department of Public Instruction should promote entrepreneurship as a viable career pathway across all 11 established pathways and make youth entrepreneurship training programs available to all students through on-site and on-line instruction. SPDI should also explore the feasibility of providing seamless entrepreneurial training from K-16 to expose students at an early age to entrepreneurship as a potential career/life path. Cost: \$750,000 annually.
 - a. Responsibility: DPI/NCREAL/University System
 - b. Deadline: July 2003
 - c. Funding Source: Public and Private Sector Funding
 - d. Expected Outcome: Youth workforce prepared for jobs in rural North Carolina.
2. Enlist entrepreneurial service providers to participate on Rapid Response Teams that work with displaced factory workers.
 - a. Responsibility: Dept. of Commerce/SBC/Rural Center/NC REAL/NCIMED
 - b. Deadline: July 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Increase the number of resources and choices that displaced workers have available for transitioning back into the work place.

Providing start-up assistance for new entrepreneurs

1. Increase financial institution lending for business start-ups, expansions and modernization through additional investments in the NC Rural Center's Capital Access Program and new venture capital funds based on rural models.
 - a. Responsibility: Rural Center/Dogwood Equity
 - b. Deadline: December 2003
 - c. Funding Source: Public and Private Sector Funding
 - d. Expected Outcome: Increased entrepreneurial activity and business/job retention statewide.
2. Promote the use of vacant manufacturing space in rural communities to provide permanent locations for small businesses and cottage industries (not temporary or incubator space).
 - a. Responsibility: Dept. of Commerce/University System/NC Agriculture
 - b. Deadline: Ongoing
 - c. Funding Source: Public and Private Sector Funding
 - d. Expected Outcome: Flexible and affordable space to house small businesses

Objective 4.5 – Utilize agriculture and natural resources for economic development

Rural North Carolina is wealthy in abundant agricultural and natural resources. The Rural Development Issues Committee recommends assisting rural businesses to optimal, rational use of these resources. New opportunities are developing for farm operators and agribusinesses to move into value-added production and non-traditional, on-farm activities, and capture a larger share of the consumer food dollar. Farm operations can become even more efficient by adapting the latest information technologies. Farm operations, agribusinesses, and all other rural business ventures have a stake in the sustainable use and protection of critical natural resources.

Progress Measures for Objective 4.5

1. By 2003, pilot an agribusiness resource center to provide comprehensive marketing, regulatory and technical information to small and medium-sized producers of value-added agricultural products.
2. By mid-year 2003, establish the first incubators in a statewide network of local / regional agribusiness incubators, enabling new product development and providing additional levels of marketing assistance to small and medium-sized value-added producers.
3. By 2004, have provided farm operators and agribusinesses with (1) a variety of internet based tools and (2) speedy, competitively priced internet access to allow for greater efficiency in production and marketing.
4. By 2006, slow the rate of decrease in number of North Carolina farms and farm families by providing non-traditional production and marketing alternatives through value-added production, specialty crops, and non-traditional on-farm economic activities.

Action Steps:

1. Coordinate the utilization of existing public and private infrastructure and resources to assist entrepreneurs in the production of value-added agricultural commodities and products.
 - Identify existing public and private infrastructure and resources
 - Develop a mechanism to assemble available resources
 - Develop and pilot an information resource center in North Carolina
 - a. Responsibility – NCDA&CS, NC Department of Commerce, Rural Center, Regional Partnerships, Community College System, University System, Cooperative Extension Service, SBTDC
 - b. Deadline – January 1, 2003
 - c. Funding Source – existing sources: NCDA&CS, NC Department of Commerce, Ag Advancement Consortium, Rural Center, USDA and other grants
 - d. Expected Outcomes – Enhanced ability to provide quality assistance to entrepreneurs establishing value-added agricultural and natural resources based businesses.
2. Provide business, marketing and technical assistance to entrepreneurs in value-added agricultural commodities, natural resources and products.
 - Provide product development facilities, technology and regulatory compliance training
 - Provide business development assistance and training
 - Locate flexible debt financing for entrepreneurs after start-up
 - Provide marketing promotions to create and expand markets
 - Develop a venture fund to assist in establishing or expanding businesses
 - Replicate the Handmade in America model and identify best practices in cultural and heritage tourism for application in agricultural and natural resource-based tourism
 - a. Responsibility – NCDA&CS, NC Department of Commerce, Rural Center, University System, Community College System, SBTDC
 - b. Deadline – January 1, 2003
 - c. Funding Source – existing sources: NCDA&CS, NC Department of Commerce, Ag Advancement Consortium, Rural Center, USDA and other grants
 - d. Expected Outcomes – Build new businesses to help diversify and increase agricultural and natural resource economic development and increase this business base.
3. Assist processors of value-added agricultural products to expand or locate in rural areas of North Carolina.
 - a. Responsibility – NCDA&CS, NC Department of Commerce, Regional Partnerships
 - b. Deadline – January 1, 2003
 - c. Funding Source – NCDA&CS, Department of Commerce, Regional Partnerships, Grants
 - e. Expected Outcomes – Create new jobs while increasing rural income and state revenues.
4. Establish satellite agri-products incubators in rural areas of the state by enhancing services at existing facilities such as community colleges and county business incubators.
 - a. Responsibility – NCDA&CS, NC Department of Commerce, Rural Center, Regional Partnerships, Universities, Community College System, SBTDC
 - b. Deadline – June 1, 2003

- c. Funding Source – Existing Resources, Grants
- e. Expected Outcomes - increased access to knowledge, business skills and business development assistance necessary for success for agricultural and natural resources economic development.
5. Establish and implement an e-agriculture strategy to increase the rate at which farm operators and employees utilize Internet resources.
 - Develop benchmark data for analysis of farm Internet usage.
 - Develop a web-based portal for channeling timely information to farm operators.
 - Provide access to resources & information needed for value-added business development.
 - Target innovative methods for increasing farm operator and employee Internet usage
 - a. Responsibility – Rural Internet Access Authority, NCDA&CS, Community College System, Cooperative Extension Service
 - b. Deadline – January 1, 2004
 - c. Funding Source – existing sources: RIAA, Ag Advancement Consortium, Rural Center, NCDA&CS
 - d. Expected Outcomes – increased knowledge of rural Internet usage, increased rate of farm Internet usage, increased capacity to provide information to farm operators and producers via the Internet, increased capacity for producers to access federal programs on the web
6. Promote the diverse roles of agriculture in our economy, culture and environment and agriculture's contributions to bettering the quality of life.
 - Explore revenue-generating activities in rural tourism and other non-agricultural, on-farm economic activities and develop these opportunities with farm operators.
 - Promote to the consumer the farm operator's role as steward of the environment and the opportunities for natural resource-based tourism in rural settings.
 - Advocate for federal and state incentive programs targeted at farm operators to conserve, preserve and restore wildlife habitat, wild areas, streams and rural landscapes.
 - a. Responsibility – NCDA&CS, NCDOC Division of Tourism, Ag Advancement Consortium, Soil & Water Conservation Districts Foundation, Cooperative Extension Service, Wildlife Resources Commission
 - b. Deadline – June 1, 2003
 - c. Funding Source – existing sources: NCDA&CS, Ag Advancement Consortium, Wildlife Resources Commission
 - d. Expected Outcomes – increase producers' margins through participation in federal conservation programs, increased incentive for farmland preservation and wildlife habitat resulting in maintenance of rural landscape, improved climate and increased opportunity for agri-tourism operations (including increased on-farm marketing), raised awareness of positive contribution of agriculture to North Carolina's economy, environment and culture.
7. Encourage state economic development agencies to allocate significant additional points in funding formulas for projects that commit to the sustainable use and protection of critical natural resources.
 - a. Responsibility – Department of Commerce
 - b. Deadline – December 31, 2002
 - c. Funding Source – existing sources
 - e. Expected Outcomes – projects that sustain the rational use of rural natural resources are encouraged, rural communities benefit from the wise use of natural resources

**Economic Development Strategic Plan
Science, Technology & University Outreach Committee**

GOAL 5: Establish an aggressive and coordinated state agenda of investment in research, support for technology development and transfer, effective use of university outreach to create jobs, build economic opportunity, and provide a high quality of life throughout North Carolina.

Objective 5.1: Create an environment that promotes and supports discovery and innovation and efficient transfer and application of new knowledge and technology.

The Science, Technology and University Outreach Committee recognizes that North Carolina's successful participation in the new, knowledge-based economy requires the full engagement of our public and private colleges and universities and our public schools in the knowledge development and dissemination process.

Progress Measures for Objective 5.1

1. By 2003, The University of North Carolina should have begun a phased implementation of a system-wide technology development and transfer support program.
2. By 2004, The University of North Carolina system should have developed a state-of-the-art outreach and service delivery network providing statewide public access to information, tools and resources to support technology-based economic development.
3. By 2006, North Carolina should be ranked in the top five states in terms of sponsored research, patents issued and spin-off companies created.
4. By 2006, North Carolina should be ranked in the top five states on a per capita basis in terms of new business formation rate.

Action Steps

1. Complete regional cluster analyses across the state to understand regional strengths and opportunities and develop strategies and tactics to address knowledge-based job creation in each region.
 - a. Responsibility: Commerce Department (Policy, Research and Strategic Planning); UNC-Chapel Hill (Dr. Ed Fezer) with support from NCEITA, North Carolina Biotechnology Center and regional partnerships.
 - b. Deadline: January 2003
 - c. Funding Source: State funding will not be available; Golden Leaf Foundation might be possible source of support. Federal grants should be explored as well.
 - d. Expected Outcome/Return on Investment: Essential database for development of state and regional strategies and tactics to support technology-based economic development. State/region can use data to promote area highlights. Data should be shared and readily available online.
2. Promote and support expanded technology transfer from The University's constituent campuses through appropriate follow-up to the National Science Foundation support for The University's Technology Development Initiative.
 - a. Responsibility: The University of North Carolina
 - b. Deadline: October 1, 2002
 - c. Funding Source: Existing resources initially (through reallocation/refocusing of University-based assets, SBTDC, Tech Transfer Offices, and leveraging of private sector resources); subsequent years will require recurring support for permanent staff resources to support growing research base and commercialization activity. Seek state appropriations in the amount of \$5 million annually beginning 2003.
 - d. Expected Outcome/Return on Investment: An ROI of 4:1 should be initial target, increasing as the level of research and commercialization activity increases.
3. Create a world-class "model" portal for statewide outreach and public access to information, tools and resources available in The University and through government, quasi-public and private sector organizations.

- a. Responsibility: The University of North Carolina
 - b. Deadline: July 1, 2003
 - c. Funding Source: Feasibility planning to be undertaken through reallocation/ refocusing of current University-based assets; implementation to begin FY 2003 with recurring state support at level to be determined.
 - d. Expected Outcome/Return on Investment: Easier access to business and technology development resources available through The University and other resources; expanded levels of service to the business community; increased business formation and expansion rates.
4. Systematically promote the state's existing research parks and support the development of new research parks (e.g. the Millennium Campuses) as sites for attracting and growing new technology-based businesses.
 - a. Responsibility: The Department of Commerce; Research Parks; The University of North Carolina
 - b. Deadline: March 31, 2003
 - c. Funding Source: Allocate a portion of the state's marketing resources to heighten awareness of the state's science and technology initiatives, including its research parks.
 - d. Expected Outcome/Return on Investment: Significant increase in inquiries by prospective tenant companies and measurable increase in company commitments to research park locations.

Objective 5.2: Allocate resources and make investments in innovation, which will sustain and enhance North Carolina's competitiveness as a leading technology state.

The Science, Technology and University Outreach Committee strongly recognizes that appropriate resource allocation decisions and investments in innovation are necessary to our economic future.

Progress Measures for Objective 5.2

1. By 2005, resource allocation decisions and enhanced investments in support of innovation should place North Carolina among the top 10 states in the nation in terms of investment, tax and regulatory policies supporting technology-based economic development.
2. By 2006, North Carolina should be among the top five states in terms of annual angel and venture capital equity investments in local companies.
3. By 2006, North Carolina should be recognized as one of the top three states in bioprocessing and manufacturing.
4. By 2008, North Carolina should be among the top 10 states in technology employment
5. By 2008, North Carolina should be recognized for its broadly accessible information technology infrastructure.

Action Steps

1. Activate and staff the State Board of Science and Technology and effectively link its activities to the Economic Development Board.
 - a. Responsibility: The Governor; Secretary of Commerce
 - b. Deadline: September 30, 2002
 - c. Funding Source: Existing resources to start; modest supplemental recurring support beginning FY 2003
 - e. Expected Outcome/Return on Investment: Activation and staffing will provide a focal point and lead resource for follow-up on the Economic Development Board's science and technology objectives.
2. Reallocate a portion of the current resources of the Department of Commerce and The University of North Carolina system to meet the Economic Development Board's science and technology objectives – focused particularly on expanded services to existing technology-based companies and highly targeted recruitment of domestic and foreign firms.
 - a. Responsibility: The Secretary of Commerce and the President of The University
 - b. Deadline: October 1, 2002
 - c. Funding Source: Current resources
 - d. Expected Outcome/Return on Investment: Limited but focused resource allocation decisions will provide needed follow-through leadership and support for the Board's science and technology objectives.

3. Expand direct state investment to at least \$5 million annually in research activities within The University system and allow The University to fully recover research facilities and administrative costs.
 - a. Responsibility: The Economic Development Board and General Assembly
 - b. Deadline: July 1, 2002 (F&A costs); July 1, 2003 (direct investment)
 - c. Funding Source: Existing resources (University to retain F&A costs); increase in direct research investments beginning 2003 (consider dedicated budget resources such as portion of lottery funds, if implemented).
 - d. Expected Outcome/Return on Investment: Retention of F&A will help sustain dramatic growth of sponsored research activities within The University; direct investments in research will produce a minimum of 4:1 ROI.
4. Continue funding support for the NC Biotechnology Center's workforce development and investment roles; consider funding alternatives to meeting the early seed investment and incubator development roles of the NC Technological Development Authority; and highlight the role of MCNC in the state's knowledge-based economy.
 - a. Responsibility: Economic Development Board; NC Biotechnology Center; MCNC; the General Assembly.
 - b. Deadline: July 1, 2002 (recurring budget)
 - c. Funding Source: State appropriations
 - d. Expected Outcome/Return on Investment: Recurring state support will produce a minimum of 4:1 ROI.
5. Establish information technology platform, policy and capacity priorities to enable the state and its businesses to remain competitive in a rapidly changing IT/ communications environment, addressing in the process the expansion of the NCREN network, support for grid computing and e-rate
 - a. Responsibility: Economic Development Board; Department of Commerce; RIAA.; MCNC and NCEITA.
 - b. Deadline: July 1, 2003
 - c. Funding Source: Expanded appropriations are likely – amount as yet undetermined.
 - e. Expected Outcome/Return on Investment:: Maintaining competitiveness in the IT/communications arena likely will be one of the top five critical factors underling the state's future growth and prosperity.
6. Continue efforts to improve access to early stage capital (angel, seed and later stage).
 - a. Responsibility: Department of Commerce; SBTDC; CED (other Councils); State Treasurer
 - b. Deadline: Ongoing
 - c. Funding Source: Current resources
 - d. Expected Outcome/Return on Investment: Investment capital under management in North Carolina and total equity investments in North Carolina will increase to point that the state is ranked among the top five on per capita basis nationally
7. Make changes in the existing workforce training process to correct barriers to technology-oriented training (NC Community College FTE limits and competitiveness) and fast track the development of critically needed technology trained workers.
 - a. Responsibility: The Economic Development Board; NC Community College System; Biotechnology Center, NCEITA and General Assembly.
 - b. Deadline: January 2003
 - c. Funding Source: Increases in FTE rates for technology-based training at community colleges will be required.
 - d. Expected Outcome/Return on Investment: Wage rates for trained technology. Trained workers will significantly exceed prevailing wage rates in the area; tech-oriented firms will have access to trained employees critically needed to meet business growth opportunities.
8. Make changes and enhancements in tax credits and incentives available to start; grow and attract technology-based businesses.
 - i. The current special sales tax rate needs to be broadened to include R&D companies.
 - ii. Implement a flat 10% tax credit for R&D and a 25% tax credit for R&D undertaken with universities.
 - iii. Establish a methodology to monetize tax credits so that emerging firms may fully benefit (sales/transferability of credits).
 - iv. Repeal the sunset provision on the Qualified Business Investment Tax Credit.

- v. Conform state tax code provision with respect to accelerated depreciation for technology equipment to federal tax code.
 - a. Responsibility: Economic Development Board; Department of Commerce; economic development organizations and private sector support groups (e.g. NCEITA, NC BIO, CED and Chambers of Commerce).
 - b. Deadline: March 2002 for most changes; March 2003 for transferability of tax credits.
 - c. Funding Source: Tax credit changes will have minimal impact on state receipts; transferability of credits may have more significant impact – TBD.
 - d. Expected Outcomes/Return on Investment: Significant increases in investments in local firms would be expected.

Objective 5.3: Engage, target and coordinate public and private resources to support the Economic Development Board's strategic goals for science and technology.

The Science, Technology and University Outreach Committee recognizes that the fullest possible engagement and coordination of existing public and private resources is required to achieve these objectives.

Progress Measures for Objective 5.3

1. By 2004, North Carolina should have one of the nation's most robust and effective science and technology outreach and service support systems.
2. By 2006, North Carolina should be recognized as the leading technology state in the Southeast.

Action Steps

1. Complete an assessment (existing studies) to identify and address gaps in science and technology service and outreach needed to support technology-based economic development.
 - a. Responsibility: Department of Commerce (Board of Science and Technology) and the University of North Carolina (SBTDC)
 - b. Deadline: March 2003
 - c. Funding Source: Current sources
 - d. Expected Outcome/Return on Investment: A priority plan for new resources and tools needed to fill gaps in service and outreach.
2. Establish a formal Technology Resource Council involving operational level representation from the Department of Commerce, the Board of Science and Technology, the University of North Carolina, the North Carolina Biotechnology Center, and other invitees to improve coordination of resources and support more aggressive service and outreach.
 - a. Responsibility: The Secretary of Commerce will convene the Resource Council; the Council will elect its own chair and establish its operational objectives; the Council will report to the Economic Development Board through the Secretary.
 - b. Deadline: September 2002
 - c. Funding Source: Current resources
 - d. Expected Outcome/Return on Investment: Improved coordination will allow opportunities for more efficient and effective leveraging of existing and limited, new resources to support technology-based economic development.

Objective 5.4: Mobilize broad-based public leadership support for science and technology and university outreach objectives.

The Science, Technology and University Outreach Committee recognizes that broader public leadership understanding of and support for the state's science and technology objectives are essential to their accomplishment.

Progress Measures for Objective 5.4

1. By 2003, North Carolina should have a systematic ongoing methodology in place to broadly communicate

the state's science and technology objectives and to train elected officials, educational and economic development leaders at local/regional levels on the role of technology in our economy.

2. By 2004, North Carolina should have a funded resource information/support center in place to better enable local officials to understand technology and knowledge-based economy infrastructure and support needs.

Action Steps

1. Establish a public leadership education outreach program to provide broad dissemination of information to public officials and community leaders on technology and knowledge-based economy needs and state objectives.
 - a. Responsibility: The Department of Commerce; School of Government (UNC-Chapel Hill); and major associations (League, County Commissioners, School Board)
 - b. Deadline: October 2002
 - c. Funding Source: Current resources
 - d. Expected Outcome/Return on Investment: Improved public leadership awareness and support for technology-based economic development.
2. Fund a technology information and resource support center (created at the Center for Public Technology at School of Government) to better enable local government to understand evolving role of technology and infrastructure needs.
 - a. Responsibility: The Department of Commerce; School of Government; and major associations.
 - b. Deadline: July 2003
 - c. Funding Source: The Golden Leaf Foundation (two years); recurring state funds beginning 2005
 - d. Expected Outcome/Return on Investment: Improved local and regional decision making regarding technology and infrastructure needs; enhanced competitiveness in growing, retaining and recruiting businesses.
3. Assess feasibility of creating a dedicated funding resource to support new age, technology infrastructure (see e.g. gas tax – highway trust fund as model).
 - a. Responsibility: The Department of Commerce, The University of North Carolina (contracted feasibility study)
 - b. Deadline: December 2003
 - c. Funding Source: \$75,000, source unknown; possible grant support from private, technology companies or private foundations.
 - d. Expected Outcome/Return on Investment: Improved, more equitable access to funding to support rapidly and constantly evolving technology infrastructure.

**Economic Development Strategic Plan
Tourism, Film, Sports, Arts and Cultural Resources**

Goal 6: Develop Strong Tourism, Film And Sports Industries; Preserve, Protect And Promote Our State's Cultural, Natural and Heritage Assets.

Work in full partnership with North Carolina's business community to facilitate the retention and expansion of North Carolina's tourism, film and sports industries, and encourage strategic new investment to insure that these industries continue to flourish and contribute optimally to the statewide and local economy, and develop and support arts and cultural resources as key economic assets of the State.

Objective 6.1 A "NC Brand" Should Be Carefully Developed And Used As The Basis For All Promotional and Marketing Activities.

Progress Measures for Objective 6.1

1. Throughout 2002-2005, North Carolina will increase visitor spending and film-related expenditures.
2. Throughout 2002-2005, North Carolina will increase industry-related tax revenues through increased sales.
3. Throughout 2002-2005, North Carolina will increase the number of tourism, film and sports related jobs.
4. By 2004, North Carolina will increase advertising and marketing expenditures sufficiently to enable the State to compete effectively and to maintain and increase market share.
5. Throughout 2002-2005, North Carolina will continue to promote the expansion of business-related travel.

Action Steps:

1. Coordinate current marketing efforts By Tourism, B&I, Marketing and Customer Services, other state agencies and other strategic marketing partners.
 - a. Responsibility: Governor's Office, Department of Commerce and Department of Cultural Resources
 - b. Deadline: December 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Develop plan for coordinated, effective and efficient communication to constituents and audiences.
2. Develop Consistent Brand Strategy.
 - a. Responsibility: Governor's Office, Economic Development Board, Department of Commerce and Department of Cultural Resources
 - b. Deadline: December 2002
 - c. Funding Source: Existing Resources
 - d. Expected Outcome: Develop a brand for North Carolina economic development efforts that delivers a consistent, positive message about North Carolina. Brand should be developed with experienced professional assistance and substantial input from NC business and industry leaders, and the effort should include a review of branding recommendations of the Department of Commerce, GSD&M, NCEITA and others who have considered this issue.

Objective 6.2 Ensure Expansion and Continued Development Of Tourism, Film And Sports Industries in North Carolina.

Progress Measures for Objective 6.2

1. By 2003, the Department of Commerce should be able to measure tourism product development and thereafter demonstrate enhanced product development.
2. By 2005, the Department of Commerce should be able to measure the impact of incentives for tourism and film development and to demonstrate increases in product development and industry revenue.
3. Throughout 2002-2005, North Carolina will increase visitor spending and film-related expenditures.
4. Throughout 2002-2005, North Carolina will promote fair and consistent taxation for all components of the travel and tourism industry.

5. Throughout 2002-2005, North Carolina will increase the number of tourism, film and sports-related jobs.

Action Steps:

1. Increase promotion of all forms of leisure and business tourism to maintain and expand NC's national and regional tourism market share, to create jobs and to encourage related economic development.
 - a. Responsibility: General Assembly; Board of Economic Development; TFSACR Committee, Travel and Tourism Board, Film Commission, DOC Division of Travel, Film and Sports Development, Department of Cultural Resources.
 - b. Deadline: As of July 1, 2003
 - c. Funding Source: Legislative appropriations from General Fund to Department of Commerce.
 - d. Expected outcome: Increase tourism sales derived from leisure and business tourism and corresponding increases in state and local tax revenues.
2. Explore Incentives for Tourism Product Development and Filmmaking, and Maintain Rehabilitation Tax Credit for Historic Preservation.
 - a. Responsibility: Legislative Study Committees, TFSACR Committee, Economic Development Board, Travel and Tourism Board, Film Commission, DOC Division of Travel, Film and Sports Development, Department of Cultural Resources
 - b. Deadline: January 2003
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Identify and recommend incentives that create demand.
3. Identify And Recommend Removal of Obstacles To Development Of Tourism, Film And Sports Industries.
 - a. Responsibility: Economic Development Board, TFSACR Committee
 - b. Deadline: December 2003
 - c. Funding Source: Existing resources
 - e. Expected Outcome: Identify legislation that impedes continued development that could be enacted, repealed and/or amended.
4. Develop And Expand The State's Capacity To Provide Research Data For Tourism, Film, Sports Development and Cultural Resources.
 - a. Responsibility: Department of Commerce's Policy, Research and Strategic Planning Division and Tourism, Film and Sports Division; Economic Development Board; TFSACR Committee
 - b. Deadline: May 2003
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Reliable information and data upon which to forecast, develop comparisons to other industries, determine impact of specific attraction, film or facility, and make more informed decisions about future strategies for development, using data derived from a North Carolina Tourism Satellite Account and other sources. Identify the impact of arts and history on tourism and the economic well being of a community.
5. Oppose new taxes targeted at all components of the travel and tourism industry.
 - a. Responsibility. Economic Development Board; General Assembly.
 - b. Deadline. Not applicable.
 - c. Funding source: Existing resources.
 - d. Expected outcome. No new taxes targeted specifically at components of the travel and tourism industry.
6. Oppose ownership or subsidy by state or any state agency of new hotels and conference centers that compete with private sector facilities.
 - a. Responsibility: Economic Development Board; General Assembly.
 - b. Deadline: Not applicable.
 - c. Funding Source: Existing resources.
 - d. Expected Outcome: No ownership or subsidy by state or any state agency of new hotels and conference centers that compete with private sector facilities.

Objective 6.3 Protect and Promote Our Natural and Heritage Assets.

Progress Measures for Objective 6.3

1. By 2005, North Carolina's rural and urban counties will have an increase in the economic impact of tourism based on the attraction and use of natural and heritage assets.

Action Steps:

1. Fully Develop Our Heritage Tourism Program.
 - a. Responsibility: Department of Commerce and Department of Cultural Resources
 - b. Deadline: December 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: To develop a program that will maximize the impact of these assets as economic engines. This program could include the development of historical trails and promote arts and crafts.
2. Actively Support Legislation That Promotes Clean Air and Clean Water And That Protects Our Environment
 - a. Responsibility: Department of Commerce; Department of Natural and Economic Resources; General Assembly; Economic Development Board; TFSACR Committee
 - b. Deadline: Ongoing
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Support and promote legislation that protects our natural resources as key economic assets of the State.
3. Protect our Historic Assets By Securing Sufficient State Revenues to Maintain Historic Sites and Promote Arts Throughout North Carolina.
 - a. Responsibility: Department of Cultural Resources, Department of Commerce, Economic Development Board and TFSACR Committee
 - b. Deadline: January 2003
 - c. Funding Source: Needs to Be Determined.
 - d. Expected Outcome: Proposals for state funding to maintain historic sites and promote arts throughout North Carolina.

Objective 6.4 Develop and Utilize Cultural Resources to Support Economic Development.

Progress Measures for Objective 6.4

1. By 2005, the availability and accessibility of cultural programming in 85 rural counties will be significantly expanded and in urban counties will be strengthened in terms of quality and financial stability.
2. The importance of cultural opportunities to economic development will be widely recognized by 2005.
3. North Carolina will be known internationally as a place where cultural resources are exceptional and are supported as a public policy imperative by 2005.

Action Steps:

1. Inventory and Compare North Carolina's Cultural Resources as Economic Assets to Those Competitor States that are "Best in Class."
 - a. Responsibility: Economic Development Board, KPMG and Department of Cultural Resources
 - b. Deadline: December 2002
 - c. Funding Source: Existing resources
 - d. Expected Outcome: North Carolina will be able to objectively compare its cultural assets to those of other states in order to develop plans to make cultural options a competitive advantage in economic development.
2. Develop a Plan to Strengthen Existing, Strategically Important State and other Cultural Organizations to Extend High-Quality Programming into Smaller Urban and Rural Areas.

- a. Responsibility: Department of Cultural Resources and Department of Commerce
- b. Deadline: June 2003
- c. Funding Source: Existing resources
- d. Expected Outcome: Board, Department of Commerce, and Department of Cultural Resources will be positioned to make the case for increased investments in cultural assets in order to support economic development.

**Economic Development Strategic Plan
Workforce Development and Education Committee**

Goal 7: An Outstanding Education System and a Highly Qualified Workforce

North Carolina needs to improve its education system in order to build a workforce with the skills necessary to obtain livable wages and to attract and retrain for high growth industries.

Objective 7.1 - Commit full funding for enrollment growth in the UNC System, community colleges, and K-12 public education.

In order for North Carolina to remain competitive in a dynamic economy, the state must equip its education system with the resources necessary to provide a highly trained workforce.

Progress Measure for Objective 7.1:

1. By FY 2002-2003, the North Carolina General Assembly will fund both community colleges and the UNC System in the continuation budget at projected growth levels for the coming year and continue funding enrollment growth for K-12.

Action Step:

1. Fund the projected enrollment growth for each coming year for both Community Colleges & The UNC System in the continuation budget.
 - a. Responsibility: Governor, General Assembly, Community College System, UNC System
 - b. Deadline: Prior to Close of 2003 Legislative Session
 - c. Funding Source: General Fund
 - d. Expected Outcome/Return on Investment: Both systems will be able to adjust course offerings to reflect current, actual demand because funding levels will no longer be based on the previous years enrollment. This will especially help the community colleges to flex to meet the demands of a changing economy.

Objective 7.2 - Coordinate and improve the quality of K-16 public education to prepare students for further education and enhanced work opportunities.

The Workforce Development and Education Committee recognizes that the best system for educating all students and preparing them for enhanced work opportunities requires coordination and collaboration among all educational systems in our state, including K-12, the Community College System, the UNC System, and private colleges and universities.

Progress Measures for Objective 7.2

1. By the third quarter of 2002, the Governor will preside over quarterly meetings of the Education Cabinet.
2. Documentation of articulation committee meetings by January 2003. The goal of the meetings will be to expand the statewide articulation agreement by May 2003 with adoption by the State Board of Education and Community College Board by July 2003.
3. By the end of the 2003-2004 school year, increase by 15% (over the 2001-2002 figures) the percentage of

high school students who register in/partially fulfill the requirements for a certified apprenticeship program.

4. By 2004, every high school will have a career counselor to provide career guidance and screen high school students for work-based learning opportunities.
5. The State Board of Education will provide documentation of progress made in implementing the recommendations of the Commission on Closing the Minority Student Achievement Gap by September 2003 with a report of results by October, 2003.

Action Steps:

1. Require quarterly meetings of the Education Cabinet to address the seamlessness of education.
 - a. Responsibility: Governor
 - b. Deadline: By the 3rd Quarter 2002
 - c. Funding Source: N/A
 - d. Expected Outcome/Return on Investment: Quarterly Meetings of the Education Cabinet, which will lead to a plan for greater coordination among the State's various education entities, which will be shared with the State Board of Education, the Economic Development Board, and other interested groups.
2. Adopt a comprehensive articulation agreement between Public Schools and Community Colleges, comparable to that which exists between Community Colleges and four-year institutions.
 - a. Responsibility: Community College System, State Board of Education, Department of Public Instruction
 - b. Deadline: July 2003
 - c. Funding Source: DPI and Community College staff time using federal Carl Perkins funds
 - d. Expected Outcome/Return on Investment: A more seamless transition for high school students to the community college level resulting in a better-prepared future workforce.
3. Create expanded choices for work-based learning opportunities for all students such as community service, job shadowing, internships, and apprenticeships that are tied to curriculum objectives.
 - a. Responsibility: Workforce Development Boards, Local School Boards, Chambers of Commerce, Community Colleges' Boards of Trustees, Private Business, Commerce – Business and Industry Division
 - b. Deadline: July 2003
 - c. Funding Source: WIA, local funds, business and industry
 - d. Expected Outcome/Return on Investment: Resources devoted to education and training will be utilized more effectively as students have a more realistic view of careers prior to entry into a specific occupation. The current return on investment is \$4 tax dollars returned for every \$1 paid in student training.
4. Implement the recommendations developed by the Commission On Closing the Minority Student Achievement Gap.
 - a. Responsibility: Governor, General Assembly, DPI, local school districts
 - b. Deadline: October 2003
 - c. Funding Source: State and Federal Funds
 - d. Expected Outcome/Return on Investment: Higher student achievement for all students' results in lower dropout rates and a corresponding drop in costs associated with both underemployment and unemployment.

Objective 7.3 - Change the governance and accountability structure of the workforce delivery system to more effectively meet the needs of each customer.

The Workforce Development and Education Committee strongly advocates that to ensure North Carolina's economic future, the structure of our workforce delivery system must foster efficient and effective operations to maximize all resources in meeting the needs of each customer.

Progress Measure for Objective 7.3:

1. By September 12, 2002, the sub-committee on Workforce Delivery Systems will be appointed by the Workforce Development and Education Committee of the Economic Development Board with the charge of the following timeline:
 - a. Work of the sub-committee will begin by November 1, 2002.
 - b. Final recommendations will be presented to the full Economic Development Board by January 1, 2003.

Action Step:

1. Appoint a subcommittee to conduct a study of the workforce delivery system and return recommendations to the committee.
 - a. Responsibility: Workforce Development and Education Committee Chair Phil Kirk
 - b. Deadline: January 1, 2003
 - c. Funding Source: N/A
 - d. Expected Outcome/Return on Investment: A more appropriately structured workforce development service delivery system better prepared to meet the needs of those seeking work and those seeking employees.

Objective 7.4 - Expand flexible, non-degree based training programs to support economic development and respond to the needs of workers and employers.

The Workforce Development and Education Committee recognizes that appropriate decisions and investments in needed worker training programs are vital to the creation of a competitive workforce.

Progress Measures for Objective 7.4

1. By July 2003, increase the funding level for the New and Expanding Industry Training Program to a minimum of \$12 million, the current minimum of similar programs in neighboring states (currently ranges from \$12 million to \$25 million in four neighboring states while North Carolina's future appropriation will be only \$6.1 million).
2. By July 2003, increase funding for Focused Industrial Training by \$4 million per year to enable:
 - a. Development of FIT Centers at all 58 community colleges as recommended by the Rural Prosperity Task Force.
 - b. Operating costs to support four specialized training centers.
 - c. Enhanced training support for companies that make significant capital investments in new equipment and machinery.
3. Starting in 2003, provide phased-in funding over a 10-year period to bring funding for community college workforce continuing education classes to the same funding level as curriculum degree programs (approximately \$3 million expansion per biennium; \$13.2 million total). To foster increased training in strategic economic areas, provide full equivalency funding for designated courses that train for recognized certifications or licensures, adding the course categories listed below in successive biennium years until full parity funding for all categories is reached:
 - a. (2003-2005) Telecommunications, Information Technology and Biotechnology
 - b. (2005-2007) Technical, Industrial and Trades
 - c. (2007-2009) Safety, Health and Emergency Training
 - d. (2009-2011) Service, Managerial and Professional
 - e. (2011-2013) Full parity funding

Action Steps:

1. Provide adequate funding for targeted short-term training at the community college level to respond to local market needs.

- a. Responsibility: Governor, General Assembly, Community College System, Workforce Development Boards, NCCBI, Department of Commerce – Existing Industry Services, NCEDA
 - b. Deadline: July 2003
 - c. Funding Source: General Fund, Golden L.E.A.F.
 - d. Expected Outcome/Return on Investment: Enhanced training for more targeted training for existing and create a more competitive advantage
2. Assess and benchmark North Carolina's competitive advantages and disadvantages (i.e., funding, infrastructure, etc.) for providing customized training in support of economic development, as compared to the top ten state workforce training programs as identified by the Expansion Management annual survey.
 - a. Responsibility: KPMG, Department of Commerce Division of Economic Policy and Research and Business and Industry (if additional research if needed and for action upon findings), Community College System
 - b. Deadline: September 12, 2002
 - c. Funding Source: Department of Commerce
 - d. Expected Outcome/Return on Investment: Current information indicates that North Carolina is not funded at the level necessary to compete with other states. This study will provide data to support funding requests and perhaps identify creative solutions to common issues related to training.

Objective 7.5 – Position North Carolina as an international leader in science, math, and technology-based education and increase the number of scientists, engineers, and technicians produced through North Carolina's public schools, community colleges, the UNC System, and private universities.

North Carolina's future ability to compete as a technology leader will depend on the science, math and technology skills of its citizens. The Workforce Development and Education Committee recognizes that to position North Carolina as an international leader in science, math, and technology-based education requires the full engagement and coordination of all educational systems within the State and continuation of student incentives such as the tuition assistance program.

Progress Measures for Objective 7.5:

1. By September 12, 2002, the Education Cabinet will appoint a statewide Task Force with recommendations for achieving the objective. The charge will include the following timeline:
 - a. Work of the sub-committee will begin by November 1, 2002.
 - b. Final recommendations will be presented to the full Economic Development Board by January 1, 2003.

Action Step:

1. Create a statewide Task Force organized by Education Cabinet, comprised of individuals from the Department of Commerce, the Department of Public Instruction, the Community College System, the University System, private universities, and the business community to return recommendations to the Education Cabinet and the Economic Development Board.
 - a. Responsibility: Governor, Education Cabinet
 - b. Deadline: January 1, 2003
 - c. Funding Source: N/A
 - d. Expected Outcome/Return on Investment: Solid recommendations from the Task Force to the Economic Development Board that may be developed further by appropriate Board committees and state agencies leading to an enhancement of Math, Science, and Technology education and increased numbers of individuals in these occupations produced in North Carolina.

